

European Energy War: Who is Raising the Prices?

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Critics of the European Union’s energy policy were rubbing their hands too early, believing that the Ukrainian crisis would lead to a change of priorities and introduce an element of rationalisation to the limits, fees and regulations imposed on member states. On the contrary, the war only allowed to freely justify further speculation on the market of gas and refined fuels options.

Europe’s energy transformation is to take place even faster, with an increase in resources dependence on the United States and the assumption that costs will be passed on to households.

If this war does not end soon - next winter, Europe will run out of 109 billion cubic meters of natural gas, and the individual consumers will be forced to reduce their consumption by at least 14%.

Climate Target, Ukraine - or taking control and maximising profits?

Treated a bit like a shameful admission of guilt, the theory of securitisation in international relations notes that any issue becomes a “*security threat*” only when the government and the media focus public opinion on that. For **if something has real effects - it is real**, at least in the audience’s minds.

That is where the image of the endangered good is constructed - e.g. the standard of living, personal safety, individual consumption, etc. At the same time, this chosen value is securitised by triggering approval to take emergency actions.

In the case of the Ukrainian crisis, we can talk about one more element. By taking radical steps to change the European energy mix - the European Commission successfully hid the real object of securitisation.

Of course the vision of a rapid departure from Russian natural gas is explained, among others, by *protecting the market from disruptions, striving to reduce energy prices*, etc. But it is obvious that as the concern about the holy *Climate Target* has suddenly stopped - now

the protection of the interests of energy oligarchs and foreign investors operating in Ukraine has become crucial. And of course combines with even stronger control over our lives using energy instruments.

Who is raising energy prices?

A 10-Point Plan to Reduce the European Union's Reliance on Russian Natural Gas in the perspective of several months, it is not so much a failure of European energy policy – but rather a star from the sky for those seeking its further radicalisation.

Only in 2021 EU gas imports from Russia amounted to around 140 billion cubic meters of natural gas, and another 15 bmc of Russian LNG. In total, it represents 45% of whole EU imports and 40% of gas consumption in the European market. Fortunately for the Winter that is just about to end – Russian gas pipelines, both the Baltic Nord Stream1 and the Brotherhood lines running through Ukraine, are working smoothly despite the ongoing fights, and supply follows the schedule.

Therefore, any further increases in the retail prices of gas or electricity cannot be explained by the actions of the Russian side, which is fulfilling its own obligations despite the economic war announced in the West. It is in the West where true reasons of the increases should be looked for.

The stock speculation on options is to be blamed and similar situation is with fuel prices increase. Contrary to popular opinion, it is not the current price of a barrel of crude oil that has the greatest impact on it – but again, **speculation on refined fuel options and increasing of refining surcharges. It is not Putin who raises prices at stations – but Shell, BP and others.** These are their profits, their game and... their war. And we remain its soldiers.

Tightening the belt – or a garrotte?

And we will be mobilised without even leaving our homes. There is a lot to fight for – the EU has just estimated the **value of its own energy market at approx. EUR 200 billion,** and the spending of the member states on adapting to the new strategy – at **another EUR 55 billion.** The main assumptions of *The 10-Point Plan* are:

- increase LNG imports “*from other sources*” (i.e. from the USA and Qatar),
- maximum usage of reserve capacity and rising storage levels,
- delay nuclear retirements,
- and invariably further transformation towards renewable sources.

And all this with draconian austerity forced by tough pricing policies, loosening of social covers and **forcing ordinary citizens to use less energy.** And we will need more money for their next purchases as well, for example to replace even new gas stoves with heat pumps. You know, these huge roaring boxes for which you have to dig the entire garden and then they switch itself to electric heaters anyway. And what if someone doesn't have a garden? Well, then better buy a blanket while you can still afford it...

Who destroyed coal mining?

It is not any better with the rest of the EU assumptions. As analysed by the leading

analytical think-tank Aurora Energy Research, associated with the University of Oxford, all these visions more or less stick together only **if the Ukrainian conflict and its consequences last no longer than 2 years.**

That means if Russian natural gas continues to flow through Ukraine and the NS2 delay will be no longer than until 2025. Indeed, some of the EU's concepts do not make sense – they ignore the inability to automatically increase imports from Algeria and Libya, concerning all difficulties in meeting domestic demand there. Also, interconnectors between Spain and France would not be able to transmit the increased capacity.

Neither Norway nor the United Kingdom (which is still robbing Scotland of natural gas and oil) cannot increase production so fast and to assumed level. Postponing of the Dutch Groningen Gas Field closure, planned for this year – is not possible without a significant increase in expenditure, etc. It is not advised to fulfil spare storage in 90% before the next winter because of safety reasons and even if so, it would cost another EUR 100 billion.

Not to mention the fact that **the nuclear power plant is not an amusement park and cannot be assembled and disassembled just like that.** Especially when for those intended for closure – no fuel was ordered. The same applies to coal-fired power plants, which the European Commission suddenly looked kindly at (forgetting about the expected increase in the average emission to 22MtCO₂). Simply put – the only one country which would be able to deliver Uranium and coal quickly and at reasonable prices is... Russia. And let's hope that all those who had closed coal mines and ignored the energy competitiveness of Russian and Donbas pea-coal – appreciate the charming black humour of the current situation.

It will be more expensive – even by a third

But the rest, that is all consumers, will not be amused. While cuts for industry are assumed for this year at the level of 5-10% – **individual customers are expected to reduce their demand by approx. 14% and should be prepared to 30-35% increase of current prices.**

And no, the cavalry on a fracking horse will not come, although there are some suggestions of adopting in Europe this environmentally murderous, beloved by Americans method of extraction. Even maximising of LNG import from the USA and Qatar could cover only 70% of gap created by the elimination of Russian gas. And yet most Western countries would have to first incur further expenditures to use such amounts within own energy systems.

So, for today, the energy message, stripped of ornaments, theory and propaganda – sounds like this: **it will be more expensive, darker, colder. And no one will help us, while profits will be gained by the usual suspects.**

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