

Energy Security in the Wider Europe

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The Issues

- What is the problem?
- How serious is it?
- What should we do about it?

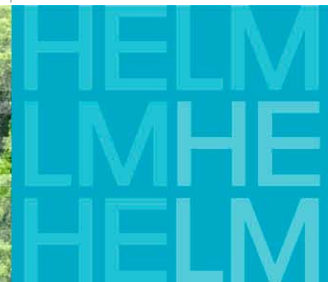


Defining the Problem

- How to ensure security of energy supply and mitigate climate change *simultaneously*...

given that:

- import dependency on gas is growing, added to oil dependency
- rising international energy demand (China, economic growth, 6-9 billion population growth etc
- global growth of coal (esp. China, India, US)



Europe and the Russian problem

- Putin has a clearly defined resource-based strategy
- Russia is (and will remain) a carbon economy
- Gazprom's strategy is (very) rational



Russia, the Arctic and Climate Change



Gazprom's Strategy

- Legal pipeline monopoly
- Use leverage of monopoly of pipes to gain control of reserves (in line with global nationalisation of 80-90% reserves)
- Insist on long-term take or pay contracts
- buy off rivals
- build and control downstream pipelines
- gain retail access



Europe's feeble responses

- Bilateral deals
- Germany “special relationship” with Russia
- Division - Austria, Hungary, Italy etc etc
- Windmills, but not nuclear or serious CCS
- Unbundling and the 1990s competition agenda



What Should be Done?

- Take Gazprom seriously
- Take Gazprom's strategy as given
- Take Eastern European concerns seriously
- Apply reciprocity to Russia - using competition policy as an example
- Realise Russia will not want to tackle climate change
- Recognise that renewables will not solve global warming, and
- Build a new British-German-French consensus on energy



For Information

- *The EU Climate Change Package—even more radical than it looks*, 2008. <http://www.dieterhelm.co.uk/publications/>
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- “The Russian dimension and Europe’s external energy policy”, September 2007. <http://www.dieterhelm.co.uk/publications/>
- Helm, D R (Ed.), (2007), “The New Energy Paradigm”, Oxford University Press

