

Tackling the high energy prices



01 Tackling the high energy prices

The world is experiencing an exceptional rise in global energy prices, which is projected to last through the winter. This has been driven by the global supply and demand dynamics, exacerbated by coinciding factors including the post-covid recovery, bad infrastructure maintenance during the pandemic, the cold spring season, higher price of gas, lower offshore energy and hydropower production due to weather events, combined with lower than usual imports of gas in Europe.

It is important to note that climate policy did not cause the current crisis. If anything, it is part of the solution – by reducing the dependence on fossil fuels, investing in clean technologies, increasing the share of renewable energy production, enhancing interconnections, and improving energy efficiency. The EU Emissions Trading Scheme continues to be the most effective instrument to reduce EU's greenhouse gas emissions and drive low carbon investments.

EU gas and electricity prices have reached unprecedented levels. Gas prices in October were 400% more expensive than in April 2021, while the electricity prices have increased by 200% over the same period, driven mainly by the gas prices. These high prices especially impact the lower income households and small and medium size enterprises (SMEs). Immediate measures on the Member State and EU level are needed to combat energy poverty and alleviate the social and economic impacts of the energy crisis on citizens and businesses.

The European Union is particularly vulnerable to the unprecedented spikes as 90% of the gas consumed in the EU is imported. It is worrying that over the last ten years, the energy dependence of the EU has actually increased. The net energy import has reached 60.6% in 2019, the highest level over the last 30 years. In the context of soaring gas prices, the EU cannot allow for gas imports to be used as a political weapon, such as recently visible in the case of Moldova.

Natural gas will play an important role in a just and fair energy transition as an enabling and bridging technology - especially in the Member States which still heavily rely on coal in electricity and heat production. It is therefore important that the EU is now coming back to the long-standing idea of joint gas purchasing. Enhancing gas storage capacities will be another important step towards EU's resilience and energy security.

While the integrity of the EU internal energy market and the carbon market should not be undermined, any concerns about false speculations must be investigated and addressed.

Therefore, the European People's Party:

- Welcomes the “toolbox” presented by the European Commission 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.
- Welcomes the Commission's announcement about an urgent request to the European Securities and Markets Authority (ESMA) for an assessment of trading behaviours in the EU ETS system.
- Underlines the need for strategic and coordinated approach to increase the resilience of the EU energy market while providing flexibility and continuing the market liberalization process, taking into account the principle of technological neutrality and the specificities of the Member States.
- Affirms its commitment to the transition to climate neutral economy by 2050 and increasing EU's climate ambition by 2030 by swiftly implementing the European Green Deal.

02 Tackling the high energy prices

- Highlights the essential role of research and innovation in identifying technological solutions to decarbonisation in hard to abate in sectors.
- Calls on the European Commission to examine closely market speculations and to address properly the conclusions of the ESMA analysis -.
- Calls on the European Commission for an urgent investigation into suspected Gazprom violations of competition rules, market manipulation and speculation in the EU in order to further strengthen its position as a dominant EU gas supplier in the long term.
- Calls on the EU to improve the innovation ecosystems, better define its industrial strategy and accelerate the digital transition.
- Calls on ACER and national regulatory authorities to step up regular energy market surveillance to analyse market behaviour of the main gas suppliers and detect any anti-competitive behaviours.
- Calls on the EU and its Member States to enhance interconnections and promote faster integration of renewables, in particular by reducing the duration of permitting and authorization procedures.
- Supports the energy-efficient-first principle and calls for enhanced focus on this approach.
- Underlines the role of clean hydrogen in decarbonisation of the energy and industry sector and calls for swift implementation of the EU Hydrogen Strategy.
- Urges the speedy adoption of the second delegated act on EU Taxonomy for sustainable finance to recognise the role of natural gas and nuclear energy in the low carbon transition and highlight the importance of nuclear energy in some Member States.
- Calls on the need to preserve the EU's significant achievements in building and operation of its Internal Energy Market. In this context, it underlines that the absolute and full implementation, application and enforcement of all existing EU energy law is crucial - on the whole territory of the EU and for all market participants, including from third countries.

Rue du Commerce 10
1000 Brussels
T +32-2-2854140
E connect@epp.eu

**If you have any question you
would like to ask please contact
us.**