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Since the upcoming referendum on the UK's membership in the EU was announced, many scholars, politicians, lobbyists and media representatives have attempted to propose a sense of what we can expect if we stay and what we can expect if we leave. Whilst there are many important factors to consider when voting in June, this brief aims to address the important issue of Energy Security. Energy use lies at the centre of a state's functions and without secure, adequate resources a state would be unable to function. As it's such an important facet of society, it is disparaging to see a lack of discourse focused on what we receive from EU membership in terms of energy security, and what we could perhaps gain or lose from leaving. As a European state, we are part of the world's largest importer of energy, with supplier states such as Russia, Norway, and OPEC nations, it has been crucial that we are part of a coordinated and strategic energy market to ensure competition rules over monopoly of supply.

Following the unprecedented developments in environmental policy and its deep attachment to energy, we have seen the world leader's battle for consensus on green policies. The COP21 agreements have been widely received as the largest fundamental and collective approach to climate change, but we should not forget the important work the EU has been engaged with in the sphere of environmentalism, particularly over the last decade. Energy efficiency, electricity and renewable use and a plan for decarbonisation, are facets embedded in to most major policy decisions the EU makes, coupled with the various energy packages and the European Energy Union 2030 aims and objectives, the EU is still very much setting the way in terms of energy security. What we need to ask ourselves is do we invest and remain a part of the growing internal energy market of the EU, taking into account both the pros and cons of such a decision, or do we have sufficient means to remain energy secure, promote a low-carbon or no-carbon future and keep prices relatively low, outside of the EU.



## Energy In and out

There are a variety of sources for our energy; gas for example is made up of both an indigenous production of 40%, pipelined gas from Belgium and Norway, and the global trade of Liquid Natural Gas (LNG). Gas from our own resources comes from the famous North Sea and Irish Sea production areas. However, gas reserves are on the decline and so our gas imports are steadily rising, thus our reliance is upon external resources more than ourselves. This isn't as problematic as it seems we can increase our LNG imports anywhere up to 50% which means we would trade more with the U.S and Canada, and increase our reliance on Norwegian pipelines. Yet the security of these resources is highly questionable, it is also important to remember that our trade partners Norway, whom we receives the most fuel from via pipelines, have a bigger energy export agreement with the EU as a whole, meaning that if there are reserve or production issues upstream, our energy security becomes a second point of order outside of the EU.

## Energy Prices/sources

If we are to listen to our current Energy Secretary Amber Rudd MP, she has recently warned that UK households would be paying a combined £500 million or more each year on energy bills if we are to leave the EU. She also touches upon the previous topic of external sourcing, stating that we need to be wary of energy sources being used as a tool for foreign policy, citing "Putin's Russia" as an example. It's important to remember that Europe has traditionally been subject to some of the highest energy prices around the globe, and with the growth of fuel poverty in our own developed nation it is any wonder people are beginning to worry of what Brexit means for their everyday lives.

Yet, if we reflect upon this, there are a variety of strategies the government can employ to counteract this without the EU. Subsidising alternative fuels sources, and reducing fossil fuel subsidies would push the UK renewable sector forward leaps and bounds. A focus on energy efficient vehicles could cut a household's expenditure on fuel duty, which makes up two thirds of the overall price of fuel, although the government may feel the revenue pinch. Furthermore, as stated before our LNG imports is a far more secure method of receiving gas as opposed to older pipelines, due to the fluidity of their sourcing (pardon the pun). There is no fixed pipeline to be affected by environmental, political or geopolitical changes, trade is conducted with a variety of actors thus sourcing is slightly more reliable and the market competition reduces prices, at least in theory.



## Energy Finance/Investment

Financing is perhaps the area of most concern for the UK's energy market. Without finance and investment there is no energy infrastructure, no trade and no fuel transport and thus it is a crucial duty for governments to recognise and promote secure investment climates for trade partners. The EU itself has a variety of bilateral treaties that extensively focus on finance and invest and we along with all EU states and some non-EU countries are part of the Energy Charter Treaty. This treaty once ratified and applied protects foreign investors when investing in other states and ensures that the government provides financial support for foreign investment. Whether seen as a negative or positive ideologically, this method ensures that investment is encouraged and protected, to the extent where governments can be sued if found to be incompetent. With this in mind we could both stay or leave the EU and retain this protection. However, with the uncertainty that inevitably comes with such a momentous decision as the upcoming referendum will be, investors are struggling to determine whether or not to risk investment in the UK's energy infrastructure. Regardless of the ECT's, it is an undeniable truth that the financial backing of the European Union is a supplementary part of investment in the UK. Additionally, we have to recognise that many energy companies operating in the UK are European companies; EDF being a prime example, a Brexit may encourage them to increase prices, or remove financial investment in government proposals such as Hinkley point nuclear station. The promises of a large interconnected energy market in Europe are great, and we would be remiss to ignore this when making our decision.

### Europe 4.0:

Finally, I believe it's important to talk about the future of energy in the EU, to give us a sense of what we could be a part of. As mentioned above the EU has proposed plans for an Energy Union, based upon the principles of: Energy security, trust and solidarity; a fully integrated internal European market; Energy efficiency promotion to reduce demand; decarbonisation of the economy; and a constant focus on research, innovation and competitiveness. The Vice-President in charge of the Energy Union has recently announced his vision of what a European Energy Union (EEU) would like. His "Europe 4.0" brings together technology, energy efficiency, finance and regulation under one banner forming a multi-level infrastructure that encompasses the whole European continent. Here there would be cross-border energy flows, smart cities with local energy controls, and a push for greater technologies and investment in the renewables sector all to go above and beyond the 2030 target of 27% renewables.



The UK inside the EU would be part of the biggest move for energy solidarity, which would push through a coherent structure to energy trade and governance. As energy security is a primary focus within the EEU, local control and an increase in renewables within the overall energy mix, means that not only are we being environmentally friendly but also consumer friendly. A move to smart meters, smart grids, and smart cities means that energy use, demand and efficiency can be traced, meaning individuals and local government both have the ability to shape their own energy use accordingly. This could mean a shift towards more affordable pricing for households and challenge the very notion of fuel poverty.

These changes aren't without their risks, and have been approached with caution. The European Union project is not perfect, it would be arrogant to argue so, and the values promoted by it aren't without their practical flaws. Solidarity within the energy efficiency is perhaps one of the greatest challenges, with little or no regulation and nation state trade structure means it is difficult for countries to overcome self-interest, something that needs to be set aside within an internal market union. Whilst a renewable target has been set, nation states have different ideas as to what they wish to focus upon, energy security has certainly become more of a priority in the UK than climate change, and the government's recent focus on natural gas, whilst a lower carbon source than oil, is still a problematic approach, thus begs the question of how to coordinate the energy policies of 28 nation states without a more integrated and regulatory structure.

### **Conclusion:**

In the spirit of democracy and impartiality this brief has attempted to produce an unbiased view of the state of affairs in the energy sector when it comes to the upcoming referendum. There are without doubt a large number of benefits we receive from our EU membership and the energy sector and its security aren't excluded from this. There are many issues we can find with the EU as it is an unfinished project, which no one can predict where its future lies. Either way, it's important that we consider where we would be had we not joined, and what we would do differently if we are to leave. There needs to be an alternative solution, otherwise we will end up with a very cold awakening if we are to leave without pre-planning. Ultimately we each need to ask ourselves where we see the UK's future as part of the world's largest economy, or as a stronger nation outside of the Union.

