

The US shale-gas revolution and European renewables: Divergence and cooperation in alternative energy

May 30 2013

That the United States and Europe have been following different energy policies over the past few decades won't come as a surprise. However, according to one researcher, their divergence – with the US leading 'the shale gas revolution' and Europe investing heavily in modern renewables – is a good thing for the development of both alternative-energy sources.

Writing in the *Journal of Transatlantic Studies*, Marianne Haug of the University of Hohenheim argues that although the transatlantic energy partners continue to be committed to common goals – namely energy security, environmental sustainability and economic competitiveness – the relative priority given to each has changed substantially since the early 1990s. Domestic issues, geopolitical concerns, differing resource bases, changing energy markets, government policy, public opinion, the accession of new countries to the EU and the choices of investors have all altered the landscape. To address these new challenges, both the US and Europe have jointly and separately reached out to new markets, partners and collaboration arrangements.

Haug points to the example of the <u>Kyoto Protocol</u> as a turning point for energy policy. Before the 1997 agreement, which the US did not ratify, energy security was considered the most important of the three goals. After Kyoto, European countries gave higher, if not equal, priority to environmental concerns. European countries entered into partnerships beyond the US to develop low-carbon technologies, such as windmills,



photovoltaic units, solar thermal hot-water installations and rapeseed biofuel. The EU also developed emission-trading systems, biofuel targets, energy-efficiency guidelines and standards, which stimulated the market for <u>renewables</u> and the industry as a whole.

In the United States, where the European acceptance of the potential dangers of continued fossil-fuel use is not widespread, public and private investors have spent heavily on shale gas, building on existing fossil-fuel technology. The ability to extract shale gas efficiently could indeed 'change the game' for the US and other countries by contributing to energy security and bringing lower prices. However, the industry is still in its infancy in Europe, due both to stricter regulations and public opinion. This may be changing, at least in the UK: the government stated in its March 2013 budget the intention to invest in its production.

Haug concludes that this parallel development of shale gas in the US and renewables in Europe diversifies and enriches the world's energy-supply choices. They are complementary technology pathways to limit import dependence for both partners and contribute to secure, affordable and sustainable energy for all. They are the result of transatlantic diversification – initially driven by energy-security then environmental concerns – through public and private R&D and supportive government policies. Now further cooperation between the transatlantic partners is needed to scale up the development of both forms of alternative energy for the benefit of the global energy community. This article is essential reading for anyone seeking to understand the major players' current positions on alternative-energy sources and what the future might hold for global energy supply.

More information: Haug, M. Shale gas and renewables: divergence or win-win for transatlantic energy cooperation? *Journal of Transatlantic Studies*, Vol. 10, No. 4, 358–373.

dx.doi.org/10.1080/14794012.2012.734671



Provided by Taylor & Francis

Citation: The US shale-gas revolution and European renewables: Divergence and cooperation in alternative energy (2013, May 30) retrieved 10 April 2024 from https://phys.org/news/2013-05-shale-gas-revolution-european-renewables-divergence.html

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