



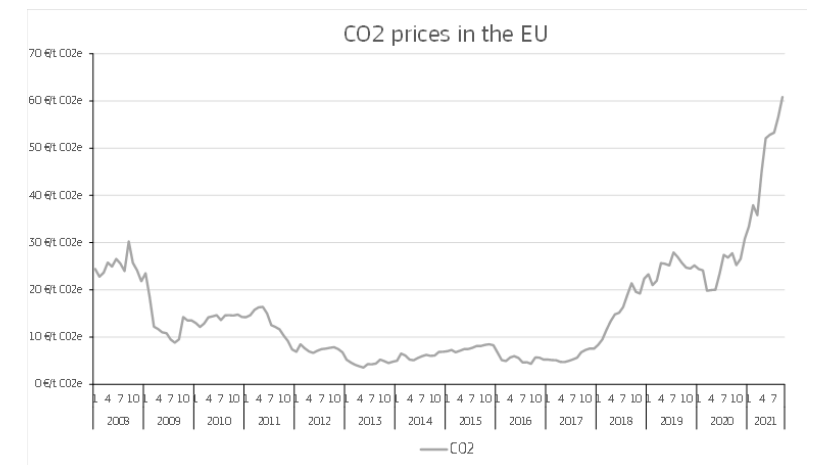
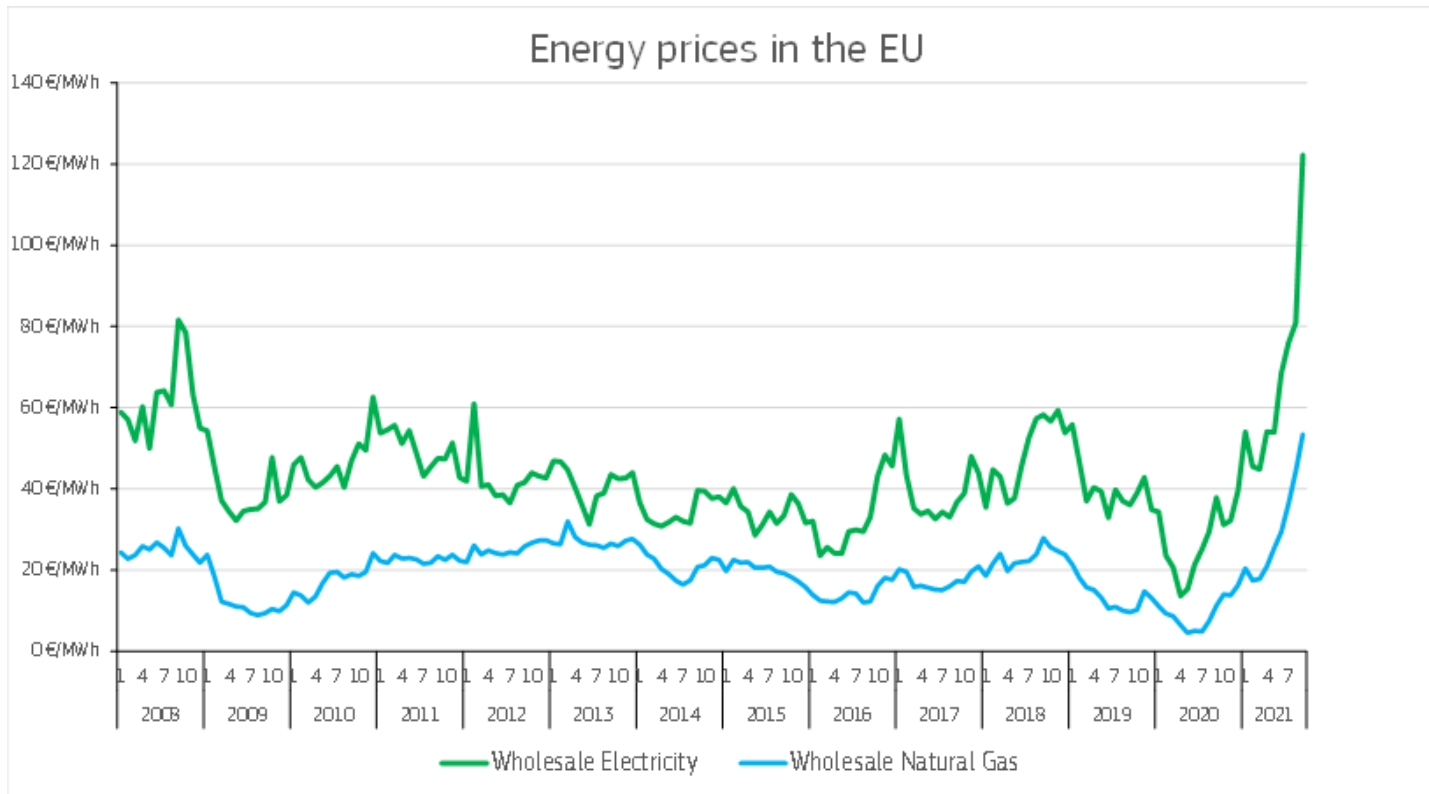
Energy prices

COM(2021) 660 - Tackling rising energy prices: a toolbox for action

*Energy Community - SoS Coordination Group
11th Meeting of Sub-Group for Electricity
14 December 2021*

What is causing the current price soar?

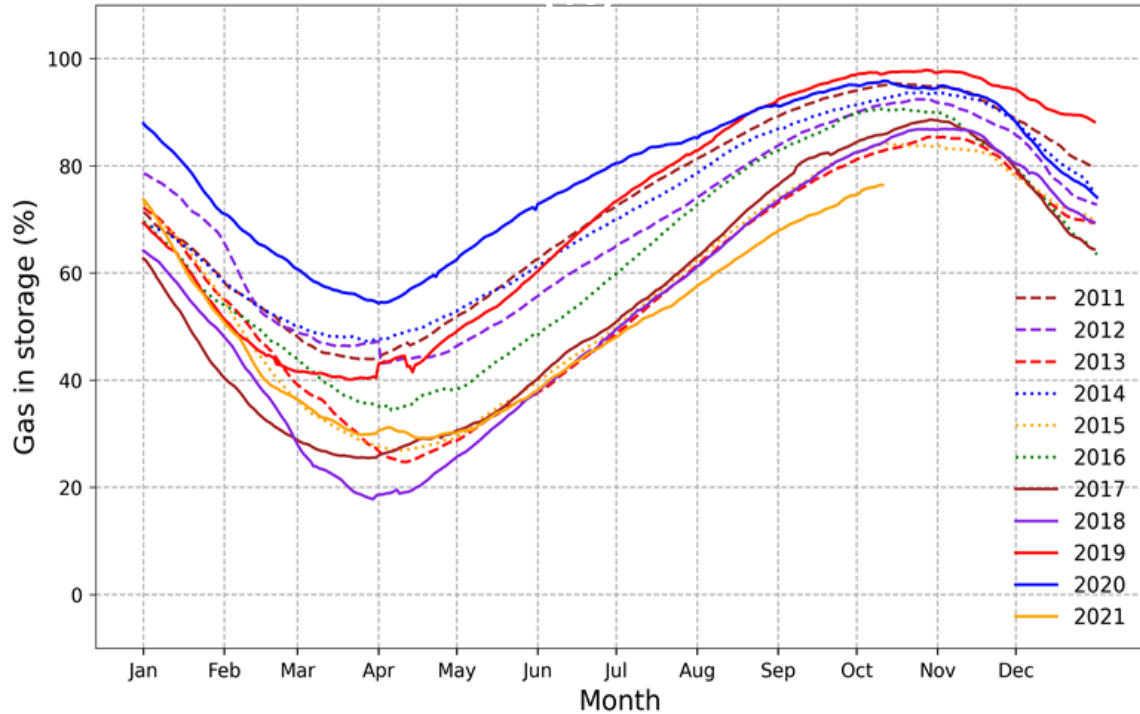
- Mainly driven by higher gas prices (which determine electricity prices in most of the Member States)
- Strong demand has not been met by higher supply (e.g. lower-than-expected gas imports)



- European carbon price has also risen sharply in 2021 (but represents a small fraction (1/9) of the price increase)

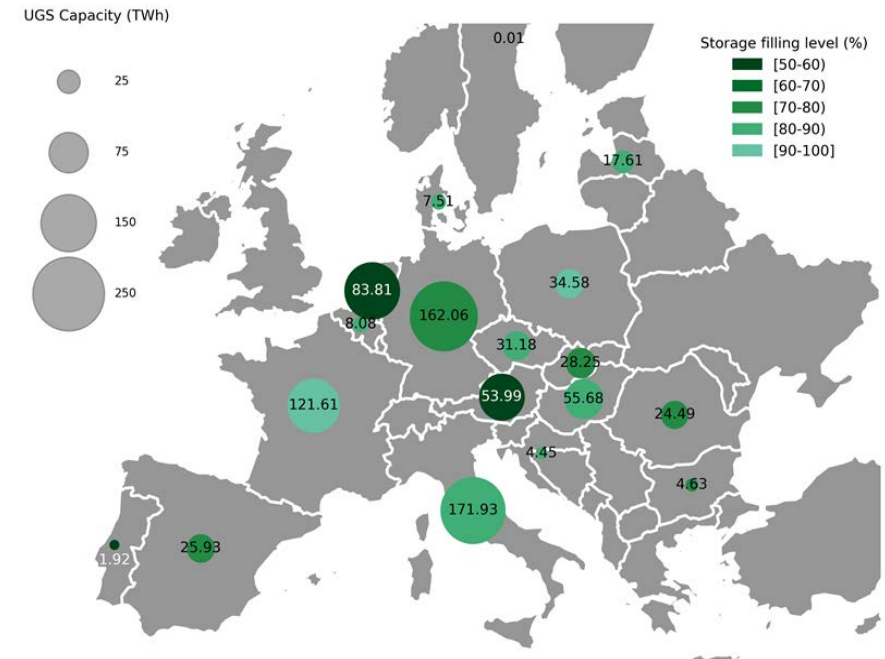
Security of supply / storage

EU gas in storage



Current gas storage level is at 76%
 - below the 90% average of the last 10 years.

Storage filling levels (%) per



No immediate risk of disruption at EU level
 (but some regions need to be closely monitored)

A toolbox for action

Immediate and medium-term measures

Immediate measures to protect customers

Income support, disconnections and taxation



Emergency income support

Provide time limited compensation measures and direct support to energy-poor end-users

including groups at risk, e.g. through vouchers or by covering parts of the energy bill, financed inter alia from the ETS revenues



Avoiding disconnections

Put in place and/or maintain **safeguards to avoid disconnections** from the energy grid or **defer payments temporarily**

Exchange best practices and coordinate measures through Commission **Energy Poverty** and **Vulnerable Consumers coordination group**



Taxation

Reduce taxation rates for vulnerable populations, in a time limited and targeted way

Consider **shifting the financing of renewable support schemes away from levies** to sources outside the electricity bill.

Immediate measures to protect customers

State-aid



Take measures reducing energy costs for all energy end-users i.e. reduction in harmonised environmental taxes up to the minima set in the ETD.



Provide aid to companies or industries to weather the crisis, while using as appropriate, the scope for flexibility provided in the framework and encouraging transition away from fossil fuels.



Facilitate a wider access to renewables power purchase agreements beyond large business, including SMEs, by aggregating end-user demand in compliance with competition rules.



Support power purchase agreements through flanking measures such as match-making, standard contracts and de-risking through InvestEU financial products.

Immediate measures to protect customers

Enhanced cooperation and EU level monitoring



Stepping up market surveillance

The Commission will **investigate indications for any possible anti-competitive behaviour** in the energy market.

Ask ESMA to further enhance the monitoring of developments in the European carbon market.

Together with ACER and national authorities **ensure REMIT is effectively enforced.**



Engaging international partners

The Commission will **enhance its international energy outreach** in order to ensure the transparency, liquidity and flexibility of international markets.

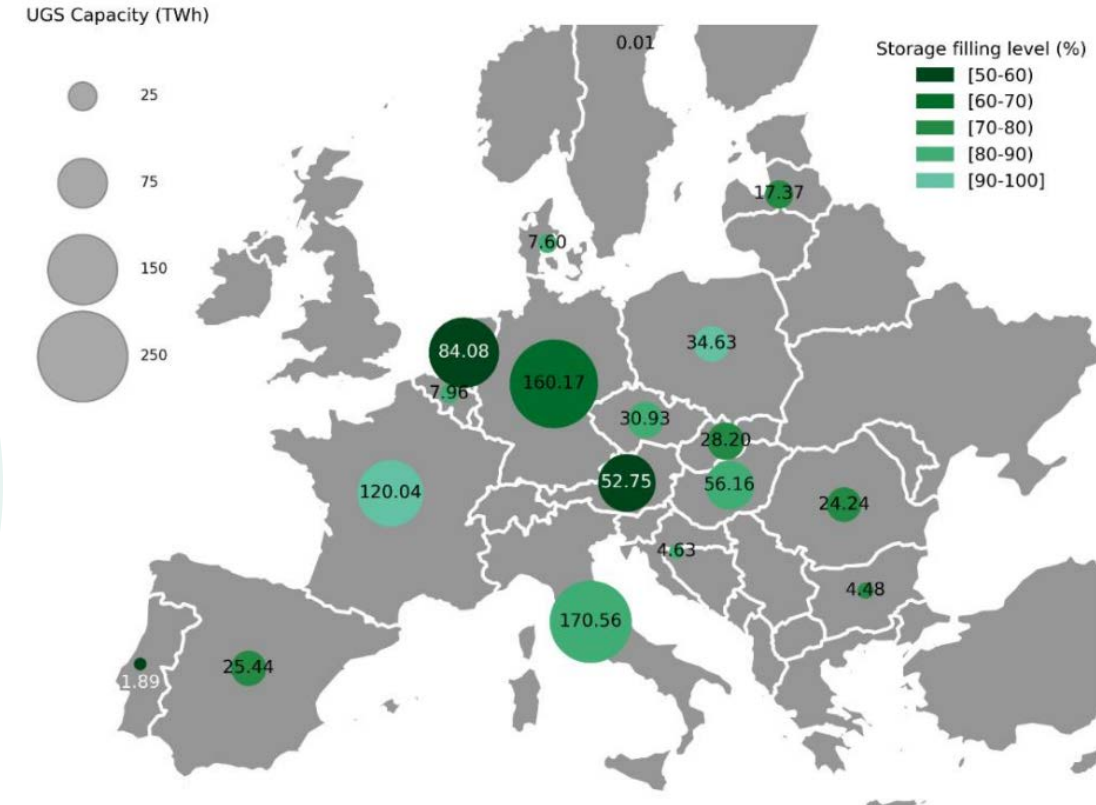
The Commission will **present an international energy engagement strategy** in early 2022

Medium-term measures

Storage capacity and a resilient EU energy system

European Commission

- Propose regulatory framework for the gas and hydrogen market
- Consider revising the security of supply regulation to ensure more effective functioning of gas storages.
- Adopt a regulation setting up new cross-border regional gas risk groups
- Support the development of energy storage as a key flexibility tool
- Explore voluntary joint procurement of reserve gas stocks
- Adopt a rule book for cybersecurity for electricity
- Task ACER to study the benefits and drawbacks of the existing electricity market design
- Study the potential of regional, or EU-wide, retail markets



Source: developed by JRC based on data from Gas Infrastructure Europe (GIE)

Medium-term measures

Supporting a just transition and protecting end-users

Consumer empowerment

- Better information on energy consumption
- Faster and free-of-charge **supplier switching**
- Enhanced **smart metering** roll-out

Boost consumer role in energy market

- Improving **demand-response** participation
- **Developing self-supply** via individual renewable energy, storage capacity and energy community arrangements



Just transition

- **Council Recommendation** addressing the social and labour aspects of the green transition
- **Social Climate Fund** (72.2 billion €) additional funding that can support citizens in the green transition

Last resort supplier

- **Appoint a supplier of last resort**, in the event of market exit or failure of a supplier.

Medium-term measures

Stepping up investments in the green transition



Member States

- Accelerate **auctions for renewable energy**
- Speed up **permitting procedures**
- Ramping up the **production of equipment for renewables**
- Step up **investments on energy efficiency and in buildings performance**
- Step up **investments in trans-European networks** to avoid curtailment (e.g. interconnectors, removing national bottlenecks, storage and smartening the transmission and distribution grids)

European Commission

- Issue guidance on **accelerating permitting processes for renewable energies**
- Develop a **network code for demand side flexibility**
- Complete the **revision of the Energy and Environmental State Aid Guidelines (EEAG)**
- Continue assisting Member States in making the best use of the **financial resources available in the EU budget and NextGenerationEU.**

After the adoption of the toolbox - discussion at the Council

EUCO 21/22 Octobre: dedicated conclusions on energy prices

TTE-Energy Council 26 October and 2 December: exchange of views on the Communication and toolbox

Follow-up:

EUCO 16 December

EC supporters

More EU coordinated measures needed

Challenging existing or demanding new EU rules

- *ACER's preliminary assessment 15 November: drivers of high energy prices, trends and policy considerations.*

EUCO 21/22 October - Conclusions on energy prices

- Toolbox: **useful measures** for both short and longer term.
- The European Council **invites:**
 - Commission to study the **functioning of the gas and electricity markets**, as well as the **EU ETS market**, with the help of the European Securities and Markets Authority (ESMA). Commission will assess whether certain trading behaviours require regulatory action;
 - MSs and Commission to urgently make **the best use of the toolbox** to provide **short-term relief to the most vulnerable consumers and to support European companies;**
 - Commission and Council consider medium and long-term measures that would contribute **to energy at affordable price;**
 - The **EIB** to look into how to speed up investment in the energy transition.

Thank you

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