

Energy Emergency: preparing, purchasing and protecting the EU together

OCTOBER 2022

Russia's unjustified military aggression against Ukraine and its weaponisation of gas supplies have provoked an unprecedented energy crisis for the EU. They have caused a **sharp rise in energy prices** and **compromised our security of energy supply**. This places a heavy burden on the EU's economy. This exceptional situation requires a strong and coordinated response from the EU. The new measures proposed now aim to strengthen the resilience and efficiency of the Energy Union for the coming winters.

ADDRESSING AND MITIGATING HIGH ENERGY PRICES

The Commission is now taking further actions to limit extreme price volatility and help bring down prices. The steps below come in addition to already agreed demand reduction measures, diversification efforts, accelerated roll-out of renewables, and redistribution of excessive energy sector profits to households and businesses in need:



- A **new complementary price benchmark for LNG** to reflect the EU's gas market reality. As a last-resort measure, a temporary dynamic gas price limit for transactions on the main European exchange, the TTF, to avoid extreme volatility and price hikes.



- A temporary **management mechanism** to avoid excessive intraday volatility by limiting spikes in prices in energy derivatives markets



- Two Delegated Acts **to ease the liquidity pressure on non-financial market participants**, in coordination with the European Securities and Markets Authority



- An amendment to the **Temporary Crisis Framework for State aid** before the end of October to give Member States more leeway to support companies



- Possibilities to **redirect up to €40 billion of 2014-2020 Cohesion Policy funding** for targeted measures to support citizens and small businesses



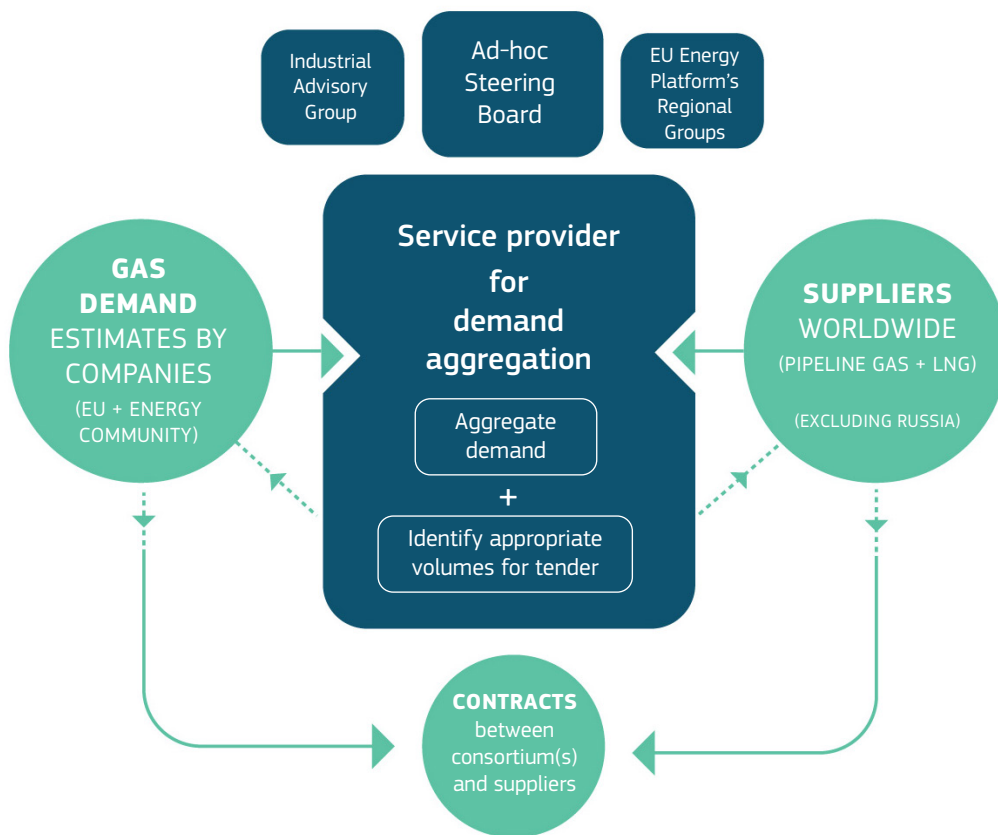
- A **needs assessment on investments to speed up the energy transition** and avoid market fragmentation, followed by a proposal to enhance the EU financial firepower of REPowerEU

BUYING GAS TOGETHER

For the coming winters, Europe will face reduced Russian supplies and tight global gas markets. We need to pool our economic weight to ensure enough affordable gas supplies to fill our storages ahead of winter. This collective effort will avoid Member States outbidding each other and can help obtain lower prices.

To enable **joint purchasing of gas**, the Commission proposes:

- **Demand aggregation at EU level**, to map the quantities of gas import needs and seek offers on the global market
- A **mandatory participation** by Member States in the **EU demand aggregation** to fill at **least 15%** of their respective storage filling volume
- A **voluntary purchasing system** allowing companies to form a European gas purchasing consortium that is in line with EU competition rules



Joint purchasing will facilitate a more equal access to new suppliers and international markets and give more negotiating weight to European importers. **Natural gas arriving through the entry points from the Russian Federation is excluded** from participating in the joint purchasing mechanism.

The Commission also proposes to make **the operation of pipelines and LNG terminals more efficient to maximise the available capacity of gas infrastructure** through:



- **Tools for gas system operators** to react rapidly to changes in gas flows and possible contractual congestion



- A transparency platform and the development of an **organised market of secondary capacities**



ENHANCE SECURITY OF SUPPLY BY STRENGTHENING EU SOLIDARITY

Preliminary analysis on the basis of reporting by Member States shows that **in August and September EU gas consumption would be around 15% lower than the average of the previous 5 years**, following our **Save Gas for a Safe Winter plan**. The Commission will continue to closely monitor demand reduction measures, and stands ready to trigger the EU Alert or revise the gas demand reduction targets, if voluntary demand reduction measures prove insufficient to ensure enough gas supplies over the winter.



To further reinforce preparedness for possible emergencies in the winter and to ensure that all Member States contribute to an enhanced security of supply across the EU, the Commission proposes:



BILATERAL SOLIDARITY

Default solidarity rules enabling all Member States to receive gas from the others in case of an emergency in exchange of a fair compensation, including from those with LNG facilities even when not directly connected.



CAPACITY ALLOCATION

In a Union or regional emergency, the Commission will be able to propose to the Council **an efficient allocation of the gas capacities** available to Member States affected by a regional or Union emergency



EXTENDED PROTECTION

Member States may trigger a **solidarity request for gas**, under certain conditions, if gas-fired power plants that are needed to ensure the electricity system's adequacy are at risk of curtailment.



REDUCED CONSUMPTION

A possibility for Member States to introduce **exceptional and temporary measures to limit the non-essential uses of gas** by protected customers, such as outdoor heating, the heating of residential swimming pools and other complementary residential facilities, without reducing the protection of essential consumption.



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