The power of proximity

Nick Butler on why the UK and the EU need a more resilient energy and climate partnership.

Despite Brexit, the UK and the EU remain close partners on energy and climate policy. They share the same broad objectives – decarbonisation and net-zero emissions of greenhouse gases by 2050 – and rely on many of the same tools. Both operate carbon-pricing systems. The EU has introduced a carbon border adjustment mechanism, while the UK is due to launch its own version in 2027. There are some differences in the detailed application of these tools, but none should hamper closer alignment as part of a wider reset of their post-Brexit relationship.

The physical links are already substantial. Britain has ten electricity interconnectors linking it to seven neighbouring markets, including France, Norway and Denmark. In the year to September 2025, they supplied around 43 terawatt-hours of electricity to Britain – about 13 per cent of its total power consumption.

A single European energy policy – as distinct from climate policy – remains out of reach. The energy mix in each country varies widely according to natural resource bases, political choices and local preferences. Germany, Italy and Austria have turned away from nuclear power, while France relies on an extensive fleet of nuclear plants for much of its electricity. Coal retains a role in parts of central and eastern Europe and continues to provide over 20 per cent of electricity supply in Germany. Spain is ahead of the rest of the continent in developing low-carbon supplies of solar and wind power, while Germany has promoted green hydrogen as a key component of a decarbonised economy.

Entrenched national interests also remain powerful. Across the continent, the power of legacy energy providers – national champions and state-owned companies such as EDF in France – limits open trade, especially in the supply of electricity. Although cross-border electricity trading has grown between member-states, the EU remains some distance from a truly integrated energy market. The long-standing ambition of building a common connected European power grid – first floated by Angela Merkel in 2009 – is still only partly realised.

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The UK has its own distinctive energy mix, with fossil fuels still accounting for just over 75 per cent of its energy needs, while offshore wind power has expanded rapidly, and successive governments have sought to revive the once-successful nuclear industry. The result is not out of line with the variety seen in the rest of Europe.

The case for closer co-operation has become more urgent as Europe's energy vulnerabilities have been exposed. Russia's full-scale invasion of Ukraine forced Europe to reduce its reliance on Russian supplies and turn increasingly to Norway and the US. Between 90 and 95 per cent of the EU's daily oil and gas consumption relies on trade flows – a strategic vulnerability in times of instability. In 2024, net imports met 57 per cent of the EU's energy needs. Its dependence

on imported natural gas was higher still, at almost 86 per cent.

Britain is less exposed than the EU as a whole – with net import dependency at 43 per cent in 2025 – but the gap is narrowing as North Sea production declines. Trade with Russia is much diminished since the invasion of Ukraine, leaving Norway and the US as the main suppliers of natural gas, for the moment, to both the UK and most EU countries. The war in Iran and the disruption in the Strait of Hormuz have exposed the risks of reliance on imported products such as diesel oil and jet fuel. Both the UK and the EU have come to rely on the refineries built over the last 20 years in the Persian Gulf for supplies of both products. Renewal and upgrading of the refinery sector across Europe are likely to be one consequence of the conflict.

None of this means that the UK and the EU should pursue a single energy policy. This is unattainable given the strength of entrenched national interests and preferences. Climate policy could, however, be usefully 'reset' on a pan-European basis. While Europe must reduce emissions, policies that inflict unnecessarily high upfront capital costs on industries already under pressure from high energy prices are damaging competitiveness, while doing little to reduce the risks of climate change on a global level. The EU accounted for close to a fifth of the global economy and only around 6 per cent of emissions in 2024. The UK contributes around 3.3 per cent of global GDP and produces less than 1 per cent of emissions.

The climate does not recognise national or regional boundaries. A cleaner Europe matters, but it will not be enough on its own. A UK-EU reset focused on policies that would change the global situation through research and deployment of technologies capable of bringing down the costs of the energy transition would be a major achievement. It would require a clearer recognition that the EU and Britain – whether a formal member of the union or not – have a deep common interest in strengthening their energy partnership.

Nick Butler is an energy economist, a visiting professor at the Policy Institute at King's College London, and the co-founder and former chair of the CER.