

The Myth of Green Energy Security

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COPENHAGEN – Turmoil across the Middle East and Northern Africa has refocused attention on the impact that political tensions or interference can have on the price and availability of energy imports. Against consumer fears of gas-price hikes, energy security ranks high on many Western governments' policy agendas.



Of course, this is hardly a new phenomenon: Europe started trying to build up its energy reserves back in the 1960's. Likewise, every American president since Richard Nixon in the early 1970's has tried, and failed, to reduce dependence on foreign oil.

A new trend, though, is that policies that just a few years ago were being touted to fight climate change are being presented as a necessary way to increase energy security. Against the backdrop of the financial crisis, and as public support for climate-change policies scrapes new lows in many developed countries, we hear less from leaders about the threat of global warming, and more about the supposed economic benefits of climate policies.

This shift is hardly surprising, given the increasing number of analyses that demonstrate that current – unilateral – climate policies will have virtually no impact on the rise in global temperature.

The European Union offers a classic illustration of this point. Its "20-20-20" climate plan – by far the most comprehensive climate-change policy in effect anywhere – aims to reduce greenhouse-gas emissions by 20% from 1990 levels by 2020, ensure that renewable energy delivers 20% of energy consumption, and cut primary energy use by 20%.

An analysis of the costs and benefits of the policy in 2010 by climate economist Richard Tol showed that the annual price tag would be around €210 billion. Running the policy through the RICE climate-economic model reveals that by the end of this century, it will reduce temperature rises by just 0.05°C (0.1°F).

Undaunted by the policy's utterly feeble impact on global warming, politicians have declared that the policy will at least enhance the EU's energy security. So the Copenhagen Consensus Center asked Professor Christoph Böhringer and Andreas Keller of the University of Oldenburg to test this claim.

Of course, the notion of energy security is fuzzy. In their research paper, "Energy Security: An Impact Assessment of the EU Climate and Energy Package," Böhringer and Keller note that the EU has never set itself a clear metric for energy security.

Despite – or because of – this lack of definition and measurability, policymakers, write Böhringer and Keller, "exploit the energy security argument to justify a myriad of measures." Such measures even include bans on light bulbs and patio heaters, tax breaks for bicycle owners, standards for tire pressure, and tests for fuel-efficient driving – none of which would appear to have much impact on the level of Russian or Middle Eastern oil imports.

What is clear, according to Böhringer and Keller, is that the EU Climate and Energy Package violates basic principles of cost-effectiveness, if the sole objective is emission reduction. The package stands out for its tangle of instruments – and thus the risk of counterproductive, overlapping regulation, which will substantially increase costs compared to an effective climate policy.

The researchers measure the impact of the 20-20-20 package through independent energy-security indices. Without implementation of the package, slightly more than half of Europe's energy needs would be met by imported fossil fuel by 2020, compared to 50% today. If the EU is successful in reducing CO2 emissions by 20% by 2020, Böhringer and Keller find that its reliance on imported fossil fuel would be reduced by just two percentage points. This is an awfully long way from self-reliance.

Of course, the EU 20-20-20 plan aims to do more than just reduce emissions; it also attempts to increase renewable-energy use and cut overall energy consumption. The researchers find that the full 20-20-20 plan would actually mean "increased energy imports as well as increased price risks" – mainly because the tax imposed on electricity to achieve the efficiency target of the 20-20-20 plan will affect nuclear power the most. In other words, the very policy that was supposed to achieve greater energy security is in fact likely to hike prices and lead to *greater* reliance on foreign energy imports.

It is worth noting that these outcomes are based on the optimistic reference scenario used in the US Department of Energy's *International Energy Outlook*, under which renewable-energy use will grow at a higher rate than in the past. Without this expectation, the EU's policy would likely be even more costly.

In many Western countries, policies are increasingly being wrapped in promises of greater energy security rather than in threats of climate catastrophes. But, because energy security is such a vague concept, these policies are seldom subjected to rigorous scrutiny to determine whether they will live up to politicians' claims.

As the new research shows, we should be especially cautious about the claims of politicians who use current events to justify the old, ineffective climate-change policies on the new and equally problematic basis of energy security.

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