Energy Prices in the EU

Joint Statement from AT DE DK EE FI IE LU LV NL

25 October 2021

We acknowledge that the EU Member States are affected by the high global energy prices to various degrees. Impacts especially hit the most vulnerable citizens and small and medium enterprises striving to recover from the COVID-19 pandemic. Nevertheless, it is important we have a clear and shared understanding of the current situation.

We welcome the toolbox that has been presented by the European Commission towards Member States to address the rising prices within the current European framework for climate and energy. We share the analysis of the European Commission regarding the causes of the current price spike lying primarily in the encouraging global economic recovery and further fossil fuels demand and supply factors, but not in the design of EU energy markets or climate policy.

We agree with the European Commission that on the short term, the price hike can be best addressed through temporary and targeted national actions by Member States, where appropriate, to protect vulnerable consumers and businesses. These measures should be easily adjustable in the spring, when the situation is expected to revert to average levels. We also support the Commission in their intention to step-up market surveillance.

For the medium-term, a central part of the solution lies with cost-effective energy efficiency measures and the accelerated deployment of renewable energy sources. We agree with the Commission that it is of utmost importance to swiftly proceed with the treatment of the Fit-for-55 package to achieve climate neutrality by 2050. A well-managed energy transition is not the cause, but part of the solution to keep prices affordable and predictable.

The internal market for gas and electricity has been jointly and gradually built over the past decades. Competitive markets contribute to innovation, security of supply and are thus a key element to facilitate the transition. As the price spikes have global drivers, we should be very careful before interfering in the design of internal energy markets. This will not be a remedy to mitigate the current rising energy prices linked to fossil fuels markets. Instead, we need a well-integrated EU energy market that functions based on market mechanisms and good interconnections as part of the solution to strengthen the resilience to price shocks. Hence, the best approach should be further interconnection with a view to the 15% electricity interconnection target by 2030, further integration of EU electricity markets. Transparent and competitive energy markets deliver efficiency and competitive prices to end -users.

Therefore, we cannot support any measure that conflicts with the internal gas and electricity market, for instance an ad hoc reform of the wholesale electricity market.