

Energy Policy

Climate Conference and High Energy Prices: The Uncomfortable Truth

19.11.2026

At a glance

The 31st UN Climate Change Conference kicks off on November 9 in Antalya, Turkey. The current situation shows that Europe lacks the energy needed to better protect the climate. The surge in prices is a warning for Switzerland: We, too, need more winter-proof electricity if we are serious about electrification.

Almost exactly 20 years ago, the documentary “An Inconvenient Truth” was released. In it, Al Gore and other well-known figures brought the issues of climate change to the attention of a global audience. Switzerland was already a pioneer in climate protection at that time: it ratified the UN Framework Convention on Climate Change in 1993, the Kyoto Protocol in 1997, and has had a CO2 Act in place since 2000. Today, our emissions are nearly 30 percent lower than in 1990, despite a growing population and a significant increase in prosperity.

Now, as international climate policy is being negotiated at its 31st conference, the “inconvenient truth” is a different one: global climate action is stagnating despite the efforts of committed countries like Switzerland. The interests of industrialized and emerging economies are drifting apart. For the latter, economic development, climate adaptation, and financing are the top priorities. The commitments made by major emitters remain incomplete, and tense geopolitical tensions overshadow many issues. One is reminded of Bertolt Brecht: First comes food, then morality.

Energy is a strategic resource

Europe seems to be navigating this environment with a certain naivety. Energy policy is a prime example: dismantling comes before building up. For 20 years, refining capacity has been disappearing from Europe; we can’t get rid of the old infrastructure fast enough. Now diesel is becoming scarce and expensive. Alternatives are lacking, even though renewable energy is being massively expanded from Andalusia to Lapland. In winter, energy remains scarce, and without reliable, adjustable supplements, gas dictates the price of electricity during the cold season. Today, it accounts for about 17 percent of the European electricity mix. Europe has neither a strategic gas reserve nor significant domestic production. Consequently, gas prices are significantly higher than those in the U.S. A gap is also widening compared to Asia. There, coal’s share of the electricity mix is still about twice as high as the global average, and, as a general rule, they are expanding production of just about everything. In Europe, countries with sufficient hydropower or nuclear power are better protected against high prices. The much-cited “dependence on fossil fuels” thus also turns out to be a lack of resilience in the electricity system. After all, dependencies only become a problem when there are too few alternatives.

No matter how you look at it, Europe lacks the energy needed for greater climate protection. An uncertain supply and the resulting price volatility are holding back investment. This also affects Switzerland. Despite a roughly 50 percent increase in production capacity over the past ten years—primarily due to solar power plants—we still generate too little electricity in the winter. Even within the “protected” basic supply, about two-thirds of the electricity comes from the European market. European prices do not take effect immediately but follow with a delay—and tend not to go down anymore. The regulated basic supply price is now about a quarter higher than it was five years ago. For companies that want to pursue climate protection, this raises a simple question: Why should they invest in electric trucks, heat pumps, and other electric technologies if they don’t know whether there will be enough electricity in five years—or whether it will be affordable?

It’s time to finally recognize energy as a strategic resource. Only those who have enough of it can consistently invest in a climate-neutral future. This realization has also gained traction in climate diplomacy. That is why affordable, clean, and secure energy is high on the agenda in Antalya. Successful climate policy must be based on sound energy policy. This also applies to Switzerland. And that is why adjustments are needed—for example, in the referendum on lifting the ban on nuclear energy on February 28, 2027, or in the discussion regarding the electricity agreement with the EU.

This text was first published on November 19, 2027, in the Luzerner Zeitung.



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