EU 2050: A Long Way From Home

Energy policy should be simple, but it's not. Squaring the circle between availability, affordability and sustainability of supply is proving remarkably difficult to do – with various roadmaps and targets being laid out to shift the carbon needle. Some success can be seen on some levels, but Europe needs to increasingly work out how its own carbon footprint, interacts and relates to a broader carbon based world economy. Three major issues need to be considered – the most fundamental of which is whether Europe should continue down a climate mitigation path while the rest of the world plays out time towards climate adaptation rather than mitigation?

The 2050 roadmap obviously suggests that decarbonisation is still worth it. That being so, we rapidly get down to the same question that has been posed over the past decade without credible answers: How do you best decarbonise your economic base – through markets or mandates? Simply saying 'we need it all' - a clarion call often heard from the green lobby, is now far too simple, precisely because different instruments aren't proving to be mutually reinforcing, but mutually destructive. Whether that ultimately entails 'picking technological winners' in future, who knows? 2050 positions have been judicious in trying to stay 'tech neutral' so far, but as we all know, you can't make a decent omelette without breaking some eggs. The trick is to make sure the eggs don't turn out to be 'technologically rotten' as and when they hatch. Being honest, truly honest about Europe's outsourced carbon footprint also needs to be at the core of policy considerations, especially if international climate mitigation is the end goal Europe has in mind.

The snag, is all that is going to be expensive – horribly expensive, particularly given recent developments in the gas world. What governments had once assumed were going to be temporal support mechanisms for renewable / clean technologies, now look like long term structural realities to bring things towards cost parity. Hence gas isn't so much a bridging fuel towards a low carbon future, but an immovable architectural feature of the European energy landscape.

That brings us to our third and final major consideration – and it ties into the topic of the day: supposed European energy sovereignty. The simple fact is that we don't have energy sovereignty. We never have and we never will. It's a myth. What we do have, and will continue to have is structural import dependence for oil and gas, a reality that Europe mustn't lose sight of anytime soon. Talking the decarbonisation talk without walking the walk will merely complicate European security of supply in future. What's more, it will probably leave us increasingly dependent on Russia gas as our default option for upstream supplies. Attracting new sources of supply, as important as it is, goes beyond market fundamentals into the world of credible politics and serious security guarantees. This is a game most consumer nations are now playing, but one that Europe continues to struggle with.

If Europe wants a serious energy strategy towards 2050, don't rely on the transatlantic security architectures of old, but start reaching out to consumers at both ends of the Eurasian pipeline; most notably China. Such a realignment might prove to be as fundamental to European security of supply as it is necessary. That's not unless Europe wants to play its trump card to get our 'energy sovereignty back' of course? That's not to be found in shale gas, but its far uglier cousin: coal. We have tonnes of the stuff. Thankfully such heavy fossils have dropped out of the European political lexicon, but we should be in no doubt across Asia, such 'fossils' aren't a relic of the past: Coal is the 'fuel of the future'. It's in this context, the 2050 debate ultimately needs to be framed.

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