

EU REFERENDUM BRIEFING

Energy and climate change



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Four reasons why EU membership benefits the UK

1. Cheaper, more reliable energy

Greater interconnection to EU energy markets allows the UK to buy cheaper energy from the continent and balance variable renewable generation across a wider area, which will save the UK £500 million a year by 2020.

2. More secure energy supply

A united EU can stand up to Russia's use of international gas supply as a political tool. A divided Europe would allow Gazprom to continue its 'divide and conquer' strategy when negotiating gas contracts with individual EU member states.

3. Market access for UK low carbon innovation

To be competitive, UK entrepreneurs developing new low carbon technologies need easy access to the EU, as the largest and closest export market. For example, 53% of the output of the UK's fledgling ultra low emissions vehicle market is exported to the EU.

4. Effective joint action on climate change

Collective EU action on climate change gives all member states the confidence to reduce emissions together, safe in the knowledge that their trading partners are doing the same. By agreeing collective targets and collective policy mechanisms, the EU-28 has reduced CO₂e emissions by 23% since 1990. Over the same period the EU's GDP has grown by 46%.

Answers to Brexit arguments

EU climate and energy policy damages the UK economy

UK climate and energy policy ambition has been driven domestically, through the UK Climate Change Act, in response to overwhelming evidence that the cost of inaction on climate change far outweighs the cost of action. British influence over the EU's climate policy has ensured our European trading partners match our own decarbonisation trajectory.

EU renewables targets push up UK energy bills

Renewables costs made up around 2% of bills in 2013, and are projected to rise to just under 7% by 2020. Renewables targets have enabled investment in research, development and deployment, which helped solar PV prices to fall by 60% between 2011 and 2014 and onshore wind prices to fall by 29% between 2008 and 2012. The cheapest UK renewables are now cost competitive with fossil fuels. UK support for renewable energy looks like it will pay dividends, allowing the UK to rely on a cheap, clean, domestically generated energy sources in the future.

State aid rules prevent the UK from taking strategic decisions on energy

State aid rules are an important part of the Single Market as they provide member states with the reassurance that other governments are not distorting the market by unfairly subsidising their key industries. If the UK were to leave the EU, but remain in the European Economic Area, it would still be subject to state aid rules; however, it would lose the ability to influence them. Even if the UK followed the Swiss model and negotiated separate trade deals with the EU, agreements on state aid would need to form part of these trade deals, as they have done with Switzerland.

E3G

47 Great Guildford Street
London, SE1 0ES
020 7593 2020
www.e3g.org

Green Alliance

36 Buckingham Palace Road
London SW1W 0RE
020 7233 7433
www.green-alliance.org.uk