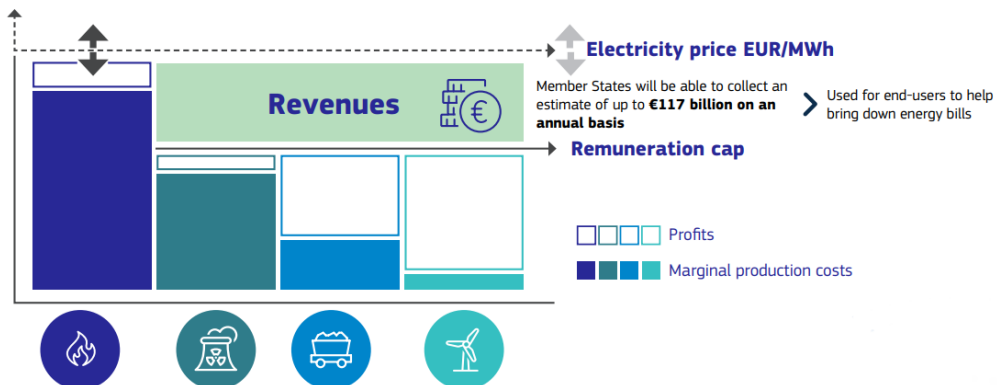


## ZEP Briefing – EU emergency intervention in energy markets

In response to the energy price rises, the European Commission (EC) presented, on 14 September 2022, a [proposal for a Council Regulation](#) on an emergency intervention in energy markets. The proposed measures aim to help alleviate the impact of high energy prices on consumers and include:

- **Reduction in demand for electricity** – an obligation for member states to reduce demand during selected peak price hours by at least 5%<sup>1</sup>. The selected peak hours must cover at least 10% of the hours of each month where prices are expected to be the highest. The Plan also includes a non-binding target to reduce overall electricity demand by at least 10%<sup>2</sup> until 31 March 2023. The measure will apply until 31 March 2023, with a revision by 28 February 2023.
- **Temporary revenue cap of €180/MWh for the generation of electricity from ‘inframarginal’ technologies (such as renewables and nuclear)** – revenues above the cap would be collected by member states and channelled to final electricity customers to reduce the impact of high energy prices. The measure would not affect price formation in the wholesale markets – where the price received by all participants will remain determined by the plant with the highest marginal costs – thereby preserving the price signal. The EC also encourages members states to engage in bilateral agreements with members states with low electricity generation and share part of the collected revenues. The measure excludes demonstration projects and existing producers already subject to revenue caps set by some members states. In addition, member states are allowed to exclude producers generating electricity from installation facilities with a capacity below 20 kW. The measure would apply until 31 March 2023, with a revision by 28 February 2023.

### HOW DOES THE REMUNERATION LIMIT WORK?



Source: European Commission Press Corner, Factsheet - Emergency Intervention

<sup>1</sup> The target is calculated based on the difference between actual gross electricity consumption and that forecasted by the transmission system operators.

<sup>2</sup> The reference period for the target is the period from 1 November to 31 March in the five consecutive years preceding the date of entry into force of the Regulation, i.e., starting with the period from 1 November 2017 to 31 March 2018.

- **A solidarity contribution of at least 33% on excess profits generated from activities in the oil, gas, coal and refinery sectors** – collected on the taxable surplus profits<sup>3</sup> achieved in the fiscal year of 2022. Options for the redistribution of collected revenues include supporting: energy consumers, in particular vulnerable households, hard-hit companies, and energy-intensive industries; reductions in energy consumption; companies in energy intensive industries investing in either renewable energies or energy efficiency; cross-border projects in line with REPowerEU; employment; or the green transition. The measure would apply for one year after entry into force, with a revision by 15 October 2023.

### Expected outcomes

With the proposed measures, the EC expects:

- A reduction of gas consumption of around 1.2 billion cubic meters over a 4-month period, representing around 3.8 % of gas consumption for power over the same period.
- Member states to collect up to €117 billion on an annual basis with the revenue cap.
- The solidarity contribution to generate €25 billion in public revenues, to be redistributed by Member States.
- A decrease in energy prices, as a decrease in demand would result in a lower need for expensive gas power plants to meet demand.

### Next steps

The proposal will be discussed by EU energy ministers on 30 September 2022. The proposal requires a qualified majority vote in the Council to be approved.

## **About the Zero Emissions Platform**

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*The Zero Emissions Platform (ZEP) is a European Technology and Innovation Platform (ETIP) under the Commission's Strategic Energy Technology Plan (SET-Plan) and acts as the EU's technical adviser on the deployment of Carbon Capture and Storage (CCS), and Carbon Capture and Utilisation (CCU).*

*ZEP supports the European Union's commitment to reach climate neutrality by 2050, defined as net-zero greenhouse gas (GHG) emissions by 2050. To this end, CCS technologies represent readily available and cost-efficient pathways for the decarbonisation of industrial and energy sectors in the European Union. Some applications of CCU – where CO<sub>2</sub> is stored in a manner intended to be permanent – can also contribute to this goal.*

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<sup>3</sup> Surplus profits are taken as those profits which are above a 20% increase on the average profits of the previous three years.