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Answer given by Ms Simson
on behalf of the European Commission
(23.9.2022)

Electricity prices in Europe have rapidly risen to a level much higher than in recent decades. This is intrinsically linked to the high price of gas, which increases the price of electricity produced from gas fired power plants¹. The Commission has taken a wide range of measures to help Member States tackle high energy prices. Its Communication ‘Short-term energy market interventions and long-term improvements to the electricity market design’² builds on an existing framework. It extends the short-term crisis response interventions contained in the ‘Energy Prices Toolbox’ Communication³, as well as in the Communications on REPowerEU⁴ and on options concerning security of supply and affordable energy prices⁵. On this basis, all Member States have adopted measures to mitigate the high prices for consumers.

In the Communication adopted in May 2022, the Commission put forward concrete proposals with a view to making the consumer prices for electricity less dependent on the price of natural gas, and proposed to launch the process for an impact assessment on a long-term electricity market reform. This proposal was endorsed at the May 2022 European Council meeting⁶.

The Commission intends to carry out a consultation process in autumn 2022, which will contribute to the shaping of options to be considered for possible further action. The consultation will be fully open to additional suggestions from Member States and stakeholders on how to optimise the functioning of electricity markets. In addition, the Commission proposes new emergency measures in order to tackle high energy bills this winter via electricity demand reduction, a cap on market revenues of inframarginal technologies and a solidarity contribution from fossil fuel companies.

¹ often needed to satisfy demand

² COM(2022) 236 final of 18 May 2022 available here: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2022%3A236%3AFIN&qid=1653032581730>

³ COM(2021) 660 final of 13 October 2021, available here: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2021%3A660%3AFIN&qid=1634215984101>

⁴ COM(2022) 108 final : <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2022%3A108%3AFIN> – March 2022

⁵ COM(2022) 138 final: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52022DC0138> – March 2022

⁶ The European Council invited the Commission to ‘pursue work on the optimisation of the functioning of the European electricity market - including the effect of gas prices on it- so that it is better prepared to withstand future excessive price volatility, delivers affordable electricity and fully fits a decarbonised energy system, while preserving the integrity of the Single Market, maintaining incentives for the green transition, preserving the security of supply and avoiding disproportionate budgetary costs’. Special meeting of the European Council (30 and 31 May 2022) – Conclusions: <https://www.consilium.europa.eu/media/56562/2022-05-30-31-euco-conclusions.pdf>