



## Energy prices: Commission presents a toolbox of measures to tackle exceptional situation and its impacts\*

Brussels, 13 October 2021

The Commission adopted today a [Communication on Energy Prices](#), to tackle the exceptional rise in global energy prices, which is projected to last through the winter, and help Europe's people and businesses. The Communication includes a "toolbox" that the EU and its Member States can use to **address the immediate impact of current prices increases**, and further **strengthen resilience against future shocks**. Short-term national measures include emergency income support to households, state aid for companies, and targeted tax reductions. The Commission will also support investments in renewable energy and energy efficiency; examine possible measures on energy storage and purchasing of gas reserves; and assess the current electricity market design.

Presenting the toolbox, Energy Commissioner Kadri **Simson** said: *"Rising global energy prices are a serious concern for the EU. As we emerge from the pandemic and begin our economic recovery, it is important to protect vulnerable consumers and support European companies. The Commission is helping Member States to take immediate measures to reduce the impact on households and businesses this winter. At the same time, we identify other medium-term measures to ensure that our energy system is more resilient and more flexible to withstand any future volatility throughout the transition. The current situation is exceptional, and the internal energy market has served us well for the past 20 years. But we need to be sure that it continues to do so in the future, delivering on the European Green Deal, boosting our energy independence and meeting our climate goals."*

### A toolbox of short- and medium-term measures

The current price spike requires a **rapid and coordinated response**. The existing legal framework enables the EU and its Member States to take action to address the immediate impacts on consumers and businesses.

Priority should be given to **targeted measures** that can **rapidly mitigate the impact of price rises for vulnerable consumers and small businesses**. These measures should be easily adjustable in the Spring, when the situation is expected to stabilise. Our long-term transition and investments in cleaner energy sources should not be disrupted.

### Immediate measures to protect consumers and businesses:

- Provide emergency income support for energy-poor consumers, for example through vouchers or partial bill payments, which can be supported with EU ETS revenues;
- Authorise temporary deferrals of bill payments;
- Put in place safeguards to avoid disconnections from the grid;
- Provide temporary, targeted reductions in taxation rates for vulnerable households;
- Provide aid to companies or industries, in line with EU state aid rules;
- Enhance international energy outreach to ensure the transparency, liquidity and flexibility of international markets;
- Investigate possible anti-competitive behaviour in the energy market and ask the European Securities and Markets Authority (ESMA) to further enhance monitoring of developments in the carbon market;
- Facilitate a wider access to renewable power purchase agreements and support them via flanking measures.

The **clean energy transition is the best insurance against price shocks in the future, and needs to be accelerated**. The EU will continue to develop an efficient energy system with high share of renewable energy. While cheaper renewables play an increasing role in supplying the electricity grid and setting the price, other energy sources, including gas, are still required in times of higher demand. Under the current market design gas still sets the overall electricity price when it is deployed as all producers receive the same price for the same product when it enters the grid -

electricity. There is general consensus that the current marginal pricing model is the most efficient one, but further analysis is warranted. The crisis has also drawn attention to the importance of storage for the functioning of the EU gas market. The **EU currently has storage capacity for more than 20% of its annual gas use**, but not all Member States have storage facilities and their use and obligations to maintain them vary.

### **Medium-term measures for a decarbonised and resilient energy system:**

- Step up investments in renewables, renovations and energy efficiency and speed up renewables auctions and permitting processes;
- Develop energy storage capacity, to support the evolving renewables share, including batteries and hydrogen;
- Ask European energy regulators (ACER) to study the benefits and drawbacks of the existing electricity market design and propose recommendations to the Commission where relevant;
- Consider revising the security of supply regulation to ensure a better use and functioning of gas storage in Europe;
- Explore the potential benefits of voluntary joint procurement by Member States of gas stocks;
- Set up new cross-border regional gas risk groups to analyse risks and advise Member States on the design of their national preventive and emergency action plans;
- Boost the role of consumers in the energy market, by empowering them to choose and change suppliers, generate their own electricity, and join energy communities.

The measures set out in the toolbox will help to provide a timely response to the current energy price spikes, which are the consequence of an exceptional global situation. They will also **contribute to an affordable, just and sustainable energy transition for Europe, and greater energy independence**. Investments in renewable energy and energy efficiency will not only reduce dependence on imported fossil fuels, but also provide more affordable wholesale energy prices that are more resilient to global supply constraints. The clean energy transition is the best insurance against price shocks like this in the future, and needs to be accelerated, also for the sake of the climate.

### **Background**

The EU, like many other regions in the world, is currently experiencing a sharp spike in energy prices. This is principally driven by increased global demand for energy, and in particular gas, as the economic recovery after the height of the COVID-19 pandemic gathers speed. The European carbon price has also risen sharply in 2021, but at a lesser rate than gas prices. The effect of the gas price increase on the electricity price is nine times larger than the impact of the carbon price increase.

The Commission has been consulting widely on the appropriate response to the current situation, and has participated in debates on this issue with Members of the European Parliament and Ministers in the Council of the European Union, while also reaching out to industry and to international energy suppliers. Several Member States have already announced national measures to mitigate price rises, but others are looking to the Commission for guidance on what steps they can take. Some international partners have already indicated plans to increase their energy deliveries to Europe.

The toolbox presented today allows for a coordinated response to protect those most at risk. It is carefully designed to tackle the short-term needs of bringing down energy costs for households and businesses, without harming the EU internal energy market or the green transition in the medium-term.

### **Next Steps**

Commissioner **Simson** will present the Communication and toolbox to Members of the European Parliament on Thursday 14 October and to Energy Ministers on 26 October. European Leaders are then due to discuss energy prices at the upcoming European Council on 21-22 October. This Communication is the Commission's contribution to the continued debate among EU policy makers. The Commission will continue its exchanges with national administrations, industry, consumer groups and international partners on this important topic, and stands ready to respond to any additional requests from Member States.

### **For More Information**

[Communication on Energy Prices](#)

[Questions and Answers on the Communication on Energy Prices](#)

[Factsheet on the EU Energy Market and Energy Prices](#)

[Factsheet on the toolbox](#)

[EU energy prices webpage](#)

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