

Penta Policy Insiders

Powering The Future

Energy Priorities in the U.S. and the EU

Introduction

Geopolitical tensions from the invasion of Ukraine and the subsequent rise in oil, coal, and gas prices have made energy security a top priority for both United States and European Union policymakers. In the EU alone, oil, coal, and gas prices went up by around 40 percent, 130 percent, and 180 percent, respectively, in the first two weeks following the invasion.¹ In the U.S., energy commodity prices increased 68 percent from January 2022 to June 2022, and then ended the year 10 percent higher than the beginning of 2022.² The International Energy Agency defines energy security as “the uninterrupted availability of energy sources at an affordable price,”³ and with such notable shifts in costs across both regions, access, and affordability are a sustained focal point for policymakers. However, though both policymakers in the U.S. and the EU are prioritizing energy security, there are divergences in how they plan to reach that goal, and how they believe sustainability should be incorporated in the process.

United States

Geopolitical concerns

Although the U.S. accounts for 20 percent of oil production worldwide, it still relies heavily on imports from other countries – including Russia, where political conflict has disrupted oil supply. Policymakers are concerned by how vulnerable the U.S. oil market is to geopolitical instability and international influence.⁴



I don't think people understand the importance of not only producing American jobs but also lower energy costs to consumers. The whole concept of energy security, I don't think people understand that enough.

Former Chief of Staff, Legislative Branch, R



Even if we focus on domestic oil production, the second that there is an issue at home, a hurricane knocks out an oil derrick or whatever, **we're going to go back to those same foreign sources to fill in the gaps.**

Chief of Staff, Legislative Branch, D



The truth is everything is bought and sold on the international market... as long as you're purchasing a commodity, **you're going to have to deal with what the global market impacts are.**

Legislative Director, Legislative Branch, D

Achieving energy security

Energy security continues to be a top priority for U.S. policymakers. A range of options to reach this goal have been proposed, including an increase in domestic drilling or a move to alternative forms of clean energy. Within the U.S. legislature, the debate is now centered around the economic and environmental effects of such options. It hasn't yet been decided which path will be the best way forward.

Debate on drilling



Drilling and domestic production is really important. I don't think that's an area that we're focused on enough... it's not acceptable that **we're always depending on other foreign countries. We can take advantage of the production in our own country.**

Former Chief of Staff, Executive Branch, R



I don't think drilling for more things here domestically is a realistic approach to energy independence considering the years and years and years it can take to actually develop new wells.

Legislative Director, Legislative Branch, D

Sustainable energy



There's a finite supply of fossil fuels whether we're getting them from the Middle East or whether we're drilling offshore here at home. And at the end of the day, I think **the real way to energy independence is to develop and build out our own renewable energy infrastructure.**

Former Chief of Staff, Legislative Branch, D



We definitely **need to try to work towards more renewables**, but maybe lengthen that approach out to kind of slow the impact of these sudden price hikes that we've seen as far as coming down to the American family on higher energy costs.

Director, Legislative Branch, R

European Union

Geopolitical concerns

As in the U.S., policymakers in the EU are concerned by the ramifications of the Russian invasion on Europe's energy security. However, because of the European Green Deal, most EU policymakers are not considering any increases in drilling as a solution. Instead, they face the question of how to balance energy security with the sustainability quotas of the Deal.

European Green Deal

The European Green Deal's goal is to 'transform the EU into a modern, resource-efficient, and competitive economy.' Its key targets include making Europe climate-neutral by 2050, reducing greenhouse gas emissions by 55 percent by 2030, and planting 3 billion additional trees by 2030. Policies include a transition to greener mobility and transportation, renovating buildings to be more energy efficient, and increasing both sustainable energy production and sustainable energy targets. It was first presented in December 2019.⁵



We need to look into the clean options [facilitating] the clean energy transition and enhanc[ing] energy efficiency, to ensure that we can utilize the resources and the possibilities we have within Europe as much as we can. **With fossil fuel imports from from other countries and Russia, it's extremely important that we be careful with all these geopolitical, political, economic risks that come with some of these partners that we're currently looking into.**

Head of Sustainability, Think Tank



There's a push and pull on sustainability in the sense that some stakeholders would say, "we must push on do this faster, so that the EU becomes energy independent of Russia and others, and moves into a decarbonized economy"... another perspective is some stakeholders would say, "Oh, hold on, we're all under so much pressure. Let's pull back a little bit on all this sustainability stuff. The system is already under pressure, we can't afford to transform as quickly, so slow down."

Head of Cabinet, European Commission

Feasibility of the Green Deal

The European Green Deal sets out a range of quotas for the EU to transition to alternative forms of energy in order to reduce greenhouse gas emissions and become carbon neutral. Policymakers acknowledge that a green transition could also be a viable step towards European energy independence. However, there are concerns about the economic, structural, and social feasibility of the program.



There is a goal of building one million charging pillars for charging points for electric cars, but “oh, my god, this is not possible, **our system will explode because it's very old, and it's not suited for such high voltages and such a huge power**”... so there are a lot of assumptions behind the plans of the Commission, that everything will go smoothly and that we have sufficient material.

Senior Advisor, European Parliament



You can see the Commission pushing for more sustainability. But then you feel in the real world, that people cannot afford this... **only few can afford all these kinds of quite expensive equipment.** And there's already a lot of tension in this.

Senior Policy Advisor, European Parliament



So the challenge with the renewables is that it's a valuable source of electricity, and the prices will go up and down if we let the market function as it is. So then the question really is that **if the future is renewable, how do we then make sure that the market functions in a way that there are no huge price fluctuations?**

Head of Sustainability, Think Tank



You need to make sure everyone is on board. You have the sustainability standard but no one really knows what is happening there, because **everyone is saying sustainability is slightly different from what the next person or what is said before...** [the European Green Deal] needs the standardised system that will help companies know how well they are doing.

Researcher, European Parliament

U.S. - EU collaboration

The energy crisis and both U.S. and EU policymakers' prioritization of energy security presents an opportunity for collaboration between the two regions. While policymakers on both sides of the pond are hoping to achieve alignment in regards to security agendas, the prioritization of sustainability efforts continues to be an ongoing conversation that is complicated by differing environmental policies.



It's the reality on the ground is that our leadership has been desperate for looking into diversifying the fossil fuels in the short term from Russia into alternatives. And already in this context, the U.S. has been a major player in that.

Head of Sustainability, Think Tank



We are the EU, we should collaborate with the Americans and their enterprises. They have proven to be a key player for ensuring that the EU is secure, especially in response to the war in Ukraine. So at least from some member states, there's an increased interest to tighten the corporations and the economic level with the Americans. Still, the, you know, from the perspective of American policymakers, they have a different set of priorities.

Policy Officer, European Commission



About Penta Policy Insiders

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Citations

1. [https://www.ecb.europa.eu/pub/economic-bulletin/focus/2022/html/ecb.ebbox202204_01-68ef3c3dc6.en.html#:~:text=Energy%20commodity%20price%20volatility%20began,%25%20respectively%20\(Chart%20A\)](https://www.ecb.europa.eu/pub/economic-bulletin/focus/2022/html/ecb.ebbox202204_01-68ef3c3dc6.en.html#:~:text=Energy%20commodity%20price%20volatility%20began,%25%20respectively%20(Chart%20A))
2. <https://www.eia.gov/todayinenergy/detail.php?id=55059>
3. <https://www.iea.org/topics/energy-security>
4. For a more detailed look at energy security in the US, see our report 'The Pursuit of Energy Security'
5. https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en

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