



## Extraordinary TTE (Energy) Council Meeting of 9 September 2022

### *Presidency Summary*

1. The TTE Energy Council met on 9 September 2022 in Brussels to address the extraordinary situation of energy prices in the EU and to agree to swiftly advance work on possible emergency measures to mitigate current high prices and support demand reduction for gas and electricity to strengthen the EU's winter preparedness.
2. Ministers reviewed the state of play of electricity and gas prices in Europe, taking note of the Commission's analysis and the latest developments during the summer months. The situation has considerably worsened over the last weeks. The EU is now experiencing tight electricity markets. This is predominantly due to the impact of Russia's war against Ukraine and related gas supply disruptions and increase of gas prices.
3. Simultaneously, electricity generation capacity in the EU has been significantly lower than usual in the last months due in particular to the shortfall of nuclear power and hydropower. Against this background, Ministers agreed that the current levels of electricity and gas prices put pressure on the inflation and the EU economy, threatening the competitiveness of European companies and creating social tensions.
4. In view of the gravity of the situation, Ministers emphasised the need for coordinated European action, both in terms of short-term exceptional emergency measures, and medium/longer-term improvements to the market framework.
5. Ministers also called for sending a signal of confidence to the electricity market by immediately suspending the automatic increase of the maximum clearing price threshold on the electricity market.
6. Regarding short-term exceptional emergency measures, Ministers agreed that immediate action must be taken. Such emergency interventions should be temporary, preserve the fundamentals of the internal energy market and cross-border trade, ensure the EU's security of supply, alleviate pressure on customers and be consistent with the current efforts to reduce gas demand and the objectives of the European Green Deal and REPowerEU while taking into account national specificities.
7. Ministers invited the Commission to present a set of measures to decrease high energy prices and alleviate their impact on European citizens and industries.



8. In this respect, Ministers duly noted the contribution provided by the Commission and invited the Commission by mid-September to:
  - a. Propose measures aimed at capping the revenues of inframarginal electricity producers with low costs of production and at introducing a solidarity contribution from fossil fuel companies to be used to mitigate the impact of high energy prices on customers.
  - b. Propose emergency and temporary intervention, including gas price cap. Specific measures in this regard should also help limiting the impact of high gas prices on EU electricity markets and energy prices for customers. Such measures should aim at benefiting European consumers to alleviate social and economic consequences of the current high energy prices, and European companies in order not to endanger their competitiveness, while preserving the incentive to reduce gas and electricity consumption and the market signal for decarbonisation.
  - c. Present a proposal incentivising coordinated electricity demand-reduction across the EU in order to relieve pressure on electricity generation and address energy scarcity and high energy prices.
  - d. Design emergency liquidity instruments that would ensure that market participants have at their disposal a sufficient collateral to meet margin calls and that would address increased volatility in futures markets, and consider reviewing relevant guidelines to integrate the rules on safeguards.
9. While reiterating their commitments to cost-effectively meet our commonly agreed GHG emission-reduction targets, Ministers discussed possible options how to make use of the EU ETS in addressing current high electricity prices and noted the effort by the Presidency to swiftly advance the negotiations and find a solution on the Market Stability Reserve in the context of the REPowerEU initiative.
10. Ministers reviewed possible options for the introduction of a price cap on imported gas from specific jurisdictions, further work is needed on possible introduction of such measure.
11. Concerning the medium/longer-term improvements to the market framework, Ministers invited the Commission to swiftly pursue the ongoing work on the review of the electricity market and to propose adjustments to the functioning of electricity markets supported by an impact assessment as soon as possible.



12. Ministers also took stock of the improved situation of gas storage and preparedness in Europe. The EU has already reached a significant level of gas storage, the capacities are now filled at 83 %, which should, together with the solidarity mechanism in place, and the recently adopted Regulation on Coordinated Gas Demand Reduction contribute to a safe winter and reduce the need for additional gas imports in the coming months.
13. On the demand side, Ministers agreed that credible and coordinated demand-reduction initiatives are vital to improve the resilience of the EU economy ahead of the winter. Ministers took stock of the new legal tool to reduce gas use in the EU by 15 % until the next spring and measures taken by Member States in this respect. At the same time, Ministers condemned the manipulations of gas exports to EU especially the recent decision by Russia to stop gas exports to Europe via Nord Stream 1 and called on the Commission to closely monitor the amount of gas available for the winter.
14. On the supply side, Ministers took note of the Commission's update on the enhanced outreach to international partners and reliable suppliers to increase gas deliveries and agreed that coordinated EU action should be intensified. Ministers encouraged further work on the voluntary EU Energy Platform on gas, LNG and hydrogen, in order to secure the EU's energy supply at affordable prices. Ministers also encouraged further work to develop LNG transshipment and the network of energy interconnectors.
15. To address the challenges of the current situation, Ministers called on the Commission to present an extended and broadened scope of the Temporary Crisis Framework at least until 31 December 2023 for liquidity support measures, measures covering increased energy costs and for aid supporting the accelerated deployment of renewables and the decarbonisation of the industry. Investment and financing conditions need to be further improved and alleviated to allow for a comprehensive and swift roll-out of gas alternatives.
16. Ministers stressed the need to accelerate the decarbonisation of the EU's energy system and reduce dependency on fossil fuels, particularly from Russia.
17. Ministers reiterated their support to Ukraine and confirmed, especially in the current energy crisis, their commitment to reinforce the ongoing energy cooperation with Ukraine, in particular the mutually beneficial trade in electricity.
18. Ministers agreed to keep the situation on the energy markets under constant review and swiftly examine, still in September, any proposals to be tabled by the Commission.