

ACER 

European Union Agency for the Cooperation
of Energy Regulators

Emergency Measures adopted by Member States in response to the energy crisis

Visegrád Four countries' responses to the energy crisis
Budapest, 14 September 2023



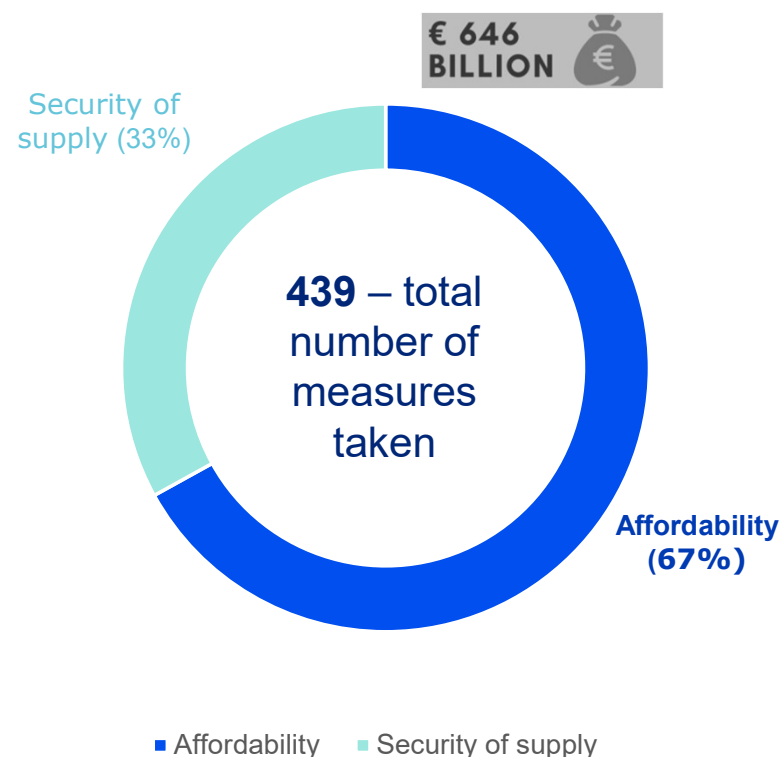
Emergency measures adopted by Member States

- OVERVIEW
- APPROACHES
- GOING FORWARD

OVERVIEW OF MEASURES

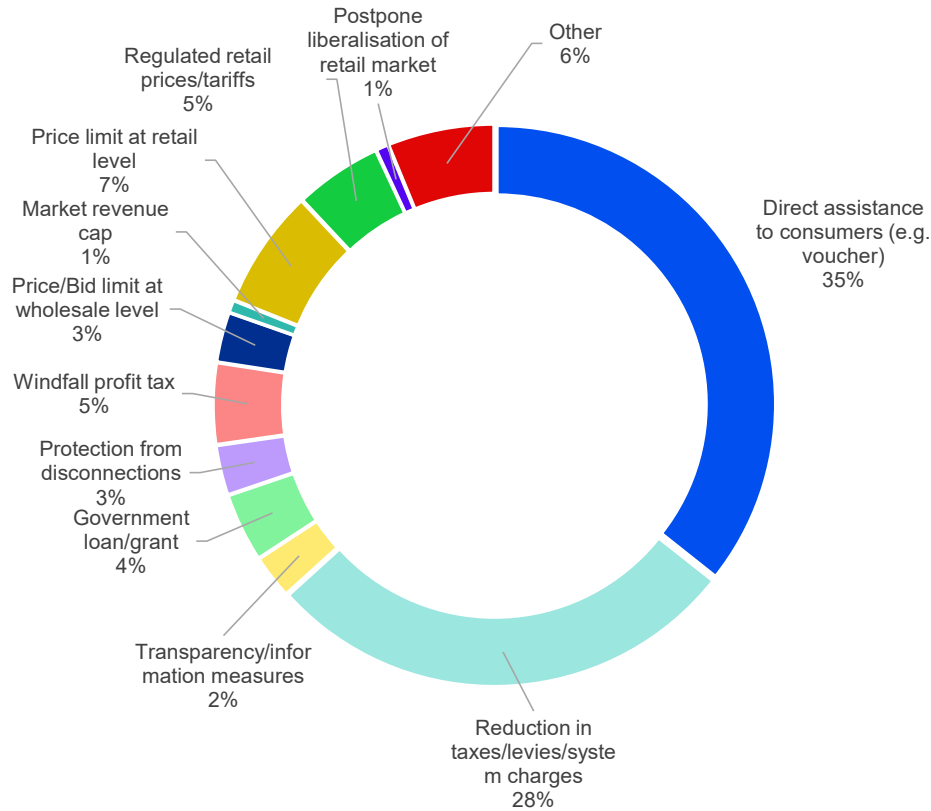
- 33% aimed at **security of supply**
- 67% aimed at **affordability for consumers**
- **Most of the assistance** comes in the form of direct support to consumers either as income support or as price support
- **Most countries** intervened in the wholesale or retail market functioning (*except DK, FI, IE, NO and SE*)
- Majority of measures were **untargeted - 77%**

Breakdown of measures by main objective



AFFORDABILITY MEASURES

Breakdown of measures targeting affordability



Countries that introduced at least one measure in each category

Direct support - income



Direct support - price



Retail market interventions



Wholesale market interventions



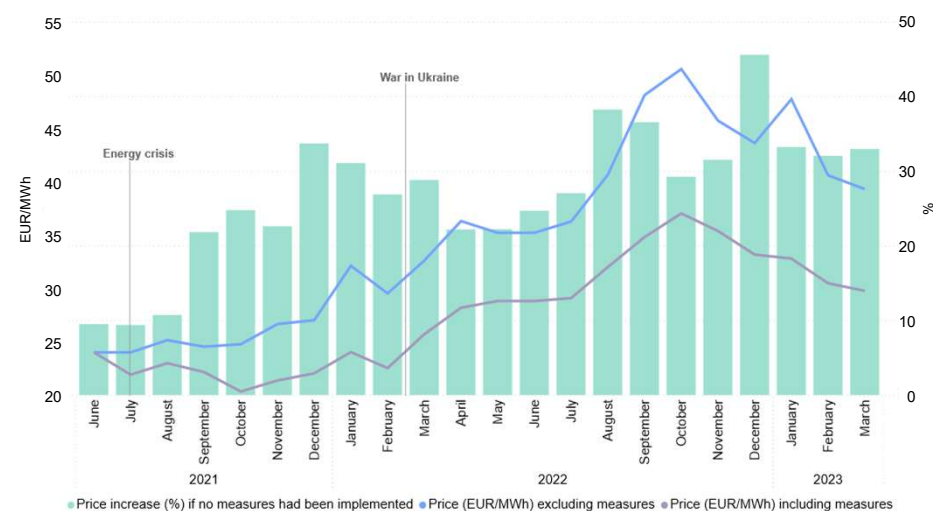
EMERGENCY MEASURES SHIELDED END CONSUMERS FROM PRICE SHOCKS...

- **Wholesale electricity prices peaked, but** emergency measures mitigated the increase in retail prices.
- **Fiscal costs** of household support measures in 2022 and 2023 reached up to 5.56% of GDP for some Member States.
- **Targeted measures:** Less than a quarter (**23%**) of these costs.
- **Attention needed going forward:** Household electricity prices drop at a slower rate than the wholesale prices.

REDUCTION OF RETAIL PRICES WAS ACHIEVED. -> SHORT TERM

IT CAME AT A HIGH COSTS.

Effect of emergency measures on retail prices – EU-27, June 2021 – April 2023 (% and EUR/MWh)



...UNTARGETED MEASURES HAVE BROADER IMPACTS

Why be more targeted?



Untargeted supports “are likely to drive up medium-term inflationary pressures”

(C. Lagarde, ECB, [Politico](#), 2 Feb 2023).

... “high inflation tends to worsen inequality or poverty because it hits income and savings harder for poorer or middle-income households”

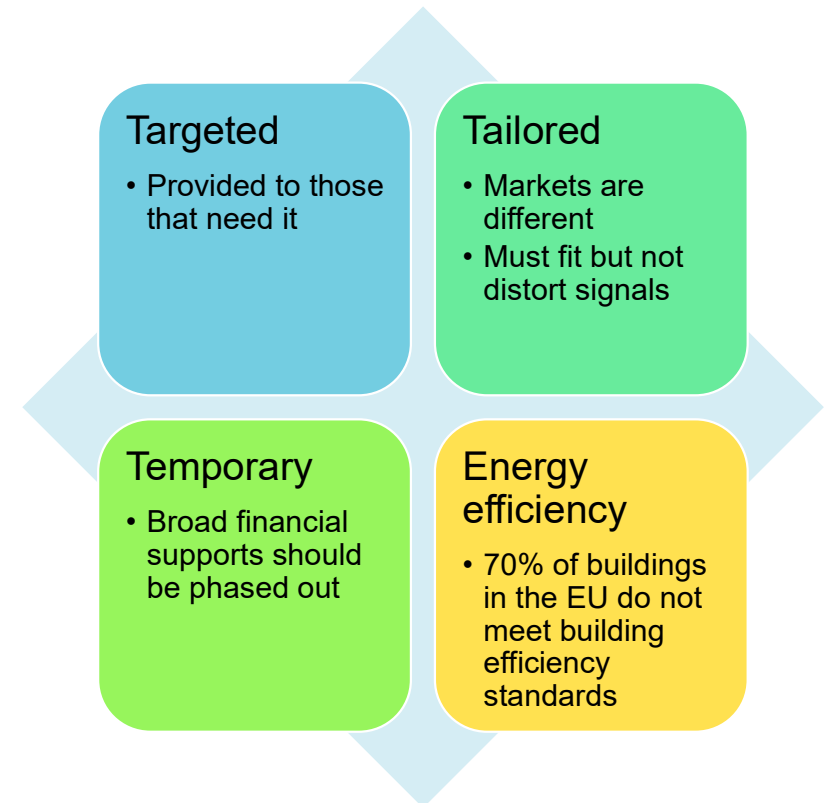
(I. Gill and P. Nagle, [Brookings](#), 18 March 2022).

Retail and electricity wholesale

HOW TO BE MORE TARGETED?

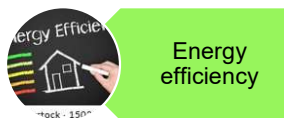
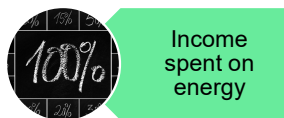
Supports should aim to:

- Assist all consumers to lower consumption.
- Protect vulnerable and remove their vulnerability going forward.



PROTECTING VULNERABLE USERS STARTS WITH ASSESSING WHO THEY ARE...

- Directive 2019/944 gives Member States the **power to define what a vulnerable consumer is.**
- Member States may take into account:



The Directive offers a broad guidance

- We should strive to:
 - Protect the critically dependent users;
 - Assist all users to lower consumption and reduce bills through energy efficiency;
 - Examine the proportion of income spent on energy over time.
- Watch out on the long run for:
 - Vulnerability may change based on circumstances and markets – be capable of responding rapidly.

EMERGENCY COMES WITH COMPROMISES

Interdependencies, merits, and drawbacks between measures:

- Emergency measures were mainly implemented to ensure **affordable energy** for end consumers.
- Measures targeting affordability through **direct support** or market intervention **thwart long-term regulatory goals and are costly**.
- Energy saving and risk preparedness are **‘no-regret’ measures**.
- Primary fuel supply substitution may have long-term **negative effects on the energy transition**.
- No measures targeted market integration or had a positive effect on it.

Careful consideration of measures needed.

Measures Regulatory goal	Measures						
	Primary fuel supply	Gas substitution	Energy saving	Risk preparedness	Direct support to end consumers	Intervention retail market	Intervention wholesale market
End consumers	NA	+	+	NA	+	+	+
Security of supply	+	+	+	+	-	-	-
Efficiency and demand response	/	/	+	/	-	_*	_*
Energy transition and investment signals	-	_*	+	+	-	-	-
Market integration	/	/	/	/	/	-	-
Cost	See upcoming ACER report	€	€	€	€€€€€	€€€	€€

Note: Each cell clarifies if the measure contributes (+), is neutral (/) or hampers (-) the achievement of a given goal. The values are qualitative and relative and should therefore not be interpreted through an arithmetic sum. (*) marks the most negative of possible outcomes, depending on the characteristics of measures within the category considered. The last row provides a comparative assessment of the cost of the measure, from comparatively less costly (€) to the costliest (€€€€€).



Emergency situations call for **trade-offs and compromises**, however, some approaches outperform others.



Measures to shield end-consumers should be **TEMPORARY, TARGETED, TAILORED**.



Balancing choices during a crisis: **prioritising Energy Savings and Risk Preparedness**.



In an interdependent system, **coordination trumps fragmentation**.

Thank you. Any questions?

The contents of this document do not necessarily reflect the position or opinion of the Agency.



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✉ info@acer.europa.eu
🖱 acer.europa.eu

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