

<https://blog.en.erste-am.com/ukraine-war-accelerates-renewable-energy-development/>

## Ukraine war accelerates renewable energy development

Alexander Weiss



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Anyone who has seen the series “Chernobyl” from the U.S. television program provider HBO knows that the circumstances of the nuclear disaster in Chernobyl were not only due to outdated equipment, but primarily due to human error. An area half the size of Germany was contaminated at the time. No wonder that the population’s fear of nuclear power plants is big. In the current Russia-Ukraine conflict, nuclear power plants are contested theaters of war. For example, the reactor in Zaporizhzhia recently burned after an attack by the Russians. The nuclear power plant in Chernobyl has been occupied by Russian forces since the beginning of the invasion.

### Nuclear power “No thanks”

In Austria, after the Zwentendorf referendum in 1978, no nuclear power plant was ever put into operation. In Germany, the phase-out was decided in 2001 under the “Schröder-government”. It was expected that the phase-out would be revised under Schröder’s successor Angela Merkel. However, after the Fukushima disaster in 2011, the latter backed down and confirmed the phase-out of nuclear power by 2022. As late as 2011, 8 of the 17 nuclear power plants and thus almost 40% of electricity production from nuclear energy were closed. At the turn of the year 2021/2022, operations were discontinued at 3 of the 6 remaining power plants. The remaining 3 nuclear power plants are scheduled to be history by the end of 2022.

### Slow down (“Runter vom Gas”)

Also in 2011, Nord Stream AG, a subsidiary of the world’s largest natural gas production company Gazprom, began planning a second gas pipeline (later called Nord Stream 2). This was to run from Russia through the Baltic Sea to Germany and secure cheap access to gas for years to come. After Russia’s invasion of Ukraine, certification of the Nord Stream 2 pipeline, which after all cost 11 billion euros, was unceremoniously put on hold by Germany.

□  
Figure 1: Europe’s energy dependency ratio

### More than 40% of European gas imports from Russia

Europe does not have sufficient gas and oil production to be self-sufficient. Even the small production that did exist has been curtailed in recent years. For example, gas production in Europe decreased by over 20% in the last 20 years. But access to energy is one of the most integral interests of a sovereign state. An important indicator in this context is the energy dependency ratio: it indicates what percentage of energy needs must be imported. The U.S. has long been dependent on oil and gas imports. This dependence has declined. Since the shale gas boom, it has even become a net exporter. This is certainly one reason why the Americans spoke out against Nord Stream 2. In Europe, the energy dependency ratio is a very high 60% (see Figure 1). In recent years, this has increased even more. Russia is the most important importing country: more than 40% of gas imports come from Russia. The dependence on Russian gas increased even more after the Crimean crisis in 2014. The Europeans did invest in liquid gas import terminals. However, this was only a drop in the bucket. All in all, it must be said that European energy policy has missed a few opportunities, as can be seen in Figure 2.

□  
Figure 2: Europe’s dependence on gas imports from Russia

### No alternative to renewable energy

The current escalation has led to a radical rethinking within Europe. For example, it is now conceivable for Germany’s Economics Minister Robert Habeck to extend the lifetimes of coal-fired and nuclear power plants. He speaks of there being no “thinking taboos.” A step that would have been unthinkable a month ago by a Green minister like Habeck. In the election program, there was still talk of completing the nuclear phase-out and accelerating the coal phase-out. Today, there are even plans to create a national coal reserve.

German Finance Minister Christian Lindner (FDP), meanwhile, speaks of renewable energies as “freedom energies” that could free Germany from dependencies. Europe set impulses and targets for these “freedom energies” early on and is a clear pioneer; in 2020, renewable energies could replace fossil fuels as the largest energy producer for the first time. As a share of energy consumption, renewables accounted for more than one-fifth in 2020. Given the current situation, these ambitions will accelerate: Renewable energy is already the cheapest energy source and the only one that can be produced in Europe in sufficient quantities to be self-sufficient. Germany already announced its intention to obtain 100% of its energy from renewable

sources by 2035 – 5 years earlier than originally announced. Solar capacity is expected to more than quadruple by 2030, and permitting processes for wind and solar are to be accelerated.

### Will the expansion of storage technologies be accelerated?

In history and social science, we speak of the law of unintended consequences. For example, some historians speculate to this day that World War II would not have occurred without the humiliating Treaty of Versailles. The unintended consequences of Putin's invasion of Ukraine are already foreseeable: Energy sovereignty will be recognized in Europe as a geopolitically desirable goal. People will diversify their energy imports. The already planned, significant expansion of renewable energies, but also of storage technologies such as batteries or hydrogen, will be driven forward even faster in order to reduce dependence on imports. A lot of money will be spent on this.

□ *"The expansion of renewable energies but also of storage technologies such as batteries or hydrogen, will be driven forward even faster in order to reduce dependence on imports."*

Alexander Weiss,  
energy and raw materials expert Erste AM

© Image: Klaus Ranger

When Germany withdrew from nuclear power in 2011, critical voices predicted a power and energy crisis. This did not materialize: The elimination of nuclear power plants could be cushioned by renewable energies. We are convinced that the long-term answer to today's energy crisis for Europe will be renewable energies. Shares in this sector have outperformed strongly since the outbreak of the war and should be able to profit increasingly from the coming investments in the future.

### Investing in the energy sources of the future

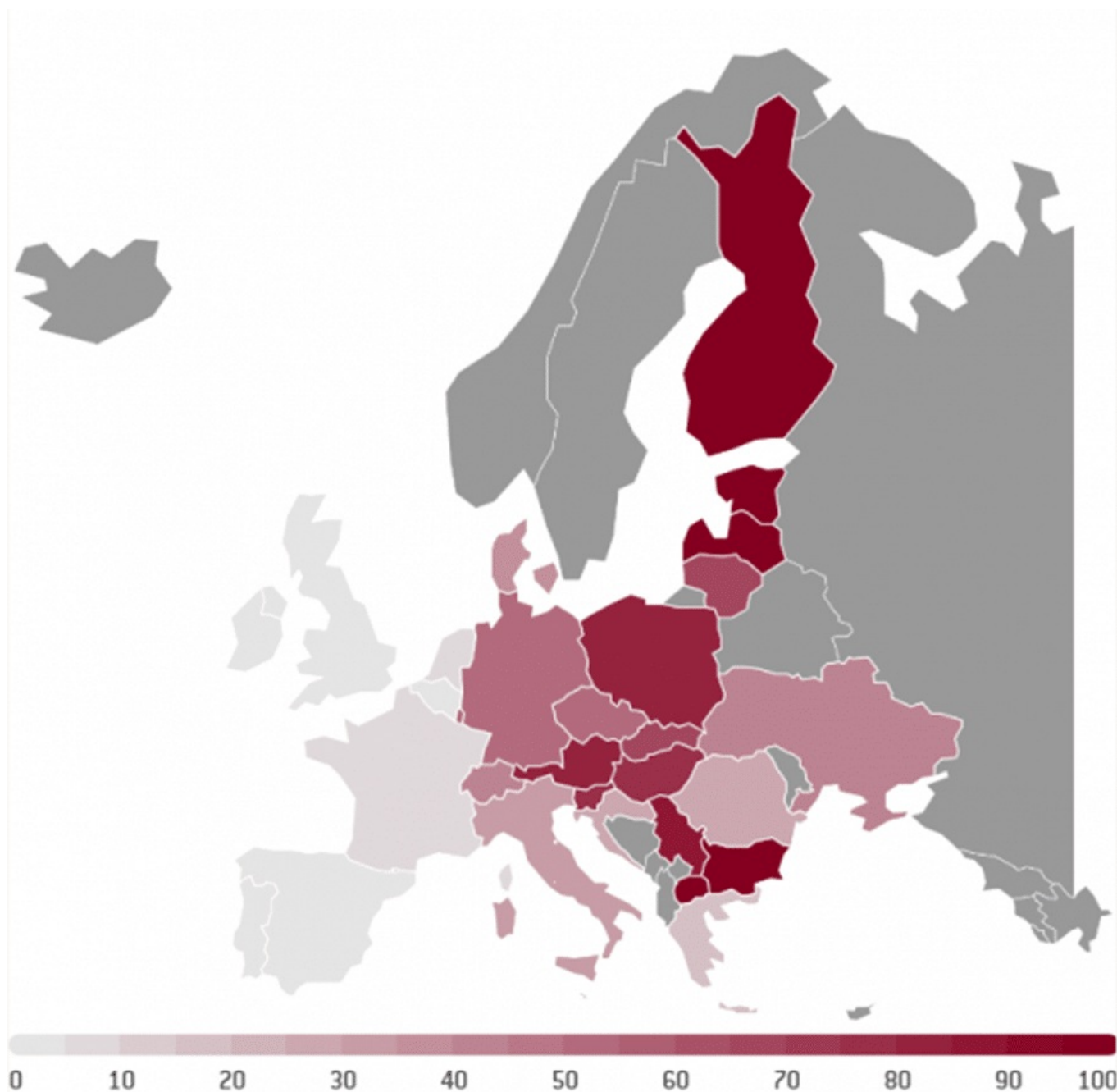
Against the backdrop of the war in Ukraine, the importance of energy security and the expansion of renewable energies has gained in importance. Sun, wind, hydrogen are the solution of the future. We present two funds with which you can invest in the energy sources of the future.

#### ERSTE GREEN INVEST

The ERSTE GREEN INVEST invests worldwide primarily in companies in the field of environmental technology. The investment process of the fund is based on fundamental company analysis. Furthermore a measurable positive impact on the environment or society is paramount in the investment decision making. The selection of stocks takes place with a focus on companies in which an environmental benefit could be identified and which are primarily active in the areas of water treatment and -supply, recycling and waste management, renewable energy, energy-efficiency, mobility, transformation and adaption. A hedge against foreign currency risks is generally not provided, but is possible.

#### ERSTE WWF STOCK ENVIRONMENT

The ERSTE WWF STOCK ENVIRONMENT invests worldwide primarily in companies in the field of environmental technology. The investment process of the fund is based on fundamental company analysis. The selection of stocks takes place with a focus on companies in which an environmental benefit could be identified and which are primarily active in the areas of water treatment and -supply, recycling and waste management, renewable energy, energy-efficiency and mobility. A hedge against foreign currency risks is generally not provided, but is possible. Since October 2006, a cooperation exists between Erste Asset Management and WWF (World Wide Fund for Nature) and the fund management is supported by an environmental advisory board, initiated by WWF. At the same time, Erste Asset Management donates part of the management fee to the fund. These funds are used to support WWF Austria's water, climate and nature conservation programs. A measurable positive impact on the environment and society is paramount in the investment decision making.



Source: Bruegel on ENTSO-G.

The fund employs an active investment policy and is not oriented towards a benchmark. The assets are selected on a discretionary basis and the scope of discretion of the management company is not limited.

For further information on the sustainable focus of ERSTE GREEN INVEST as well as on the disclosures in accordance with the Disclosure Regulation (Regulation (EU) 2019/2088) and the Taxonomy Regulation (Regulation (EU) 2020/852), please refer to the current [Prospectus](#), section 12 and the Annex "Sustainability Principles". In deciding to invest in ERSTE GREEN INVEST, consideration should be given to any characteristics or objectives of the ERSTE GREEN INVEST as described in the Fund Documents.

## Wertentwicklung ERSTE STOCK COMMODITIES

10 Jahre indexiert, 19.03.2012 = 100



Source: Refinitiv Datastream

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