

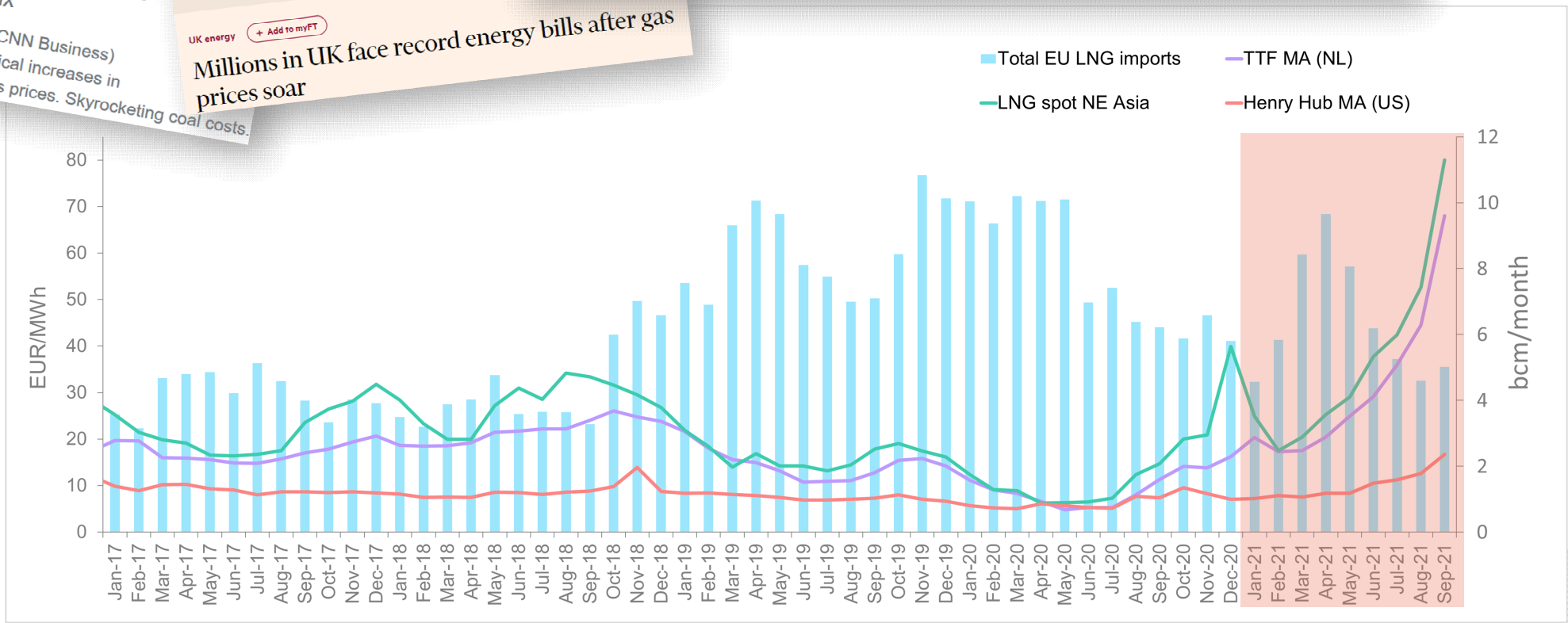
# Energy Prices

Hearing of the Committee on Industry  
of the Italian Senate

Stefano Grassi  
Head of Cabinet to Commissioner Kadri Simson  
15 February 2022



# Energy commodity prices are rising globally but Europe is at the centre of the crisis





# Commission action



Brussels, 13.10.2021  
COM(2021) 660 final

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN  
PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN  
ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE  
REGIONS**

**Tackling rising energy prices: a toolbox for action and support**

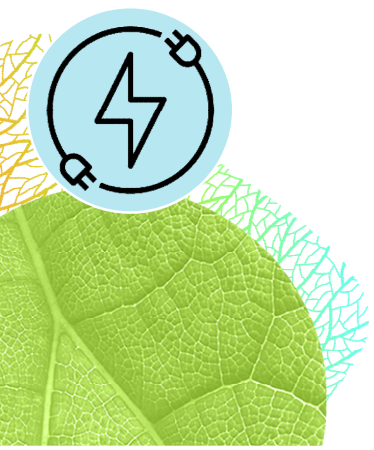
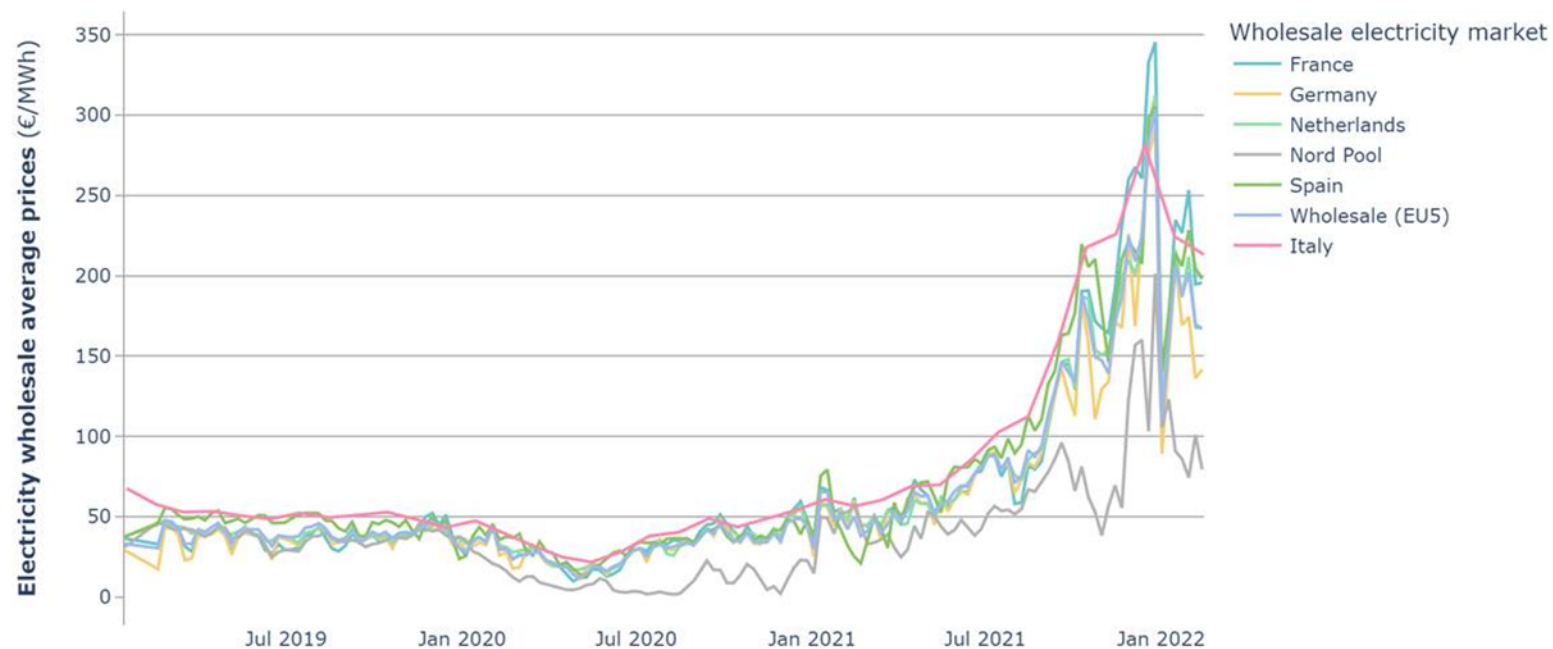
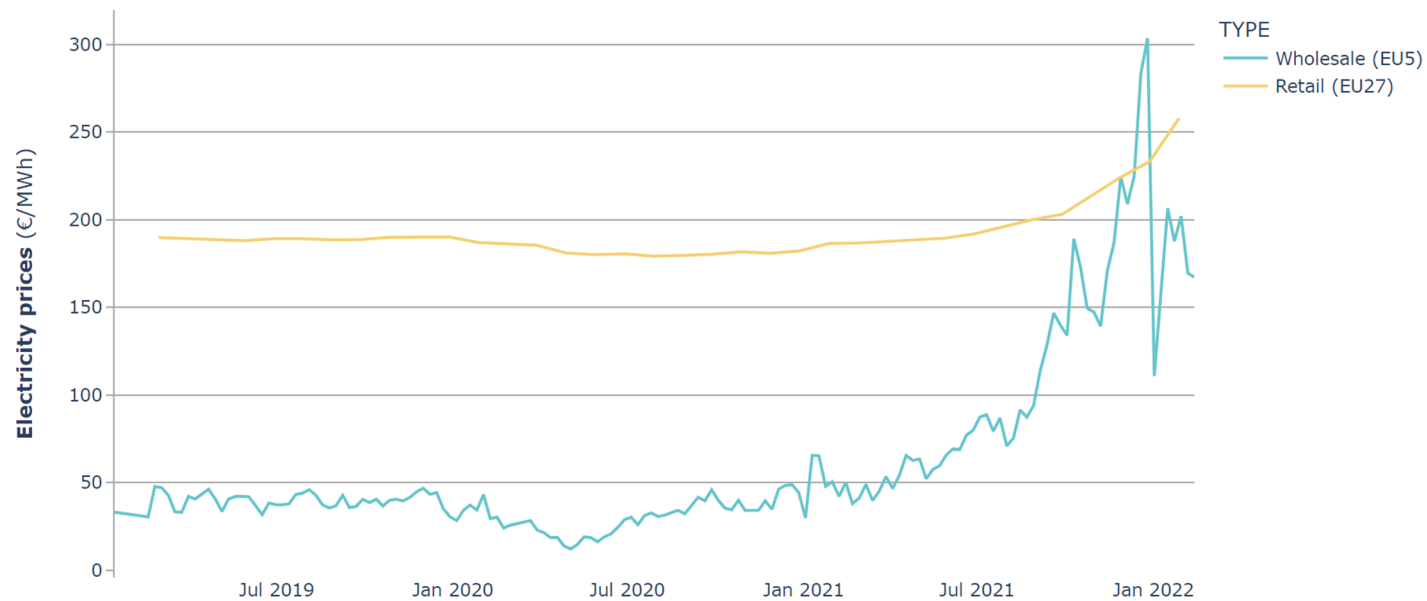
### III. ENERGY PRICES

11. The European Council addressed the recent spike in energy prices and considered the impact of the price rises on citizens and businesses, especially our vulnerable citizens and SMEs, striving to recover from the COVID-19 pandemic.
12. The toolbox presented in the Commission Communication on tackling rising energy prices contains useful measures for both the short and the longer term.
13. The European Council invites:
  - the Commission to study the functioning of the gas and electricity markets, as well as the EU ETS market, with the help of the European Securities and Markets Authority (ESMA). Subsequently, the Commission will assess whether certain trading behaviours require further regulatory action;
  - the Member States and the Commission to urgently make the best use of the toolbox to provide short-term relief to the most vulnerable consumers and to support European companies, taking into account the diversity and specificity of situations of Member States;
  - the Commission and the Council to swiftly consider medium and long-term measures that would contribute to energy at a price that is affordable for households and companies, increase the resilience of the EU's energy system and the internal energy market, provide security of supply and support the transition to climate neutrality, taking into account the diversity and specificity of situations of Member States; and
  - the European Investment Bank to look into how to speed up investment in the

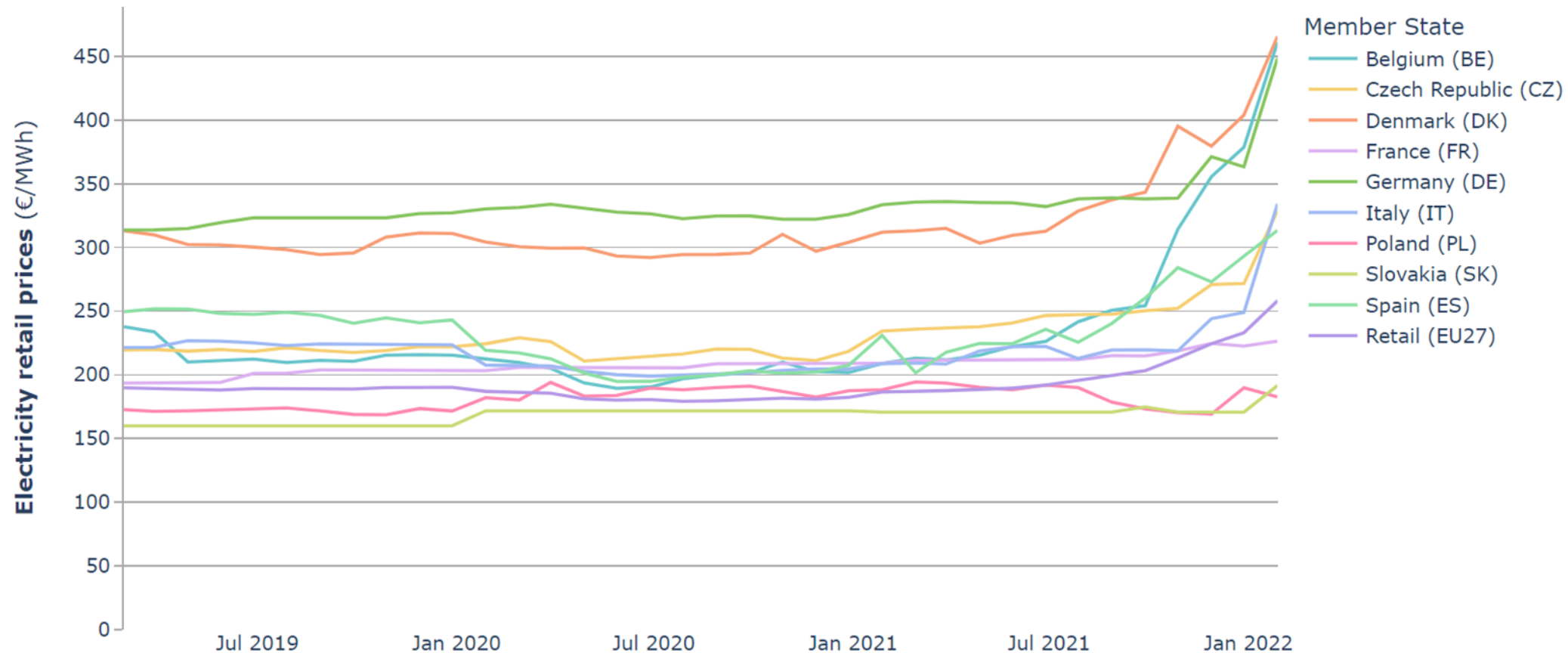
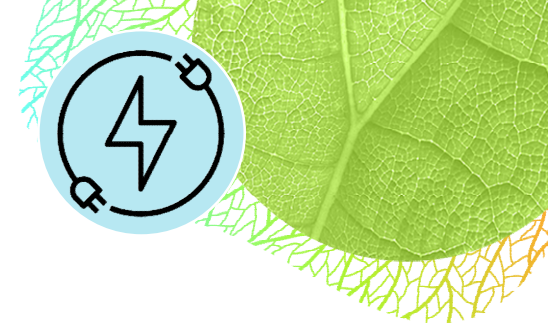
# Price trends

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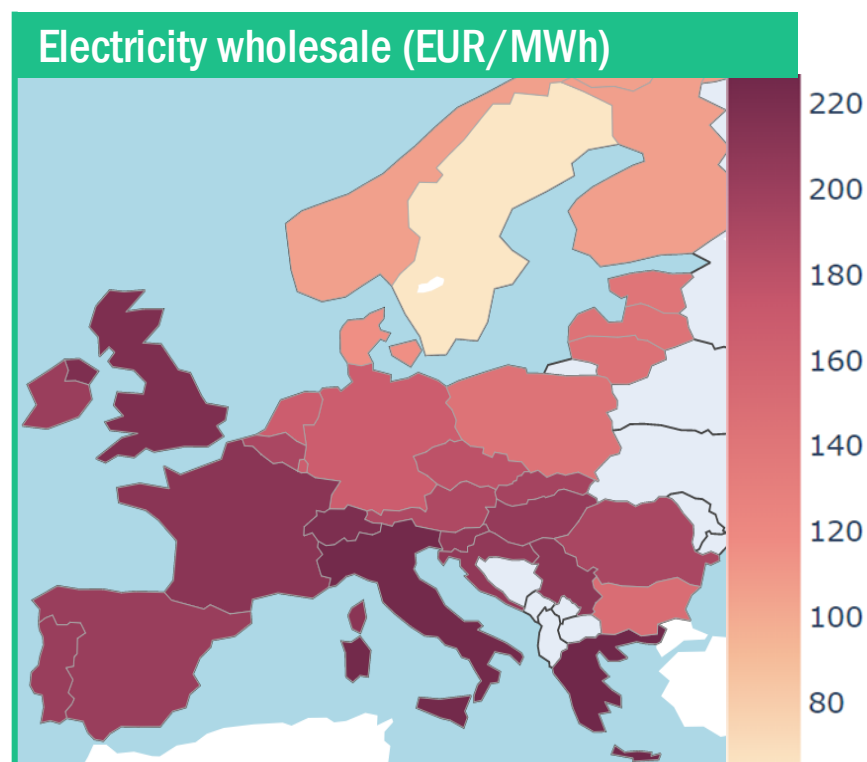
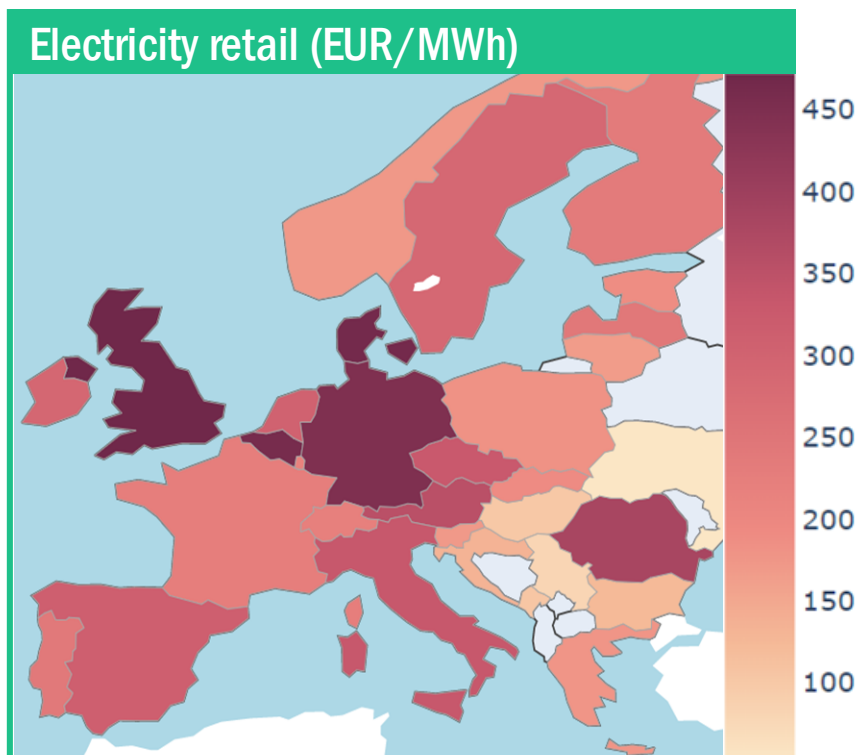
# Electricity wholesale



# Electricity retail



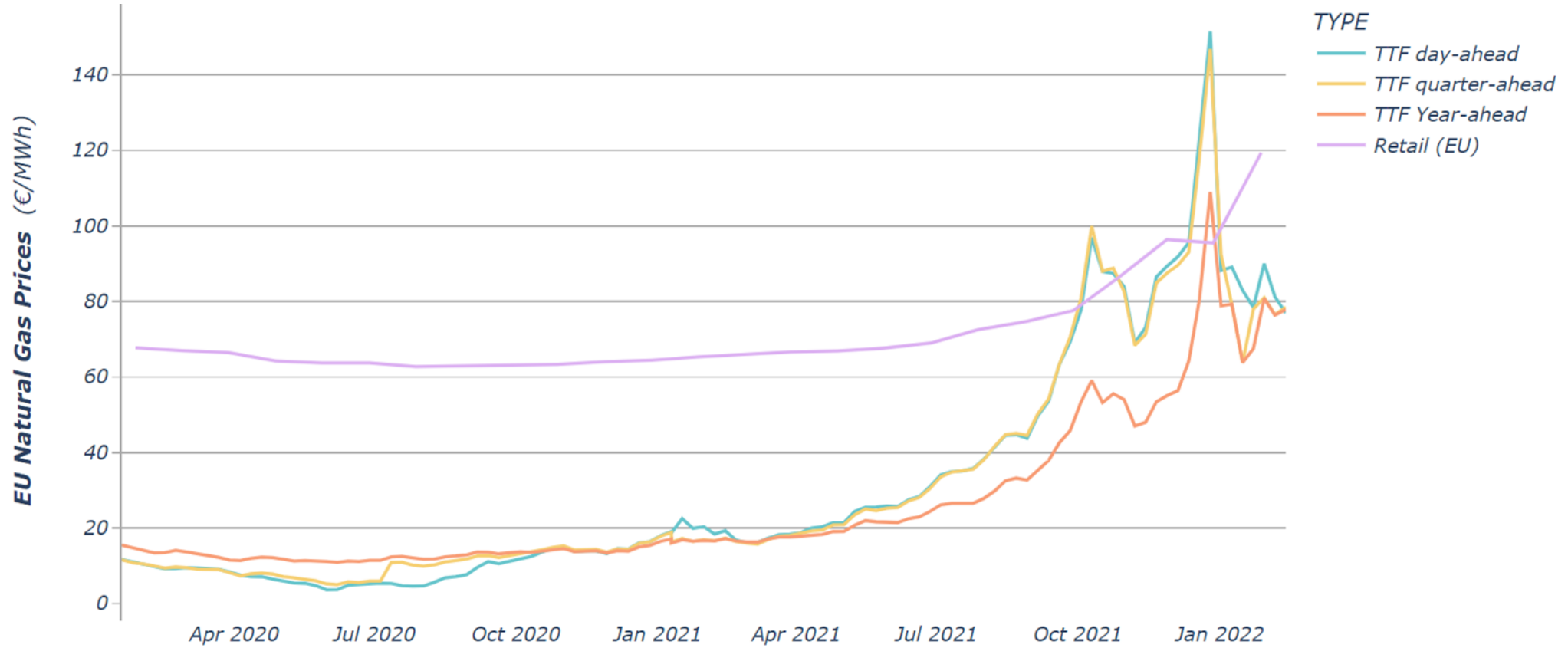
# Variation between Member States



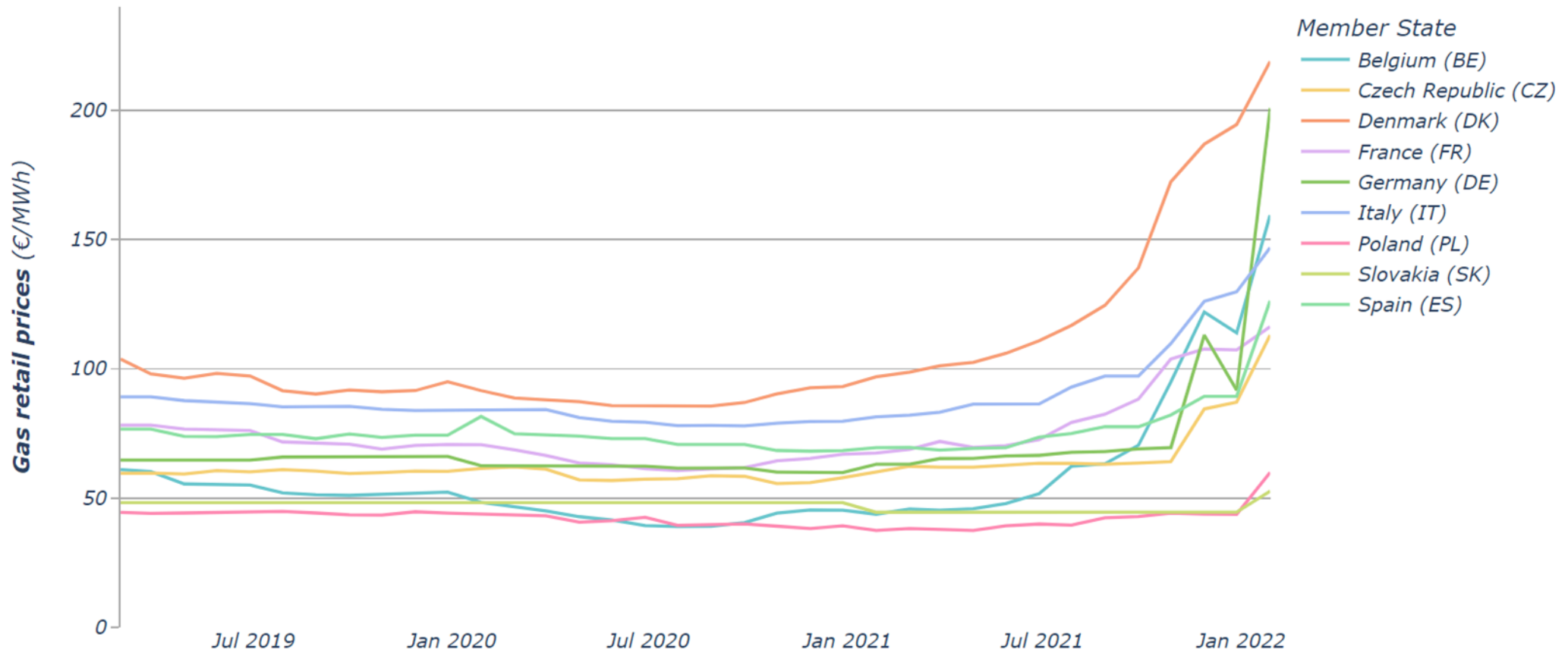
Electricity [EUR/MWh] : bidding zones prices	14 February 2022
CZ Day Ahead Baseload OTE	174,1
DE Day Ahead Baseload EPEX	102,2
ES Day Ahead Baseload OMEL	187,1
FR Day Ahead Baseload EPEX	187,3
NordPool Day Ahead Baseload	91,6



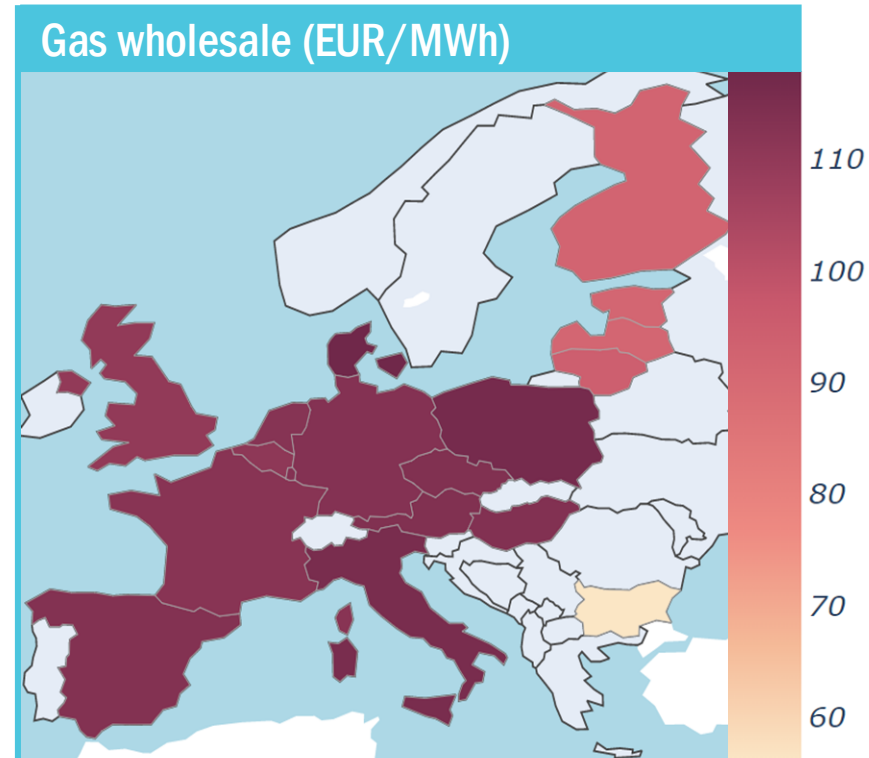
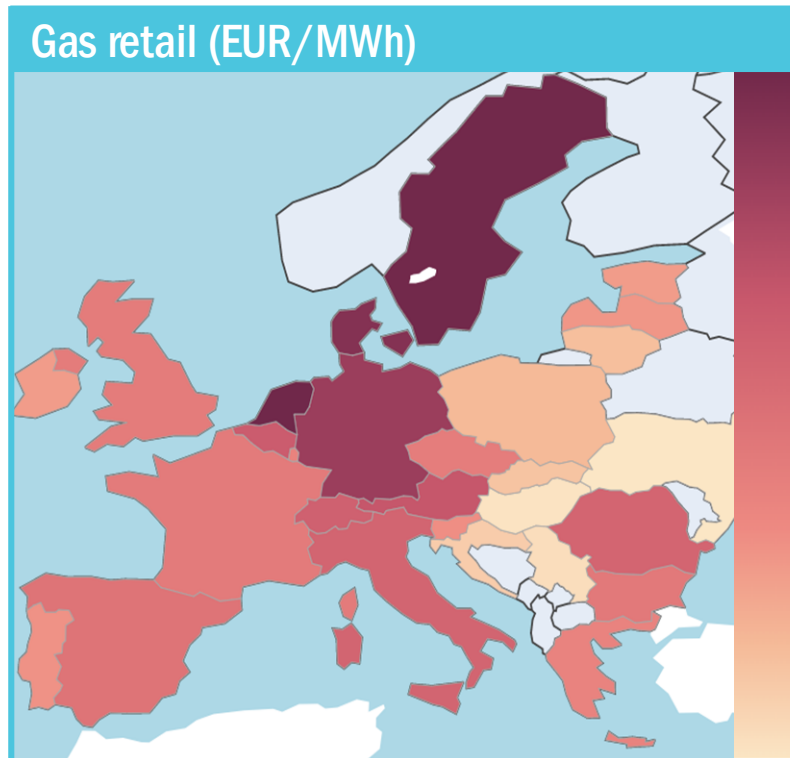
# Gas wholesale



# Gas retail



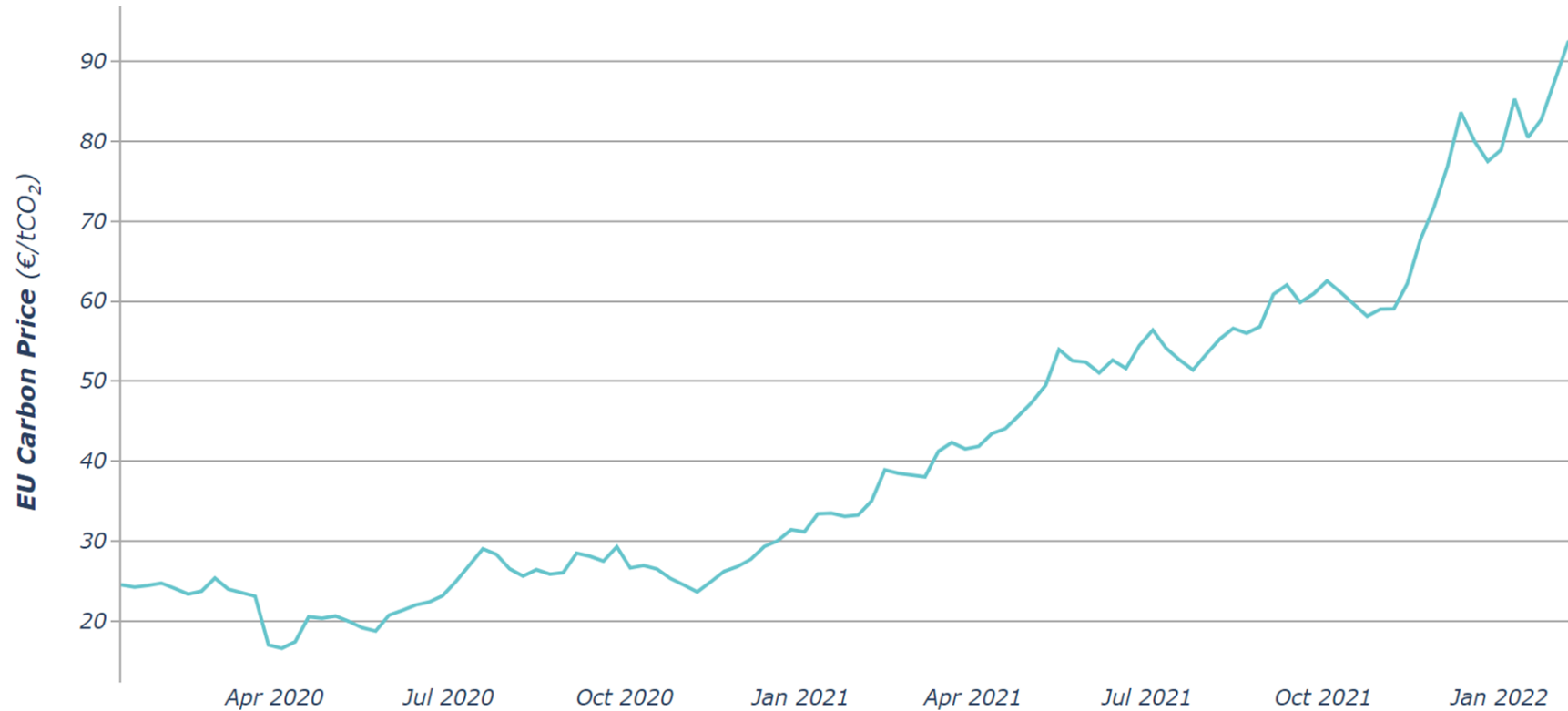
# Variation between Member States



Gas [EUR/MWh] : bidding zones prices	14 February 2022
LNG Japan/Korea	80,6
LNG Northwest Europe Marker	77,6
LNG Southwest Europe Marker	77,6
NL TTF Day Ahead	79,3
US Henry Hub	12,2



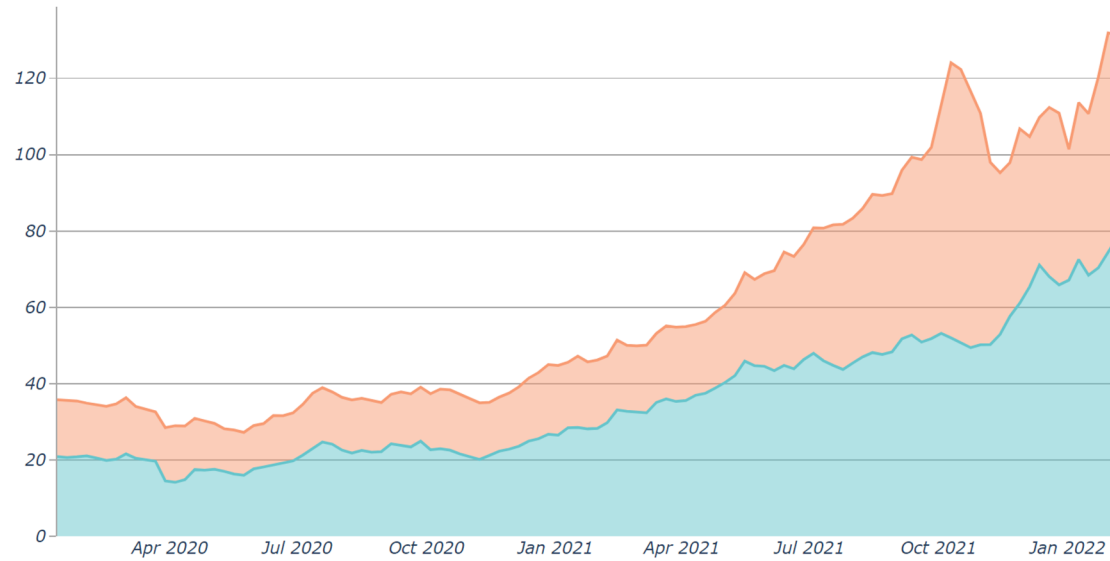
# EU Emissions Trading Scheme



# Power plants cost

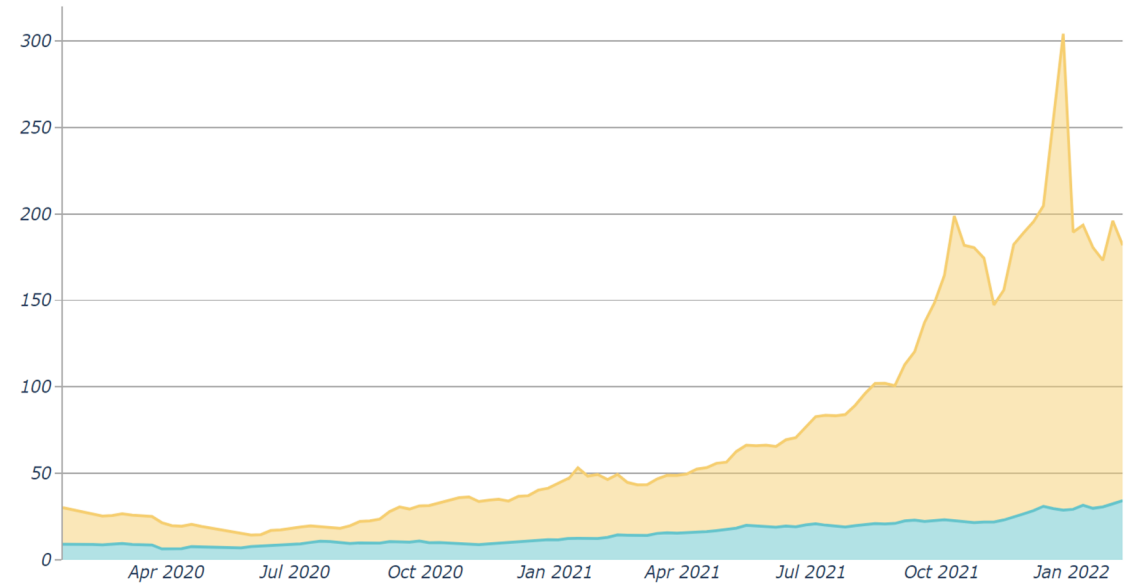


## Coal-fired power plants (€/MWh)



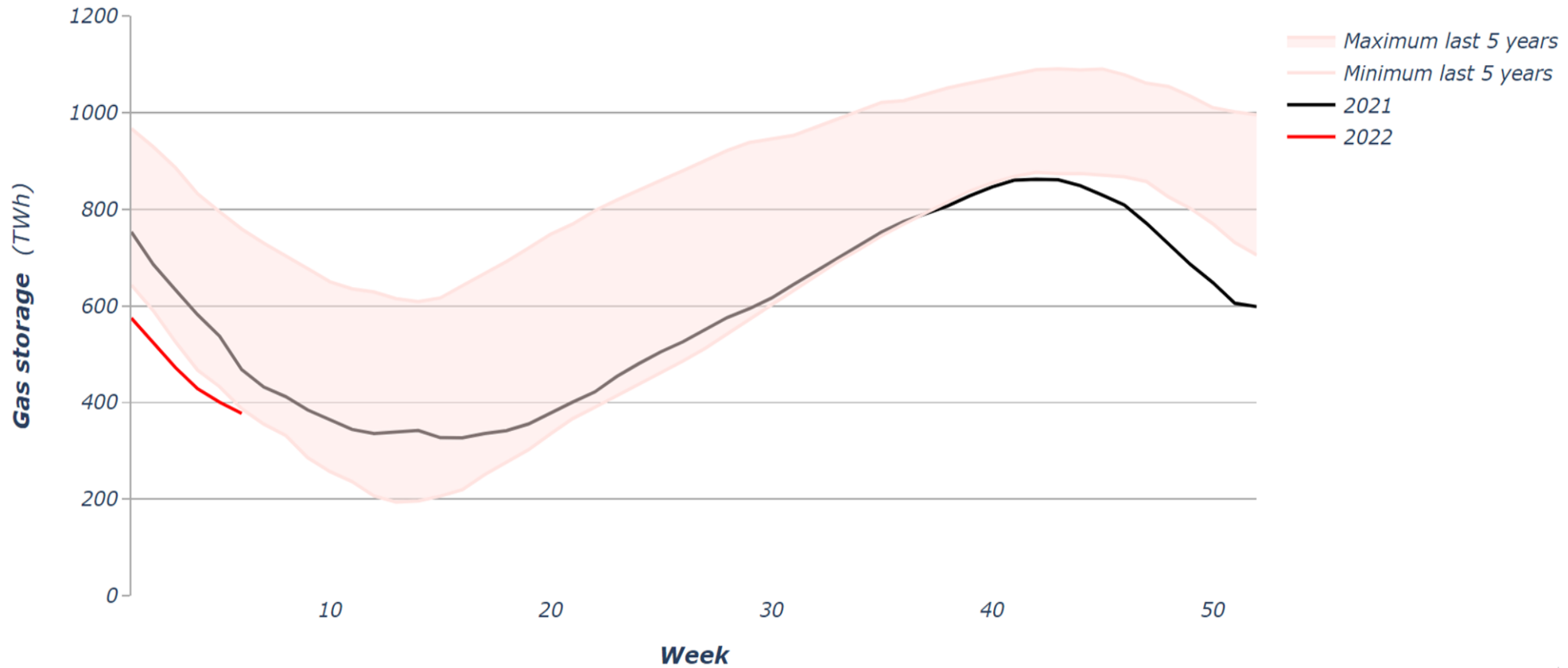
- CO<sub>2</sub> costs
- Coal costs
- Gas costs

## Natural gas power plants (€/MWh)

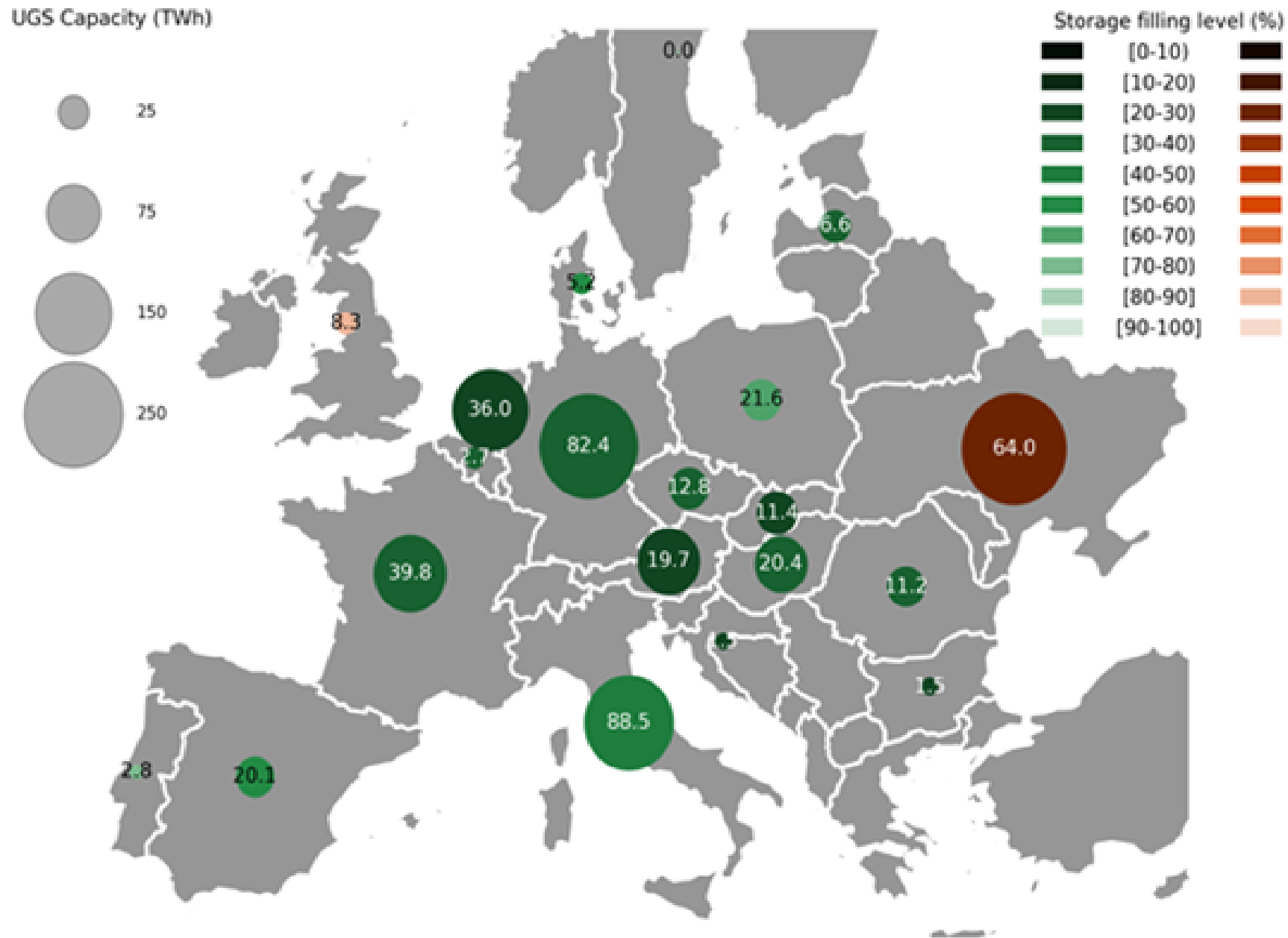




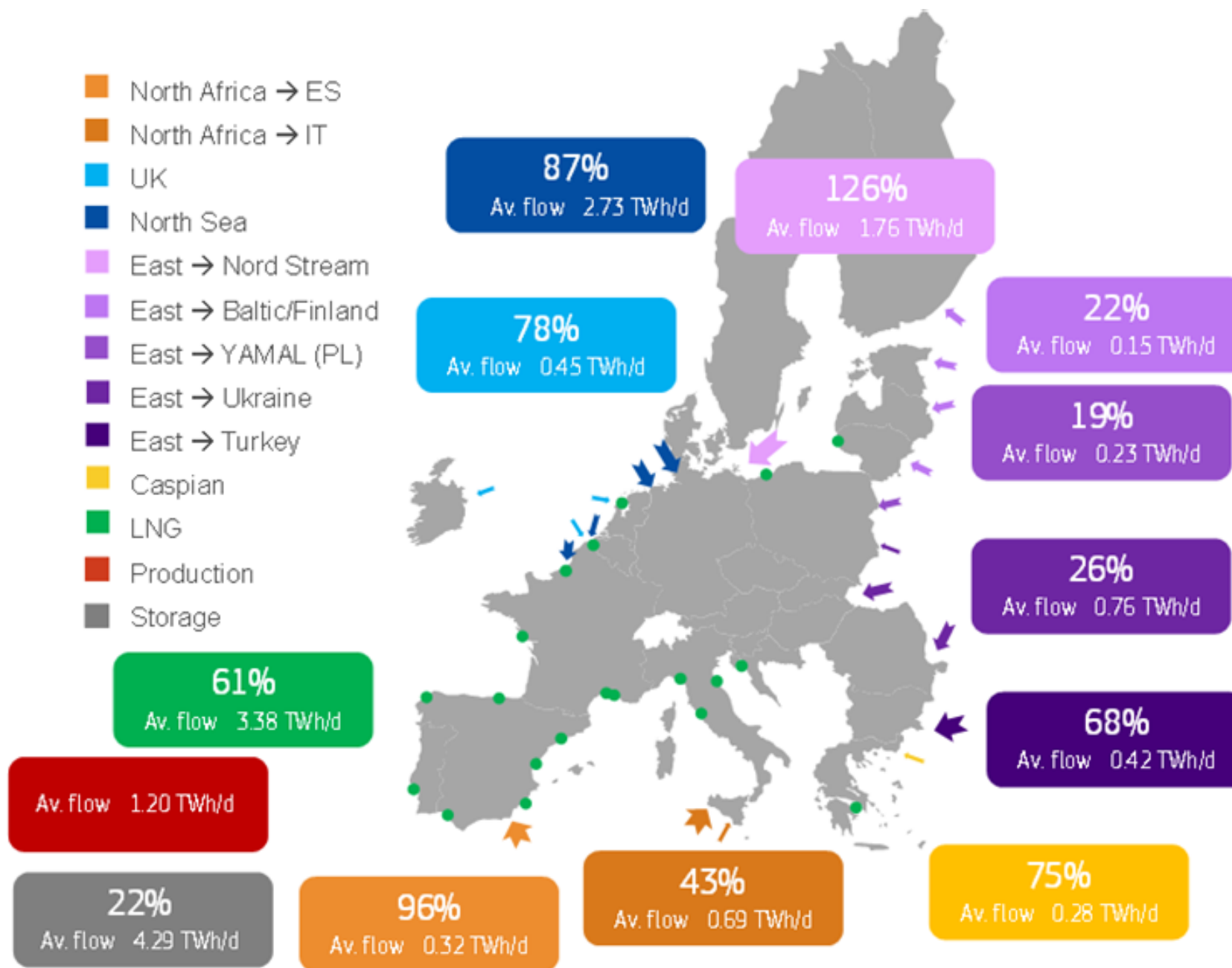
# Gas storage



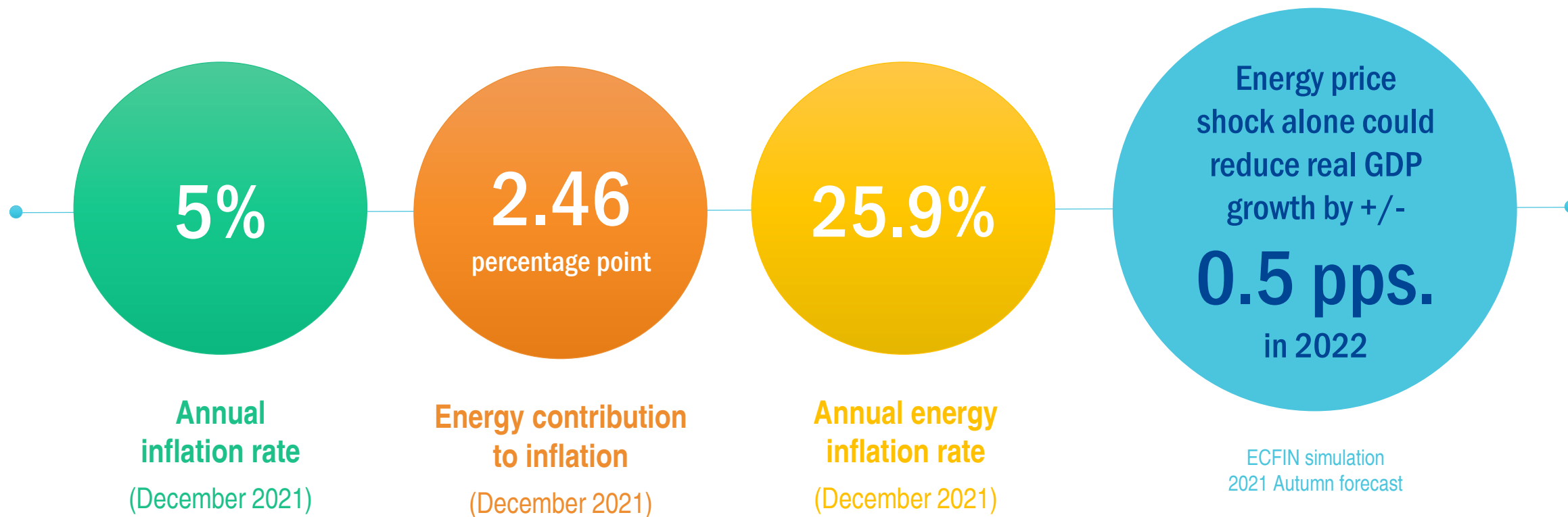
# Gas storage in Europe



# Pipeline flows and LNG terminal capacity

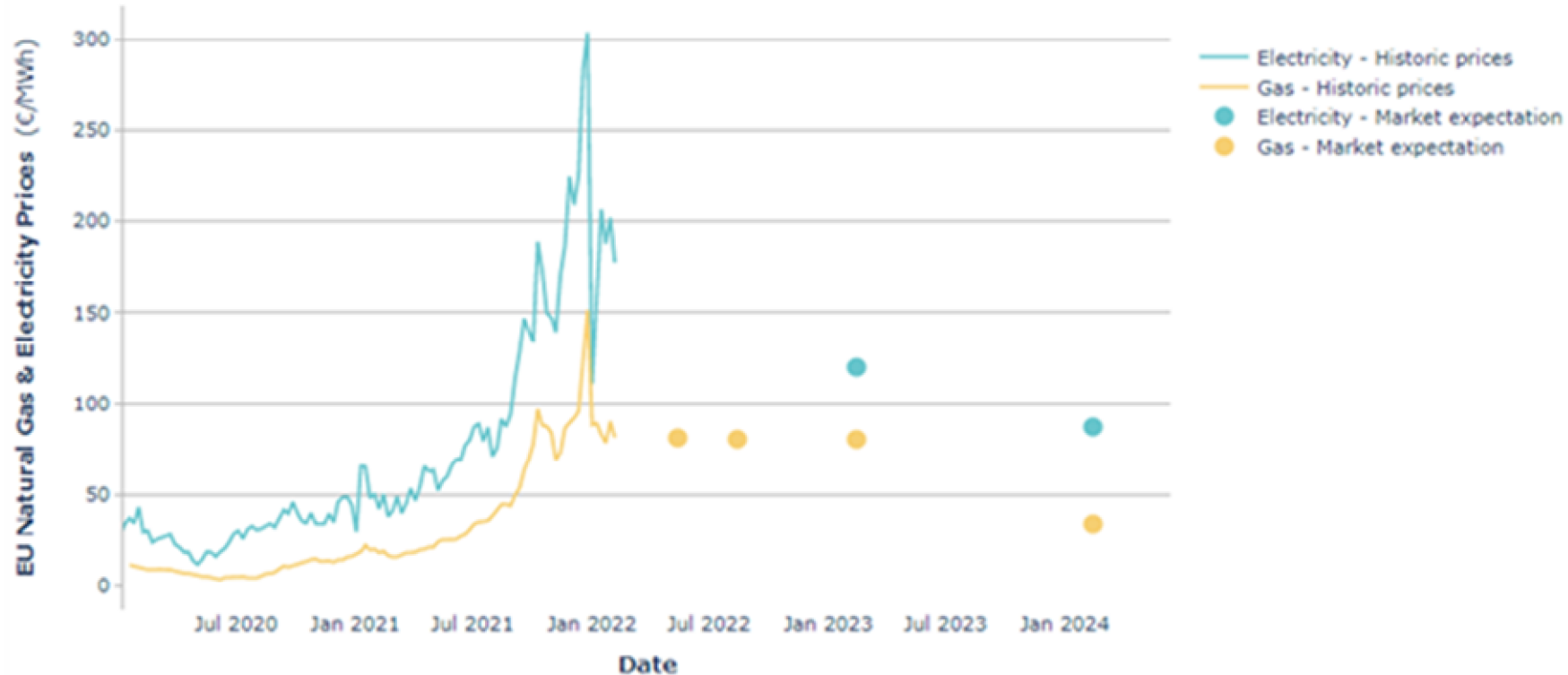


# Economic impact : EU inflation





# Price trends for 2022





# EU policy response



# EU toolbox: short term measures

## Aid to households and companies

- Direct support for defined minimum consumption per household/inhabitant
- Support measures for industries to adapt

Targeted



Temporary



## Consumer protection & disconnection prevention

- Social payments - can be financed with EU ETS revenues
- Safeguards or deferred payments



## Tax exemptions or reductions

- Temporary exemptions or reduced rates
- Measures to finance renewable policies with sources other than the electricity bill

## Enhanced cooperation and monitoring

- ACER: assess wholesale electricity market design
- ESMA: enhance monitoring of the carbon market
- Competition authorities monitor market behaviour

## Energy poverty reporting and coordination

- Energy poverty and vulnerable consumers coordination group
- Energy poverty reporting in NECPs

# EU toolbox: Member States' response

Member States have mobilised more than **EUR 22 billion** with measures having a direct or indirect impact on electricity and gas bills

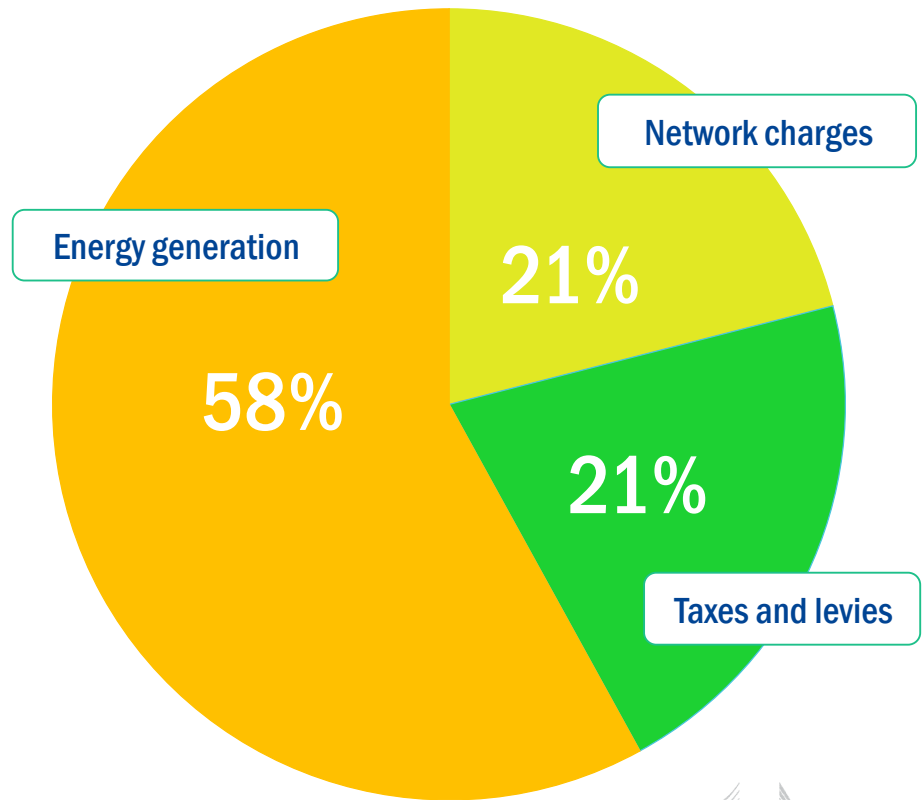
Compensation for electricity price hikes discussed in Latvia

Italy to allocate almost 2 bln euros more for energy price curbs

Germany slashes renewable energy tax due to soaring prices

Spain cuts soaring energy prices with emergency measures

EU27 electricity retail prices composition



# EU toolbox: medium term measures

## Building a more resilient energy system

- Task ACER to study electricity market design
- Revise the security of supply regulation
- Support energy storage development
- Explore voluntary joint procurement of reserve gas stocks

## Protecting end users and empowering energy communities

- Inform consumers
- Appoint suppliers of last resort
- Develop self-supply via individual renewable energy and energy community arrangements
- Wider market for PPA-s

## Stepping up investments in the green transition

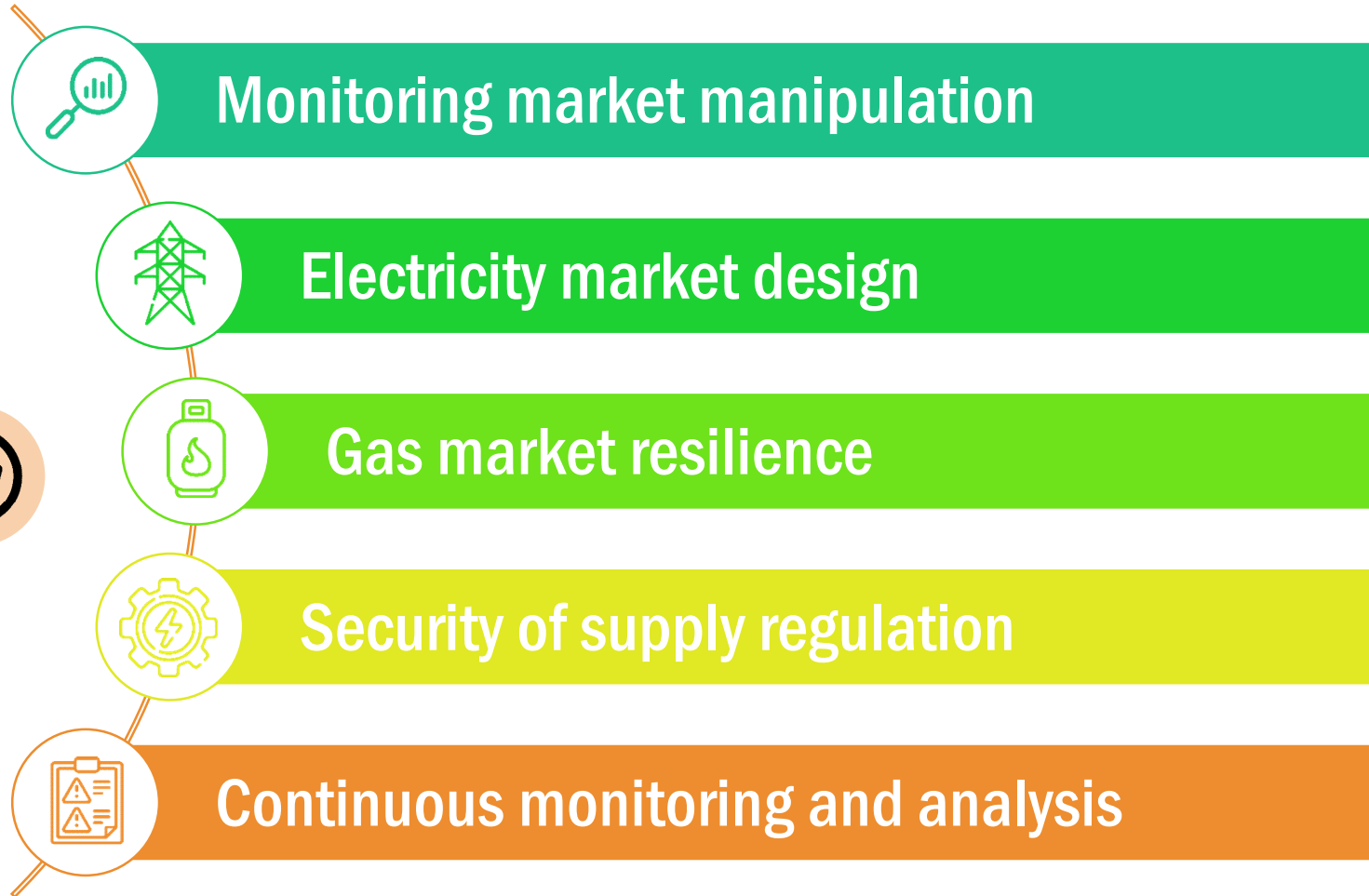
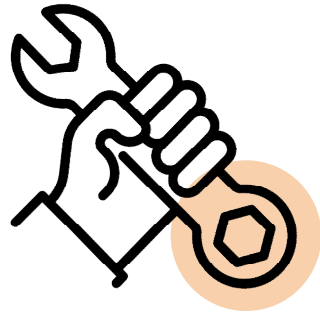
- Member States' investment in renewables, energy efficiency, building renovations, trans-European networks; speed up permitting
- Help Member States make best use of EU budget and NextGenerationEU
- Council Recommendation on social and labour aspects of the green transition



- ▶ Avoid future price surges
- ▶ Further integrate the market
- ▶ Empower consumers
- ▶ Decarbonise the energy system



# Long term EU policy response





# Next step: reinforcing the policy response



# Reinforcing security of supply

*The Commission will:*

- Propose regulatory framework for the gas and hydrogen market by December 2021.
- Consider revising the security of supply regulation to ensure more effective functioning of **gas storages** across the Single Market and conclude the necessary solidarity arrangements.

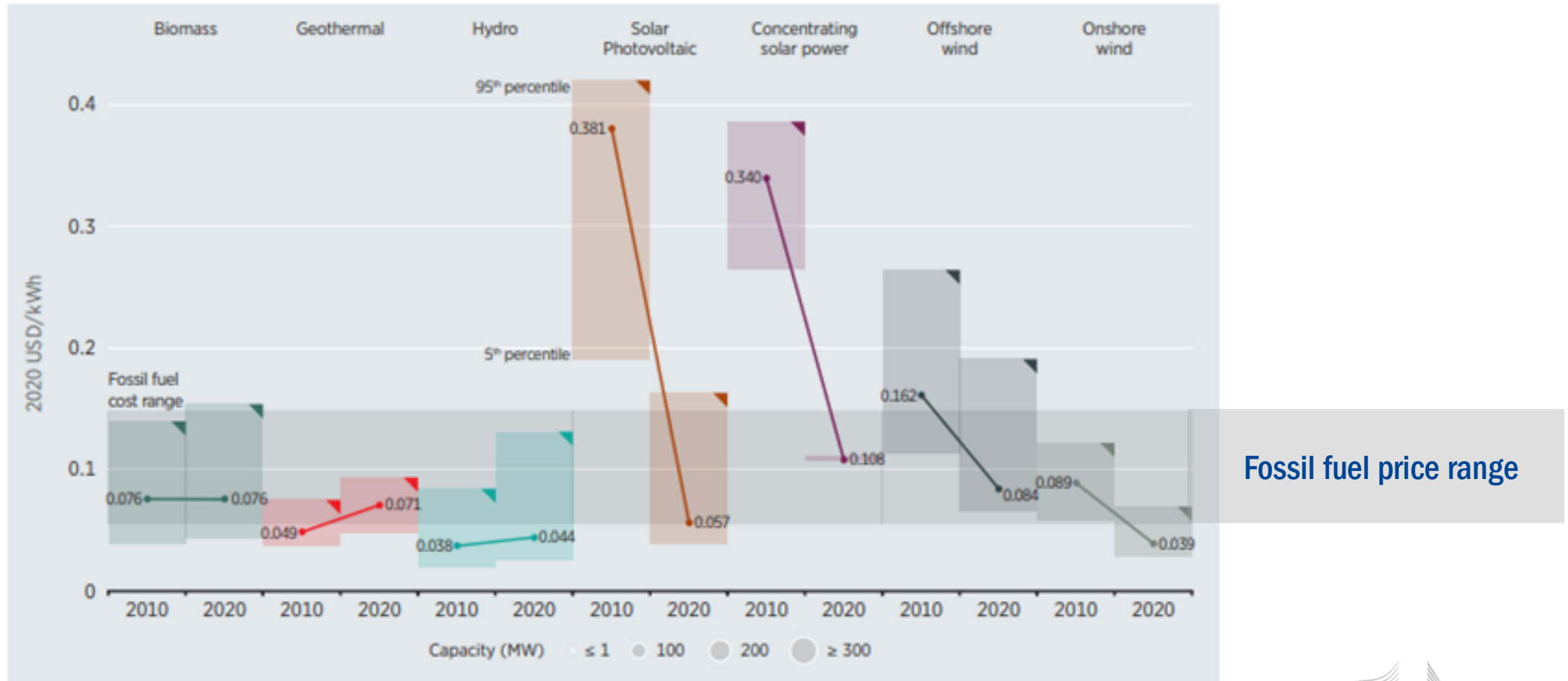
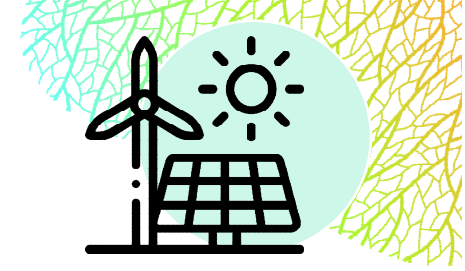
- **Adaptation to the energy transition and new risks (e.g. cybersecurity)**  
Extended to renewable gases, future common cybersecurity rules in the gas sector.
- **Making solidarity operational**  
New default arrangements, compensation costs and ex-post control.
- **More effective gas storage, enhanced European role of storage**  
Part of mandatory risk assessment, agreed at regional level.
- **Joint procurement of reserve stocks:** enabling provisions

Security of supply



Energy security & resilience

# Accelerating deployment of renewable energy



Source: IRENA Renewable Cost Database



Thank you