

We finance the war through our energy bill - All alternatives must be used immediately

The Russian invasion to the Ukraine is an unprecedented breach of international law and needs a strong response from the European Union. All policy areas must be adjusted and be prepared for the new world following the Russian invasion of the Ukraine. In climate, energy and environmental policy, the main challenge is of course to be less dependent on imports of gas, oil and coal from Russia. With our energy bill we are financing the war. We are paying ca. 99 billion Euros for our energy bill per year¹. 54,5 billion Euro is the annual military budget of Russia. It is well possible and may well be justified to stop all imports as a reaction to the Russian invasion or further steps that we need to be prepared for in next weeks. Also, Russia can cut supplies practically every minute.

I. Short term measures to reduce dependency on Russian gas, oil and coal.

1. Compromises in environmental policy are needed in the short term and for a limited period of time
2. Shale gas should be accepted for a limited period of time
3. Existing nuclear power plants, which do not depend on Uranium or maintenance parts from Russia, should be used for a limited time, longer than planned
4. The import of coal from Russia should be stopped immediately
5. To absorb the price shock for consumers and industry, at least partly, measures to reduce costs in ETS for a limited time are needed

1. Compromises in environmental policy are needed in the short term and for a limited period of time

The dramatic situation following the Russian invasion needs efforts to immediately reduce our dependency on Russian gas because renewables and efficiency will take time. Even if we do our best efforts, compromises are necessary.

2. Shale gas should be accepted for a limited period of time

In the past, environmental politicians in Europe have been very critical towards fracking. We need to accept shale gas from the United States and other countries to reduce our dependency on Russian gas. Shale gas projects inside Europe, that can be implemented within the next two to three days, need to be considered.

3. Existing nuclear power plants, which do not depend on Uranium or maintenance parts from Russia, should be used for a limited time

Nuclear is not at all a sustainable technology but it may be - in a broader sense - more sustainable than Russian gas, oil or coal. A limited prolongation of the lifetime of existing nuclear power plants can be considered under strict safety standards, provided they can work without input from Russia, e.g. in the form of uranium or maintenance parts.

¹ 2020 60 billion €, 2021 99 billion. € according to Eurostat

4. The import of coal from Russia should be stopped immediately

We should immediately stop the import of coal from Russia. Coal is the most dirty and CO₂-intensive carbon fuel. We should be ready to import coal from alternative sources like South Africa and other parts of the world for a limited period of time to replace Russian gas.

5. Reduce costs in ETS for a limited time

Ease the pressure in the ETS by frontloading some certificates and consider the temporary use of allowances in the Market Stability Reserve and better surveillance against manipulation and speculation. The ETS price is but a small contribution to the high electricity prices in Europe but every measure to reduce the pressure and dependency on Russian gas must be used.

Any measure on ETS 1 has immediate effects. An increase in ambition will immediately increase electricity costs. A targeted intervention will also immediately reduce costs. This is a very important distinction to ETS 2 where effects can be seen only in a few years.

II. Medium and long term solutions for independence and environment, which need to be prepared starting today.

1. Increase ambition in energy efficiency, renewables and hydrogen
2. Keep 2030 and 2050 targets
3. Introduce ETS 2 as planned by the Commission or earlier
4. Targeted measures to reduce the energy bill
5. Targeted use of revenues in ETS to really enable independence from Russian fossil fuels
6. New nuclear power plants will not be the solution. Planning time is too long

1. Increase ambition in energy efficiency, renewables and hydrogen

Climate ambition and less dependence on Russia are not all a contradiction. In medium and long term, decisions of today must set the right framework for the future.

The Green Deal is not the problem; it is the answer to the problem. Every tonne of fossil fuels that will be replaced by energy efficiency and renewables will make us less dependent on Russia or other parts of world. Please find attached a very interesting [analysis](#) by our colleague Andrius Kubilius, which demonstrates that particularly with regard to our relationship with Russia, the Green Deal, is the solution and not the problem.

2. Keep the ambitious targets for 2030 and 2050

Reducing our dependency on fossil fuels is a necessary step to keep the world in stage where our children and grandchildren are still able to control climate change. Any questioning of the target would de-motivate investments in renewables and energy efficiency and therefore immediately increase the problem.

3. Keep the ETS 2

The ETS 2 is an indispensable part of the Fit for 55 package. The challenges for industry and citizens will only materialise in 3, 4 or 5 years and we anyhow need to find solutions with less fossil fuels as a reaction to the problems with Putin and his oligarchs. In contrast to that, any change in ETS 1 will immediately increase prices or reduce prices.

4. Targeted measures to reduce the energy bill

It is very important to reduce the burden for citizens due to high-energy prices but any intervention to reduce the price for fossil fuel based products should be limited. In contrast to that, electricity prices which are also a big problem for low-income families and industry, especially SMEs, should be dramatic and permanent because electricity is the main tool to be less dependent on gas and oil and to decarbonise our society

5. Targeted use of revenues from ETS

Spending the revenue, generated by industry and/or households in the scope of the TS, for any other purpose than aiding the green transition and us less-dependant on Russian fossil fuels is no longer acceptable. 100 % of ETS revenues should be used for that purpose.

6. New nuclear power plants will not be the solution. Planning time is too long

New nuclear power plants, that are planned today, will need at least 20 years before they deliver electricity. To dream, even theoretically, that we will use fossil fuels from Russia or other problematic areas until that date is unacceptable. That is why we should immediately spend the money on technologies that will help us in the next 20 years and not only thereafter.