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Commission proposes emergency market intervention to reduce energy bills

The European Commission is proposing an emergency intervention in Europe's energy markets to tackle recent dramatic price rises. The proposals include exceptional electricity demand reduction measures, which will help reduce the cost of electricity for consumers, and measures to redistribute the energy sector's surplus revenues to final customers.

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The planned measures will follow up on the previously agreed initiatives on filling gas storage and reducing gas demand to prepare for the upcoming winter. The Commission is also continuing its work to improve liquidity for market operators, bring down the price of gas, and reform the electricity market design for the longer term.

The following specific tools are addressed by the Commission:

Tackle high prices by reducing demand

The Commission proposes an obligation to reduce electricity consumption by at least 5% during selected peak price hours and further aims to reduce overall electricity demand by at least 10% until 31 March 2023.

Temporary revenue cap on ‘inframarginal' electricity producers

Specifically, this should apply to technologies with lower costs, such as renewables, nuclear and lignite, which are providing electricity to the grid at a cost below the price level set by the more expensive ‘marginal' producers. The inframarginal revenue should be capped at €180 EUR/MWh.

Temporary solidarity contribution on excess profits

Affected by the solidarity contribution are excess profits generated from activities in the oil, gas, coal, and refinery sectors which are not covered by the inframarginal revenue cap. The revenues would be collected by Member States and redirected to energy consumers, in particular vulnerable households, hard-hit companies, and energy-intensive industries.

In a **further intervention in the electricity market rules**, the Commission is also proposing to **expand the Energy Prices Toolbox** available to help consumers. The proposals would allow below cost regulated electricity prices for the first time and expand regulated prices to also cover small and medium-sized enterprises.

More background information on the Commission's planned measures *to be found* ***here***.

Source

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Keywords

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