



## EU Commission's Energy Strategy for Europe

Posted by [Euan Mearns](#) on June 16, 2008 - 9:55am in [The Oil Drum: Europe](#)

Topic: [Policy/Politics](#)

Tags: [andris piebalgs](#), [ethanol](#), [eu energy policy](#), [hydrogen](#), [net energy](#) [[list all tags](#)]



*The hydrogen and ethanol powered car*

[Editor's note, 10:30 UK Tuesday: Andris now has 44 excellent comments to contemplate (up from 10 on Friday). **All are well worth reading.** If you feel strongly about this then please leave him a message.]

**[Riots won't bring oil prices down.](#)** Andris Piebalgs blog entry from 6th June. My emphasis added.

Last Tuesday I was a witness of a very sad episode. Belgian riot police employed force against a group of French and Italian fishermen marching to the European quarter to protest violently against high price of fuel. A car crash occurred as a consequence of the riots. The frustration of the demonstration is easy to understand, but certainly demonstrations and street fights are not the answer to this problem. **Oil prices are high and will go higher.** No demonstration can change that.

In the past, periods of relatively expensive crude, were followed by periods of cheap oil due to temporary factors like the first Gulf war. **Currently, as well, there are temporary factors that are influencing oil prices, like the boom in commodities markets,** geopolitical situation in several key producing areas, the weakening of the dollar or the turmoil in global financial markets.

**However, the real drivers of oil price escalate have a structural nature.** You all know the offer and demand law. If offer decreases, price increases. If there is a

growth on demand, there is also a growth on price. If, at the same time offer decreases and demand increases then, price skyrockets. This is precisely what is happening in oil markets.

In year 2000 China had 4 million cars. In 2005 - already 19 million cars. **It is expected that in 2010 the Chinese car fleet will be 55 million and 130 million in 2020.** India is following a similar trend, and the economies of the United States and Europe continue to devour oil in large quantities. More and more people compete for an increasingly scarce commodity. We all know that oil will run out some day. The exact date is certainly under discussion, but there is a fact that nobody can deny, getting oil out of the earth is now much more difficult and expensive that it used to be.

**The easy sources of oil are already in use.** Oil companies are currently exploring in deep seas or in frozen and inaccessible regions. Geopolitical uncertainties reign in oil producing areas, while there is a growing tendency among producing countries to nationalise their resources, or make foreign investments more difficult. There is a growing shortage of highly skilled working force and exploration and production of oil is becoming a high tech activity, extremely expensive.

We all know the consequences. The barrel is currently around 130\$, 300% more expensive than only 3 years ago. Experts are talking about prices of 200\$ per barrel for next year only. At this levels, even non-conventional oil sources, such as heavy crude or tar sands become attractive, despite its awful CO2 foot print and high energy consumption.

**So what is the solution? Well, we have to move away from oil. This is what the European Energy Policy is all about. We need to reduce demand with more efficient transport, industry and housing.** We need to promote alternative fuels, like **biofuels, electricity or hydrogen**; we need to change to cleaner and more efficient transport modes like rail, short sea shipping, or public transport. **And in the meantime, we need to continue our dialog with oil producers to encourage them to produce more and to supply the markets better.** On 24th of June, I will meet ministers of the OPEC countries to discuss with them on this issue.

The era of cheap and easily available oil is over. We need to move away from black gold and put our efforts in a low carbon economy. The sooner we do that, the better.

My reply

Dear Andris,

This entry is the most appalling muddled mess - which is a direct reflection of EU energy policy. There are shafts of sunlight mixed in with utter rubbish.

Each time I have left an entry here I have told you that we are in the early stages of a full blown energy crisis. It is a great pity that you have waited until oil hit \$130 per barrel and for French fisherman to riot before realising that this is indeed the case. Of course if you and your team were up to the job, you would be able to study the oil supply and demand data published by the IEA, the EIA and BP and conclude that an energy crisis is on the way in advance and put in place effective strategies to mitigate for this. But no, your approach is reactive, well behind the curve, wrongly focussed and without a substantial re-writing of the EU Energy policy, it is destined to fail. The riots in Belgium

and Iberia are partly your fault. You are the EU energy commissioner, pipe dreaming whilst EU energy security drains away.

It is encouraging to see that you finally understand that demand for oil, gas and coal are rising whilst supply for oil at least is static. Rising demand against static supply is controlled by escalating price, encouraging conservation and pricing poor Europeans out of the energy market. You should by now understand that when poor people get priced out of the energy market they riot.

The next thing you need to grasp with some urgency is that oil supply will not stay static for long. IT IS GOING TO GO DOWN ONE DAY VERY SOON. (2012±3 years) And then the problems we are experiencing now will get worse by a factor of 100 or more. WHAT ARE YOU GOING TO DO ABOUT THIS?

The EU and the OECD in general has absolutely no control over raising global oil supplies. You seem to think that OPEC does, BUT YOU DON'T UNDERSTAND THAT OPEC ARE PUMPING FLAT OUT. The IEA data shows that their reserve capacity is near zero. So the only control OPEC has would be to reduce supply in order to conserve their dwindling reserves for future generations.

Thus, the only part of the equation that the EU can control is demand. The EU needs to introduce with some urgency measures to reduce demand for oil and natural gas. And here I believe you make some good points. We need solid, urgent plans to radically transform our transportation systems. To be blunt, cheap air travel for all will not be part of this future. Shipping, canals, and electrified mass transit and electric cars are the future. We need someone with vision to stimulate pilot V2G projects across Europe.

Energy conservation and energy efficiency must be vital cornerstones of the EU energy policy. I believe you understand that but you don't seem to understand what energy efficiency means. (hence you drive one of the least energy efficient cars ever produced). Producing H uses more energy than can be recovered. It is an energy sink, a waste of energy and a waste of time (apart from in some isolated special cases). Ethanol consumes almost as much energy as it produces and falls into the same category - a waste of time and precious energy. You are converting Gold (nat gas) to Lead (ethanol - anecdote borrowed from Matt Simmons). As a guiding beacon if the eroei of an energy producing system is less than 7 then it must be ignored. It does not produce sufficient net energy to run society - and so pursuing the twin follies of H and ethanol will drag Europe off the net energy cliff.

In essence what you have done in this blog entry is to re-package the wholly misguided EU energy policy that is predicated on climate change and trying now to sell this rubbish as a solution to the emerging energy crisis.

From here there are two ways forward. You either have to admit that the current energy policy is a shambolic mess, tear it up and start over - but this needs to be done urgently, within a matter of months. Or you need to resign and let someone else do this vital job.

Euan Mearns BSc PhD  
Editor The Oil Drum Europe

PS I wholly endorse tonyw's comment up thread - if you want to reduce demand for oil today we need pan-european speed limits and legislation on gas guzzlers. Let these fine German engineers turn their attention to efficiency instead of speed and power.

If you feel strongly about EU energy policy then please leave a comment on Andris Piebalgs blog on the thread - [Riots won't bring oil prices down](#)



*The EU Commission contemplating driving Europe and all its citizens off the net energy cliff. [The Oil Drum's](#) geologists, chemists, physicists, economists, bankers and engineers are in pursuit, trying to stop them. Will they get there in time?*

Pictures from [Thelma and Louise](#) who were having a great time on a girls night out until they made a mistake. And one thing lead to another....



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