EU climate and energy policy after the energy crunch

by Elisabetta Cornago, 5 December 2023

European energy markets are in a very different situation from a year ago. Today, Europe is not fearing electricity blackouts or gas shortages, and the European economy has shown resilience and adaptability to the spike in energy prices it withstood in 2021 and 2022. EU energy and climate policies have changed following the energy price spike, too. A new CER policy brief, '[EU climate and energy policy after the energy crunch]', looks back at the past two years and concludes that while some of these changes have been temporary, others are likely to affect the European energy market for longer.

The policy brief argues that the EU should not extend blanket price-suppressing measures to control volatile energy prices, focusing instead on long-term reforms needed to reduce Europe's dependence on fossil fuels. These include reforms facilitating investments in energy efficiency, renewables and power grids. Investments in such European public goods need to involve both private and public investors, but EU-level funds for climate investment and the energy transition remain fragmented and overall inadequate to meet decarbonisation goals. The EU should rationalise its budget and dedicate more of it to climate action and green transition investments, putting its money where its climate leadership ambitions are.

The EU has not slowed down on its climate policy, but there is a risk that some member-states will do so as they implement the latest batch of climate policy initiatives – the so-called Fit for 55 package. The European Commission should strengthen its oversight of member-states' progress towards energy and climate goals and policy implementation. It should monitor and push for climate investments in its regular interactions with member-states – for example as part of the National Energy and Climate Plans and of the European Semester.

Elisabetta Cornago, the author of the policy brief, said: *"The EU has largely preserved its climate policy ambitions from the impact of the energy crunch – but it should be vigilant about how Fit for 55 policies are now implemented locally. And it should ensure that the positive investment momentum in clean energy and efficiency measures is not lost as winter 2022 fades in the rear-view mirror."*

Notes for editors:
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