

Europe's latest energy scare is not a replay of 2022, but the ghosts of that crisis are back in the room as war in the Middle East sends oil and gas prices sharply higher and exposes just how unfinished Europe's energy transition really is. Once again, European leaders are learning that geography and physics do not bend to political timelines.

The shock of 2022 fundamentally rewired Europe's perception of energy from a technocratic file into a question of national survival. When Russia slashed pipeline supplies, wholesale gas and power prices went up several-fold, industry flirted with shutdowns, and governments scrambled for emergency interventions that would have been unthinkable a decade earlier.

Brussels responded with a new crisis playbook: forced demand cuts, caps on inframarginal power producers' revenues, a windfall tax on fossil fuel companies, and joint gas purchases to avoid member-states bidding against one another. The EU also threw money at the problem, cushioning households and firms from price spikes at the cost of swelling public debt and embedding expectations that the state would always step in.

Politically, the lesson was seared in: dependence on a single authoritarian supplier is a strategic liability, not an efficiency gain. That memory now hangs over every briefing European leaders receive on the Iran war and the tightening noose around the Strait of Hormuz.

A new shock from a different direction

Where 2022 was about pipelines from Russia, 2026 is about tankers and LNG cargoes trying to navigate a war-torn Middle East. Around a fifth of global LNG supply passed through the Strait of Hormuz in 2025, much of it from Qatar; any serious interruption there instantly tightens gas markets worldwide.

Analysts are already warning that the potential loss of LNG and oil flows from the Gulf would be comparable in scale to the cut-off of Russian gas four years ago, even if a disruption is likely to be shorter. Benchmark European gas prices have jumped to their highest level in three years, with double-digit percentage gains in a matter of days as traders price in both conflict risk and Europe's own dwindling storage. Oil prices, which had been relatively subdued, are climbing again as shipping routes are rerouted around conflict zones and insurance costs spike.

The timing could hardly be worse. After a mild winter in 2023-24 lulled markets into complacency, this winter has bitten harder. European storage sites are now projected to end March at roughly 22-27 percent full, far below the five-year seasonal average of about 41 percent and leaving the bloc with a steep hill to climb to refill inventories before next winter. In other words, Europe is heading into the refill season with less of a buffer and a more hostile external environment.

Stronger than 2022 – but not strong enough

European officials are quick to stress that “this time is different.” To an extent, they are right. Since 2022, the continent has slashed Russian pipeline gas from more than a third of its supply to a marginal role, built out regasification capacity at breakneck speed, and locked in long-term LNG contracts that make it less vulnerable to spot-market panics. Energy efficiency has quietly done a lot of heavy lifting as well: high prices forced households and firms to cut demand in ways that are now partly baked in, and policy has nudged that adjustment forward.

But resilience is not the same as invulnerability. Europe has essentially traded one concentration risk for another: away from Russian pipelines and toward seaborne LNG, much of it ultimately linked to Middle Eastern supply chains and global choke points. When roughly

a fifth of global LNG and a large share of Gulf crude are hostage to a regional war, Europe is, once again, a price-taker.

Moreover, the politics of crisis management may be tougher this time. In 2022, leaders could still frame emergency subsidies and windfall taxes as a one-off response to an unprecedented shock. Repeating the same playbook in 2026, after years of high inflation and strained public finances, will be a harder sell – especially with far-right and populist parties already weaponising cost-of-living fears ahead of key elections.

The unfinished business of Europe's energy transition

What the Iran war brutally exposes is that Europe's vaunted green transition remains stuck in an awkward in-between state. The bloc has made impressive strides in deploying wind and solar, and in normal years these additions would have materially reduced gas-fired power demand. But bottlenecks – from permitting delays to grid congestion and local opposition – mean that renewables are still not expanding fast enough to displace fossil fuels at the scale needed to truly de-risk the system.

At the same time, Europe has underinvested in dispatchable low-carbon backups. France's nuclear fleet, which should be the backbone of a low-carbon, secure European power system, remains vulnerable to outages, as 2022's wave of offline reactors vividly showed. Grid-scale storage, demand-response technologies, and flexible industrial load-shifting exist more as pilot projects than as the muscular infrastructure of a resilient energy system.

The uncomfortable truth is that Europe still relies on global fossil fuel markets to balance its books, but has little control over the geopolitical shocks that move those markets. As long as that remains the case, every crisis – whether in Ukraine, the Gulf, or somewhere else – will be

felt in household bills in Berlin, Warsaw, and Rome.

What Europe must do now

In the short term, European leaders will reach for familiar tools: coordinated storage targets, joint LNG procurement, temporary subsidies for vulnerable households, and pleas to trusted suppliers like Norway, the United States, and North Africa to ramp up exports. They will also lean on diplomacy, pressing Gulf states to keep alternative export routes open and hoping that the United States, now led by a president deeply sensitive to fuel prices, can contain the conflict before markets spiral.

But the deeper agenda cannot be another communiqué about “accelerating the green transition” while permitting grids, storage, and nuclear upgrades move at a glacial pace. Europe needs to treat energy infrastructure like defence: as core security hardware that justifies faster approvals, higher upfront investment, and a degree of industrial policy heresy to build what is needed at home. That means more interconnectors, more flexible backup capacity, and a genuine single energy market that can move electrons and molecules where they are needed without political roadblocks.

Above all, leaders must be honest with their citizens. Energy security, decarbonisation, and affordability cannot all be maximised simultaneously, especially in a world of chronic geopolitical risk. The choice is not between expensive green energy and cheap fossil fuels; it is between paying now for a resilient system or paying later, and more painfully, every time a crisis erupts somewhere along the pipelines and sea lanes that still power Europe's economy.