



Energy Markets: Commission presents short-term emergency measures and options for long-term improvements

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In response to several months of exceptionally high and volatile energy prices, the Commission sets out today a series of additional short-term measures to tackle high energy prices and address possible supply disruptions from Russia. It also presents a number of areas where the electricity market design can be optimised, making it fit for the transition away from fossil fuels and more resilient to price shocks, while protecting consumers and delivering affordable electricity.

Commissioner for Energy, Kadri **Simson**, said: *"The EU has put in place a well-functioning and interconnected energy market that continues to provide reliable energy supply in today's challenging situation. But exceptional times require exceptional measures and today we present additional steps that the Member States can take to combat the high prices. As Russia pursues its unprovoked war in Ukraine, we must also plan for gas supply disruptions and their impact with solidarity measures and possible price interventions. In parallel, we are taking forward the work to improve the electricity market to better protect consumers, reduce volatility and continue to support the green transition."*

Short-term intervention measures

The Commission invites Member States to continue using its Energy Prices Toolbox, which contains measures to lower the energy bills paid by European consumers. In addition, a number of short-term measures are put at the disposal of Member States and can be used now and during the next heating season.

In gas markets:

- A possibility for Member States to temporarily extend end-consumer price regulation to a broad range of customers, including households and industry.
- Temporary 'circuit breakers' and emergency liquidity measures to support effective functioning of commodity markets, in full respect of State aid provisions.
- Using the EU Energy Platform to aggregate gas demand, ensure competitive gas prices via voluntary joint purchases, and reduce EU reliance on Russian fossil fuels.

Intervention options in electricity markets for Member States:

- The possibility to reallocate exceptionally high infra-marginal revenues (so-called windfall profits) to support consumers is extended to cover the next heating season.
- In addition, congestion revenues can be used to finance consumer support.
- A temporary extension of regulated retail prices to cover small and medium-sized businesses.
- For regions with very limited interconnection, the possibility to introduce subsidies for fuel costs in power production to reduce the electricity price, provided they are designed in a way compatible with EU Treaties, in particular with regard to the absence of restrictions to cross border exports, sectoral legislation and State aid rules.

EU measures in case of full disruption of gas supplies

In case of full disruption of Russian gas supplies, further exceptional measures may be needed to manage the situation. The Commission invites Member States to update their contingency plans, taking into account the recommendations contained in the Commission's EU preparedness review.

- The Commission will facilitate setting up a coordinated EU demand reduction plan with pre-emptive voluntary curtailment measures to be ready in case an emergency arises. In a spirit of solidarity, less affected Member States could reduce their gas demand for the benefit of more affected Member States.
- To accompany these measures, an administrative price cap on gas might be necessary at EU level in response to a full supply disruption. If introduced, this cap should be limited to the

duration of the EU emergency and should not compromise the EU's ability to attract alternative sources of pipeline gas and LNG supplies, and to reduce demand.

A future-proof electricity market design

The recent ACER report concludes that the fundamentals of the market design bring significant benefits to consumers. It also notes that there are several ways to better protect consumers and deliver affordable electricity, make the market more robust and resilient to future shocks, and align it further with the European Green Deal objectives.

The Commission therefore sets out a number of issues to be studied for an optimal future functioning of the market. These include market-based instruments to protect consumers against price volatility, measures enhancing demand-response and promoting individual self-consumption schemes, appropriate investment signals and a more transparent market surveillance. Building on the analysis presented today, the Commission will launch an impact assessment process on possible adjustments to the electricity market design.

Background

Following the 'Energy Prices Toolbox' of October 2021, the Commission presented on 8 March 2022 additional guidance for Member States to shield businesses and households from high prices. It confirmed the possibility to regulate prices for end consumers in exceptional circumstances, and described how Member States can redistribute revenue from high energy sector profits and emissions trading to consumers. On 23 March, the Commission outlined further options to mitigate high energy prices and proposed minimum gas storage obligations and voluntary common gas purchases.

At the meeting of the European Council on 24-25 March 2022, EU leaders asked the Commission to submit proposals that address the problem of excessive electricity prices while preserving the integrity of the Single Market, maintaining incentives for the green transition, preserving the security of supply and avoiding disproportionate budgetary costs. The Commission committed to assess options to optimise the design of the EU's electricity market and detail a plan to end our dependence on Russian fossil fuels.

For More Information

[Communication on Short-Term Energy Market Interventions and Long Term Improvements to the Electricity Market Design](#)

[Q&A Memo on Short-Term Energy Market Interventions and Long Term Improvements to the Electricity Market Design](#)

[Commission outlines options to mitigate high energy prices with common gas purchases and minimum gas storage obligations](#)

[Communication on security of supply and affordable energy prices](#)

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