

Why is energy so expensive in Europe?

Geology first: America sits on cheap shale gas and Europe doesn't. Gas costs roughly three times more in Europe; industrial electricity, about double.



Any honest answer to this question has to separate what Europe can fix from what it can't. Both parts are big.

The part nobody voted for

The United States is the world's largest natural-gas producer because of rock formations under Texas, Pennsylvania and Appalachia, unlocked by fracking after 2008. That single geological fact set American gas near \$3–4 per MMBtu while Europe's benchmark ran around \$12 in 2025 – roughly three to one, echoing into electricity prices because gas-fired plants so often set the marginal price on both continents.

Europe has no equivalent card to play. Its own gas fields are largely depleted or closed, its shale is thin and politically untouchable. No integration project, no reform, no manifesto changes the rocks. Anyone selling you a plan to match Henry Hub prices in Europe is selling geology denial.

The part history added

Until 2022 Europe partially papered over the geology with cheap Russian pipeline gas. That arrangement is gone – revealed as a strategic loan with a catastrophic interest rate – and Europe now buys LNG at world prices, much of it, with some irony, American. The war didn't create the transatlantic energy gap; it stripped away the discount that had been hiding it.

The part Europe does to itself

Here the honesty cuts the other way. European household bills are heavy with national taxes,

levies and network fees – often half the total. The continent's grids remain dozens of national systems with thin interconnections, so cheap Iberian solar or Nordic hydro often cannot reach expensive markets that need it. Permitting for new capacity – renewables, grids, nuclear alike – takes years longer than it should. And joint gas purchasing, which the EU piloted successfully after 2022, remains a fraction of what a single continental buyer could demand from world LNG markets.

None of that is geology. All of it is fragmentation – the energy chapter of [the same story](#) as capital and scale.

What integration actually buys

So the honest ledger: unity cannot give Europe Texan gas, and anyone claiming otherwise is doing propaganda. What it demonstrably buys is everything else – one grid that moves the continent's cheapest power to its priciest hour, one buyer facing LNG sellers instead of twenty-seven competing ones, one permitting logic for the build-out. Enough to narrow the gap that [prices European industry](#) out of world markets, not enough to erase it. That is a smaller promise than politicians like to make – and a real one.

[All questions →](#)

FREQUENTLY ASKED**How much more does energy cost in Europe than America?**

Benchmark gas (TTF vs Henry Hub) ran roughly three times the US price in 2025; industrial electricity averages about double. Household gaps vary by country and taxes but point the same way.

Why is American gas so cheap?

Geology plus infrastructure: the shale revolution made the US the world's largest gas producer and LNG exporter, with domestic prices set by abundant local supply. Europe largely burned through or lacks equivalent accessible reserves.

Did losing Russian gas cause the gap?

It widened it sharply – Europe swapped cheap pipeline gas for LNG bought at world prices, much of it American. But European energy was already more expensive before 2022; the war turned a gap into a gulf.

Do taxes explain European prices?

Partly, especially for households – levies and network fees can be half the bill. But the wholesale gap is real before any tax: fuel costs plus a grid still run as dozens of poorly connected national systems.

What would actually bring European prices down?

Nothing conjures shale, but integration works on everything else: interconnected grids, joint gas purchasing, faster permitting for renewables and nuclear, and one electricity market that moves cheap power to where it's needed.

SOURCES

- TTF vs Henry Hub benchmark prices (2025: ~\$11.9 vs ~\$3.6/MMBtu)
- Eurostat / EIA: industrial electricity price comparison (~2x)
- EU joint gas purchasing (AggregateEU) results
- EU Grids Package (December 2025), interconnection targets
- Draghi report: energy costs as structural competitiveness gap