

Operational and strategic responses to a polycrisis: the case of energy security in Lithuania?

Kalanta Marius

University of Vilnius, Institute of International Relations and Political Science, Vilnius, Lithuania

Abstract: Energy security has been a top policy priority in most CEE countries since 1990s resulting in a variety of relevant policies adopted and political strategies followed. A strategy followed by Lithuania has been one to increase the reliance on energy supply through competitive international markets as an alternative to supply from Russia and domestic production. Shaped by a complex set of geopolitical and domestic conditions and policies such as energy supply manipulation threats by Russia, de-nuclearization, and integration into regional and European energy networks, but also initially plagued by delays and politization of large-scale projects, the strategy has been successful in securing high energy availability and affordability and promised a long-term solution to energy security issues.

A major shock to this strategy, however, has been brought recently by a sequence of transboundary interconnected crises, a polycrisis, that included the COVID-19 pandemics, Belarus-orchestrated illegal migration, economic coercion from China, the energy price crisis, and Russia's aggression against Ukraine. As a result, a shift in strategic priorities towards the replacement of large parts of energy imports with domestic production from renewable energy sources and consequently the aim to develop energy exports capabilities has occurred.

The role of individual crises in policy or governance change has been well documented in the literature. At the macro level, it has been linked to disruptions in institutional equilibria that allow new avenues for institutional change. Meanwhile, at the mezo and micro levels, crises illuminate failures of the existing policies, promote formulation of new policies and governance alternatives, and offer opportunities to learn and innovate. However, evidence on how this role is played by polycrisis, including the effect of such crises on public finance and fiscal policies, is still limited.

The paper focuses on policy and governance responses with regards to energy security during the polycrisis in Lithuania between 2020-2023. A part of this polycrisis was the Russia's military aggression against Ukraine, which provoked a series of economic sanctions imposed on Russia by the EU and the US, and which together with Russia's weaponization of trade in energy resources resulted in electricity and heating price surges across the EU. The paper looks at operational policy responses and strategic decisions that emerged from management of this polycrisis, reflected dissatisfaction with the functioning of international energy markets and led to significant modifications of Lithuania's long-term energy security strategy. The paper traces the formulation and implementation of these operational policy responses and strategic decisions to a specific crisis management regime shaped by the pre-existing governance capacity, the dominant crisis response paradigm of the government, and spill-over effects between individual crises within the polycrisis. More specifically, the paper will explore energy price subsidies to Lithuanian households and companies, measures to reduce electricity use, capping revenues of electricity producers, and other fiscal and non-fiscal interventions of EU and national authorities adopted in reaction to the polycrisis.

The paper is a small-N case study, which employs the process tracing method and uses publicly available quantitative and qualitative data and interviews with political and administrative actors that were active participants in managing the energy price and related crises in Lithuania.