

The only way to break our dependence on imported fossil fuels and their volatile prices is to speed up the transition to renewables

Skyrocketing gas prices, not EU climate policies, are to blame for the crisis on electricity prices hitting Europe. The only way to break our dependence on imported fossil fuels and their volatile prices is to speed up the transition to renewables, which combined with energy efficiency can lead to the EU phase-out of gas by 2035.

“Winter is coming and for many people, electricity bills are more expensive than they have been in a decade”, said the EU Commissioner for Energy Kadri Simson when introducing the policy tools that capitals could use to lower energy bills without breaching EU rules. What the Commission proposed last week to mitigate the impact of soaring electricity prices ranges from slashing taxes to temporarily extending aid to the most affected industries. Recommendations, not real measures, that aim to tackle this severe crisis as a temporary storm that can be weathered with provisional solutions.

But while some policymakers pretend to turn a blind eye, the elephant in the room is becoming more and more exposed: EU economies suffer from our heavy reliance on fossil fuel imports and its volatile nature. Moreover, the fact that EU energy prices are set by gas is clearly leading to the current situation, whereby the full environmental and economic benefits of a wider renewable penetration cannot be reaped.

Some EU governments, however, are trying to deflect attention to Brussels’ climate policies, blaming the European Green Deal as the main cause for the energy price surge. Ahead of the European Council negotiations on how to face the energy crisis, the Hungarian Prime Minister Victor Orban said that Poland, Czechia and Hungary will “demand the withdrawal of the rules that have contributed to the current high prices”, pointing at the EU Emission Trading System (EU-ETS).

Nothing could be further from the truth, energy experts proved that the contribution of EU carbon prices to the increased cost of electricity generation is minimal, compared to that of fossil gas prices, which has tripled from January to September. While imported hard coal and fossil gas have become four times more expensive since the start of the year, the price of CO₂ has doubled and has not experienced the same magnitude of spikes.

As long as fossil fuels remain a part of the EU’s energy mix, other long winters will follow because prices will remain exposed to global speculation, volatility and geopolitical factors beyond the control of any EU government.

Time to end gas craving

This energy crunch has shown that Europe’s fossil gas lock-in is not only a serious threat to the climate but also to our economies and society, especially when it comes to the most vulnerable households.

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While financial measures to tackle energy poverty and help vulnerable energy consumers are necessary now, an active fossil gas phase-out by 2035 needs to be pursued without delay.

To cap it all, fossil lobbies have attempted to portray fossil gas as a “bridge fuel” for the green transition on the basis of emitting less CO₂ than coal energy production. Yet, the impact on global warming of methane leakage from fossil gas infrastructure increases pressure to rapidly cut fossil gas supply.

Our Paris Agreement Compatible scenario on energy shows that an immediate leap-frogging from coal to renewable electricity generation is not only possible but desirable, since solar and wind generation costs are now cheaper than coal and gas.

If there is one low-hanging fruit in our transition away from fossil fuels and their price fluctuations, it is domestic heating. Capitals must use all the EU funding potential available to boost energy efficiency, building restoration, as well as renewable heating.

According to the latest Coolproducts report, EU governments are only 70 billion euro away in subsidies from making this switch from gas to renewable heating, heat pumps and solar thermal heating, affordable for all.

The Social Climate Fund can be the flagship programme to decarbonise European homes by 2040 at the latest. The EU must ensure that this mechanism framed under the ‘Fit For 55’ package ensures sufficient money to quickly flow to citizens facing fuel hardships and enable them to improve the energy efficiency performance of their homes and reduce their energy demand and hence energy bills.

Urgently, the EU must stop subsidising projects that will perpetuate fossil gas lock-ins in the future and resist any hydrogen-related siren call when direct electrification with renewables is possible.

Europe stocks: wind and sun

The main reason for the current price crisis is a shortage of gas supplies, 90% of which is imported into the EU from third countries, according to Eurostat.

Some Member States have proposed joint EU purchases of fossil gas, as it happened with vaccines, a move the Commission said it might consider in the future. But even the countries with the largest gas reserves in Europe could run out of the stuff due to high demand this winter and insufficient historical investment in energy efficiency, building restoration and alternative heating solutions.

Our vision of the EU’s energy future in the Paris Agreement Compatible Energy Scenario shows that 100% renewables electricity supply is possible and will get us fully independent of fossil fuels, with supply and demand matched through energy efficiency,

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circular economy measures, renewables, smart grids and battery storage.

The virtuous circle expected with the investments of the EU next-generation recovery funds should be seized by Member States to speed up the clean energy transition and support a renewable energy target of at least 50% and an energy efficiency target of 45% by 2030.

Wind, sun and leading-edge technology are our most important resources to build on our own energy sovereignty to break with our heavy reliance on dubious political partners such as Russia when coping with long winters.

Embracing climate action

At this crucial moment, most countries are looking for practical measures to help their citizens and economies to address the price challenge, even while some seek to instrumentalise the crisis for their own political goals and perceived interests.

Embracing climate action, we can tackle prices, help reduce price volatility and risks, reduce costs to households, companies and the economy, reduce dependency on fossil fuels and imports.

In a letter addressed to EU energy ministers we outlined which measures could be enhanced by member states to make the most of the financial opportunities in the Next Generation EU recovery plan and the Fit for 55 Package (Energy Taxation Directive, CBAM, ETS) in order to accelerate the transition to a fossil-free, climate-neutral Europe.

With strong investment towards energy efficiency, renewables and circular economy solutions, we can steer citizens away from the climate, economic and social collapse engendered by decades of dependence on fossil fuels.

Source: meta.eeb.org