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***THE POLITICAL ECONOMY OF ENERGY
TRANSITION IN THE EU***

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Overview

- **Political Economy**
- **Energy transition for climate**
 - **Necessary & sufficient mitigation process**
 - **Transitions: Deficient ⇔ Thorough**
- **EU energy-climate policy today**
 - **Three policy goals**
 - **2014 restoration**
- **Control the “Energy Policy” discourse**
- **Conclusions + final teaser**



Political Economy

Definition: “Study of rational decisions in a context of political and economic institutions”

- Institutions appear as internalized conventions & norms [∞ values] and externally sanctioned formal rules [∞ law]
- Paramount is the interaction of individuals, institutions, and markets as **human made & governed constructions**
- Ideas help frame interests and incentives to bring about transformative change
- Discourses bundle ideas to action

Political economy is like studying icebergs

Part is visible – most happens below the surface

... networking, lobbying, advocacy, discourses ...

Usual standards of scientific analysis not applicable

Political economy = the science of economics 1776-1876

Renewed attention from sectors where neo-classical economics fails: development aid, financial crisis, ...

?What about global climate policy?



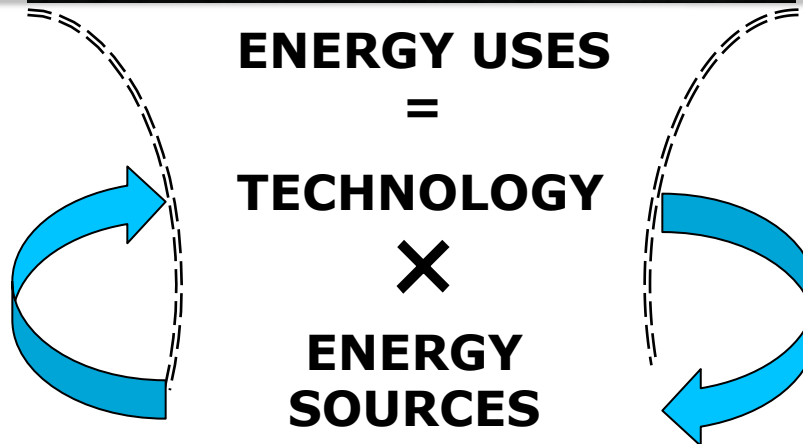
Civilization ⌘ Energy uses



Civilization

Lock-in

- paradigms
- discourses
- social constructs
- financial interests



Substrate

Lock-in

- infrastructures
- habits (!mobility)
- vested interests

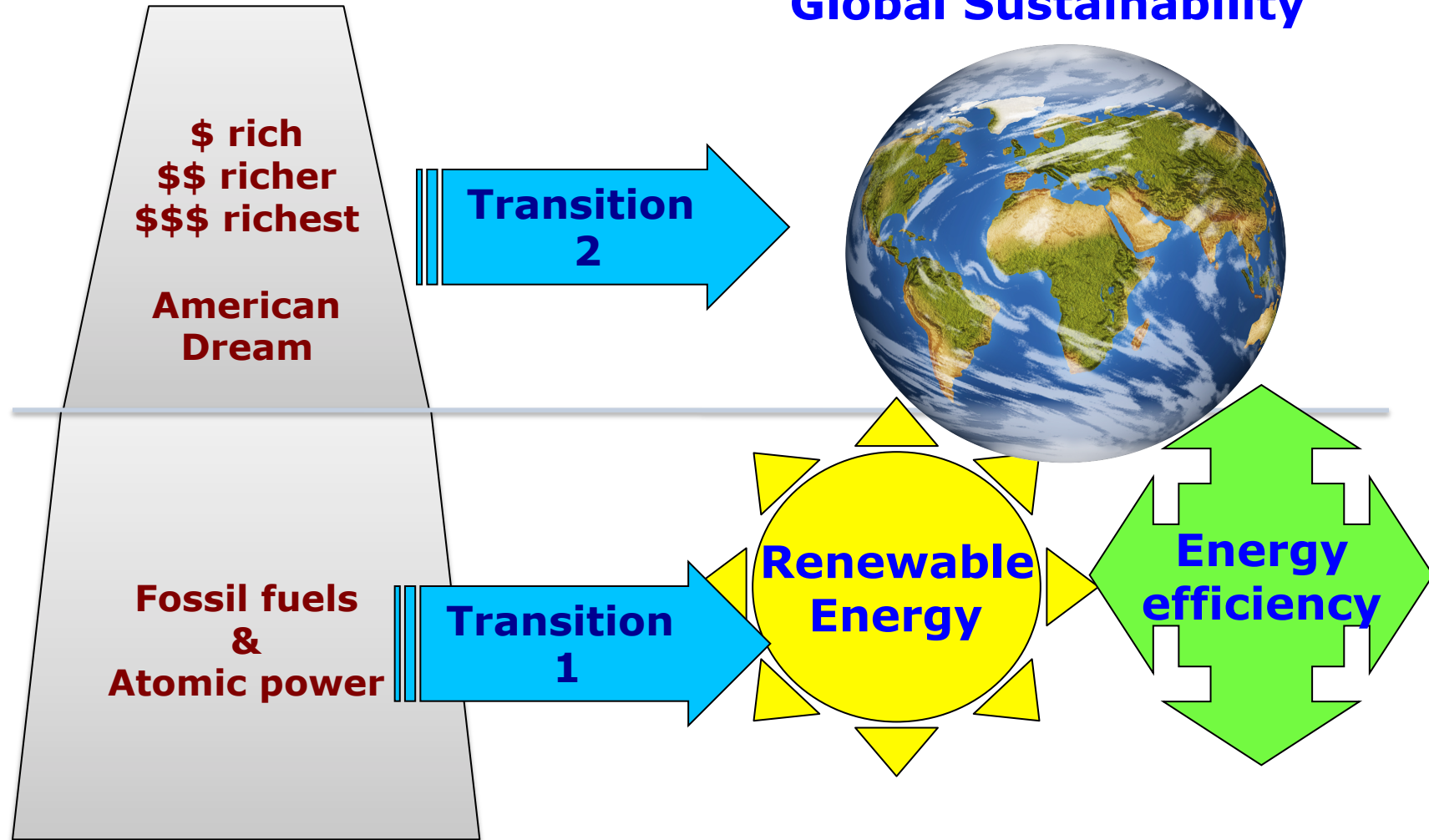
Energy ⌘ Civilization: Present – Future



Present

Future

Global Sustainability





Energy system transitions

As old as human race, occurred spontaneous, voluntary:

- **Because of progress**
Domesticate dogs, donkeys; control fire (cook, bake, dye ...)
- **Related to tools, technique, technology**
Wheels, sails, levers, ... electronics, new materials, ICT, ...
- **Revolutionizing societies**
Industrial revolution: convert fuels → heat → work (steam, engines)
Now: tap electricity from ambient sources (light, air, water currents)

Today a necessity:

- **Depletion fossil fuels: non-issue, most fuels must stay underground**
- **Environmental pollution (particulates, ozon, dioxines)**
- **Atomic power: risks, waste, security, habitat loss by accidents**
- **Irreversible destruction of unique life-support systems:
atmosphere, climate**

Boosted by *pursued* Sustainable Development

Barried by *lock-in*: infrastructures, vested interests



Two energy transition paths

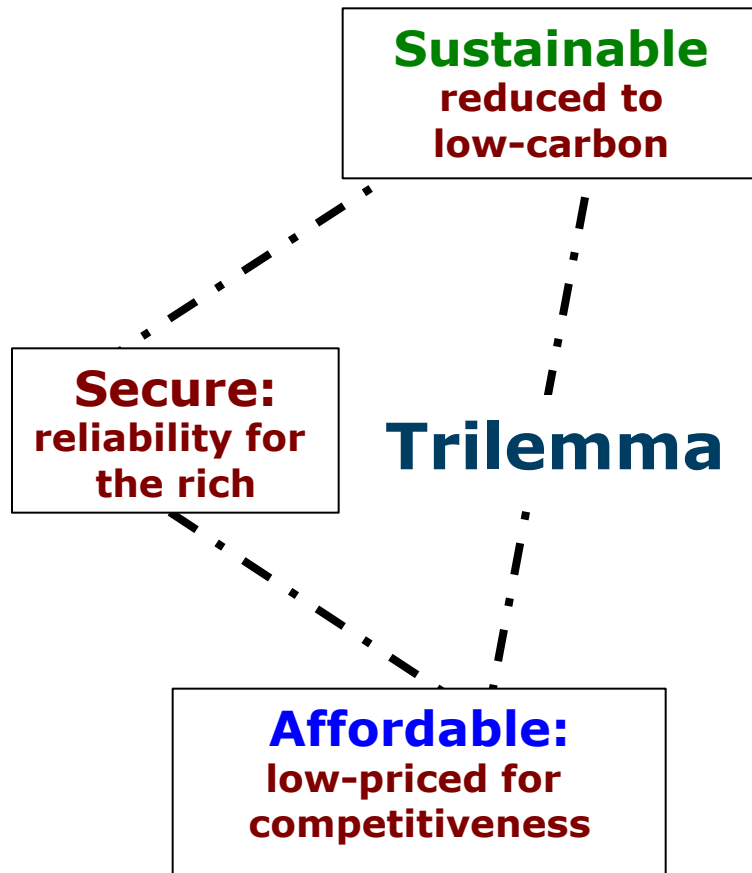
Deficient ⇔ **Thorough**

Deficient	Thorough
Low-carbon tripod mantra: <ul style="list-style-type: none">• Renewables• Nuclear power• Carbon Capture & Storage CCS	ONLY renewable energy (RE) <ul style="list-style-type: none">• Direct harvesting of electricity• Not compatible with nuclear• Ban large-scale fossil fuel use
Sustainable development: <ul style="list-style-type: none">• Obligated window dressing• No sustainability assessment	Sustainable development: <ul style="list-style-type: none">• Prevailing paradigm• Strict sustainability assessments
Centralized power systems reign <ul style="list-style-type: none">• Reconstructed by vested interests• Not affordable for poor nations and poor people	Priority: RE harvesting by prosumers <ul style="list-style-type: none">• Mediocre RE sources harvestable• Redundant powergen capacities• Regulatory solutions needed• Independent public regulators• Rich countries lead (⇔ offsets)• Developing countries emulate

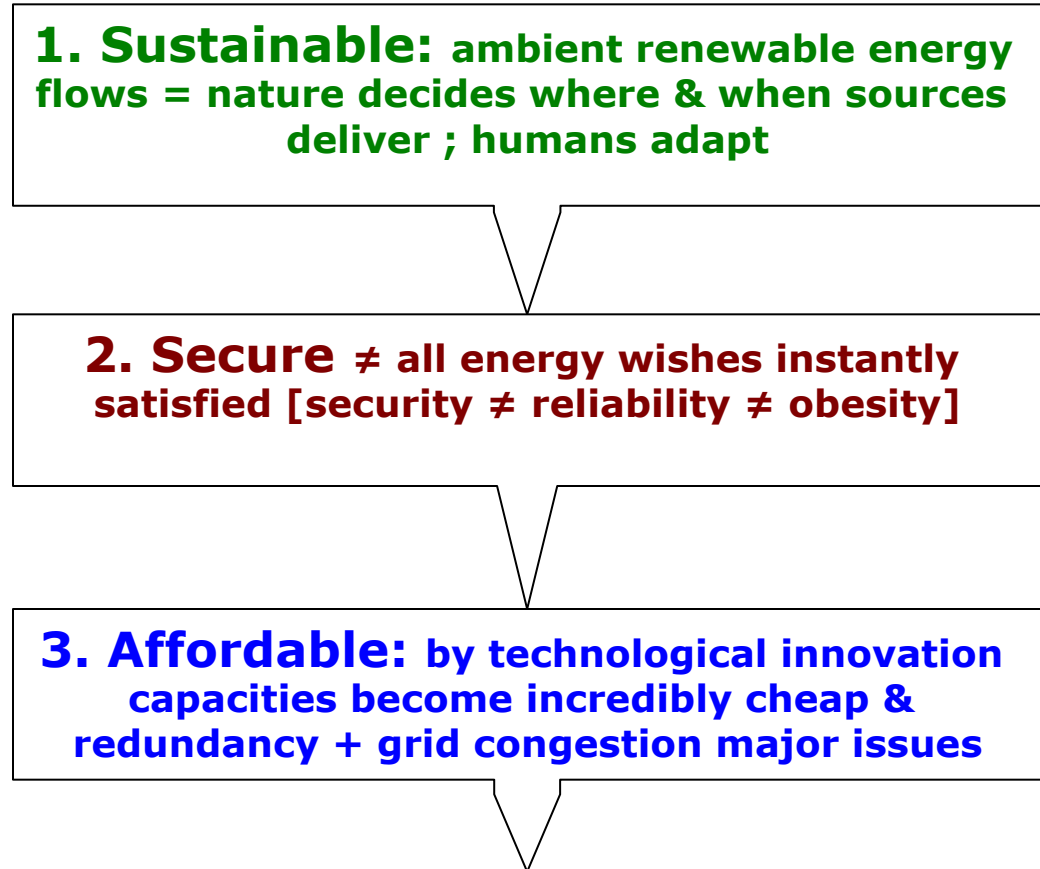


EU energy policy goals

Flawed Trilemma ↔ Cascade Logic



Cascade





Lock-in (2014-....) Large energy companies ⌘ EU Commission ⌘ Nuclear discourse

- **Magritte Group (March 19, 2014) recommends:**
 - **Preference for 'mature renewables in the regular market'**
 - **Priority to the utilization of existing competitive power capacity rather than subsidizing new constructions**
 - **Restore ETS as flagship of climate and energy policy**
- **EU (April 9, 2014) New Energy State Aid Guidelines**
 - **Refrain the German Energiewende**
 - **Payments for coal powerplant capacity**
 - **Guarantee £92.5/MWh during 35 years for Hinkley Point**
- **Nuclear discourse molds fake reality**
 - **IAEA & IPCC accept nuclear as option (⇔ renewables)**
 - **Nuclear not submitted to sustainability assessment**



Control the “Energy Policy” discourse

In the EU, vested energy interests

- are centralized power houses
- principal in the Brussels and national lobbyism webs
- active in universities and on scientific fora

Control EU and Member State regulation

Stakeholders participate (victoriously) in comitology

EU officials are limited in capability, capacity, action radius

Member States maintain significant energy authority

Control the hearts and minds

Dominant discourse by supreme advocacy

Changed editors of *Energy Policy* reject disclosing analysis

IPCC accepts nuclear power as valid mitigation option, by skipping the assessment of critical publications



Concluding Considerations

- **Political Economy**
 - **Founding economics, crowded out by neoclassical construct**
 - **Crucial for understanding present actuality**
 - **Requisite for due diligence on climate \ energy transition**
- **Energy transitions: thorough ⇔ deficient**
 - **Renewable energy + efficiency ⇔ energy 'Pantheon'**
 - **Interlaced with sustainable development**
- **Energy Policy**
 - **EU's inaccurate & flawed framing of energy issues**
 - **2014 restoration: vested interests capitalize on neoliberal ideology of the EU Commission**
 - **Energy corporate stock-stakeholders master the discourse, influencing also scientific circles**



Final Teaser

Adopt the right reference state & “discourse”

NOT

the obsolete, non-sustainable inherited, present state

&

“integrating flow renewable power in electric power systems”

BUT

the requested 100% renewable future state

&

**“nature provides the currents - humans adapt their systems
and practices”**