

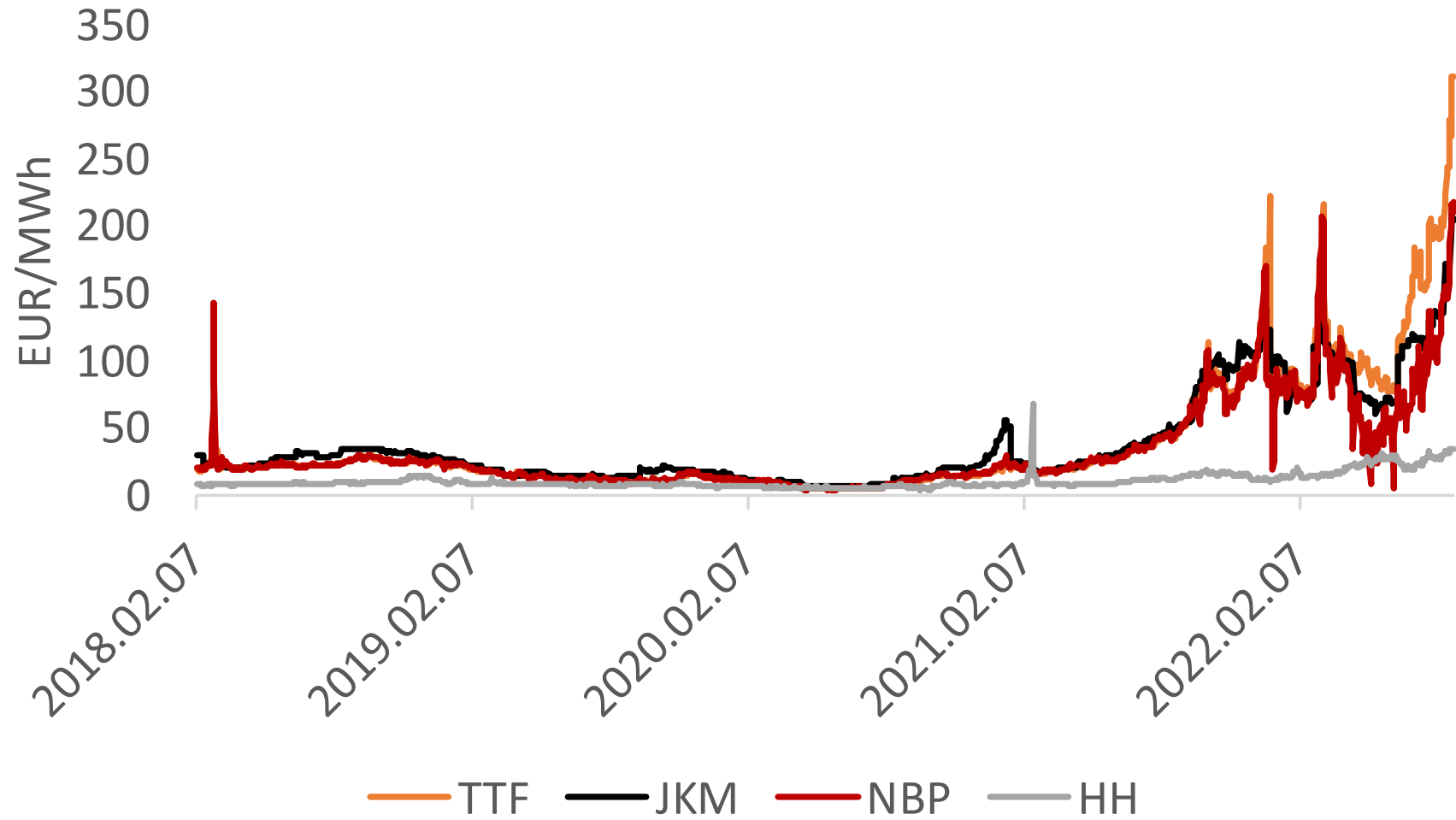


How to treat the energy market storm – Survive or make use of this crisis?

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*Gas phase-out - A blessing or threat for decarbonisation
Regional energy policy forum
Budapest, BMC*

What is the real value of gas over the long term?



Where and how to intervene?

PROs and CONs at each level of intervention:

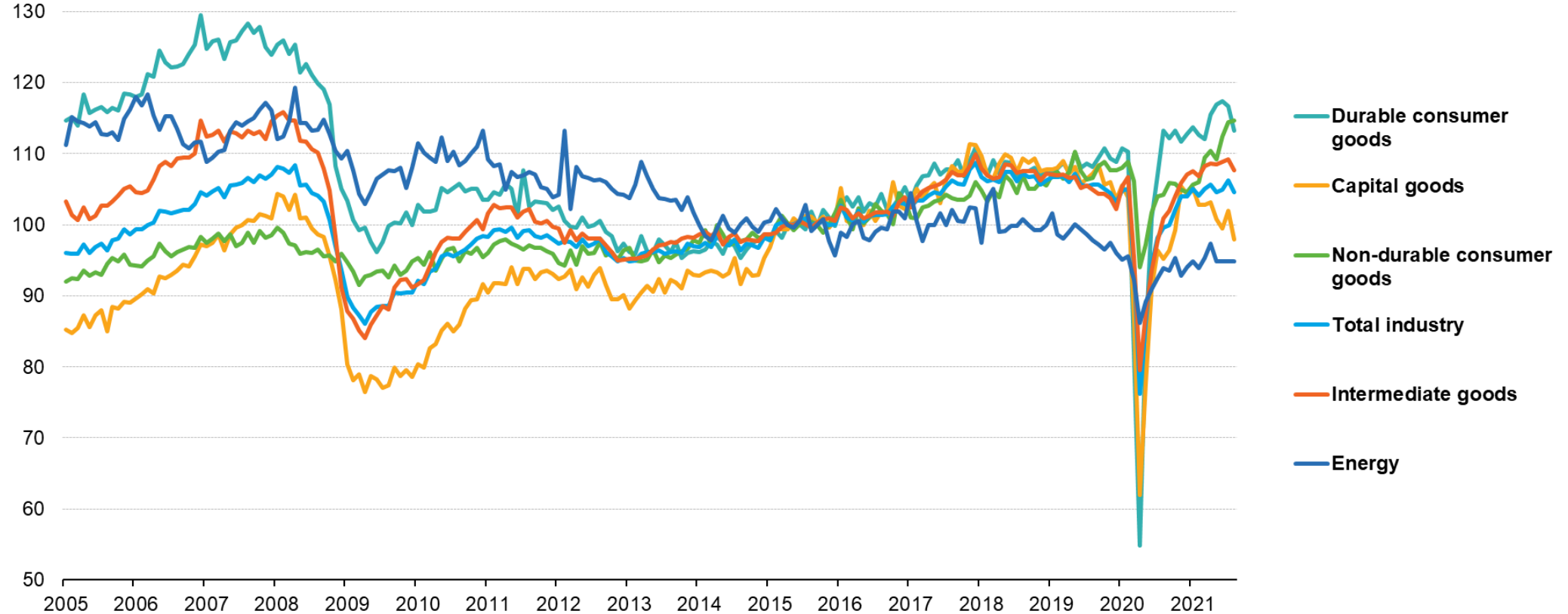
- Wholesale price level – in the form of price cap, transmission tariff?
 - Gas war would further deepen
 - Europe seems not to be unified behind this measure
- Consumer price level – what is the subsidy need?
 - EU already spends over 1% on the subsidisation of energy for HH and companies (Germany : 3%)
 - Revenue to Russia would not be affected
- Windfall profit tax – but in gas markets most profits are generated outside EU companies...
 - We could not expect too high revenues from gas. Electricity market intervention might generate high revenues, but must be a short-term measure, not to discourage investments
- Alternative proposals: support energy consumption reductions through auctioned subsidies

Common and long term solutions:

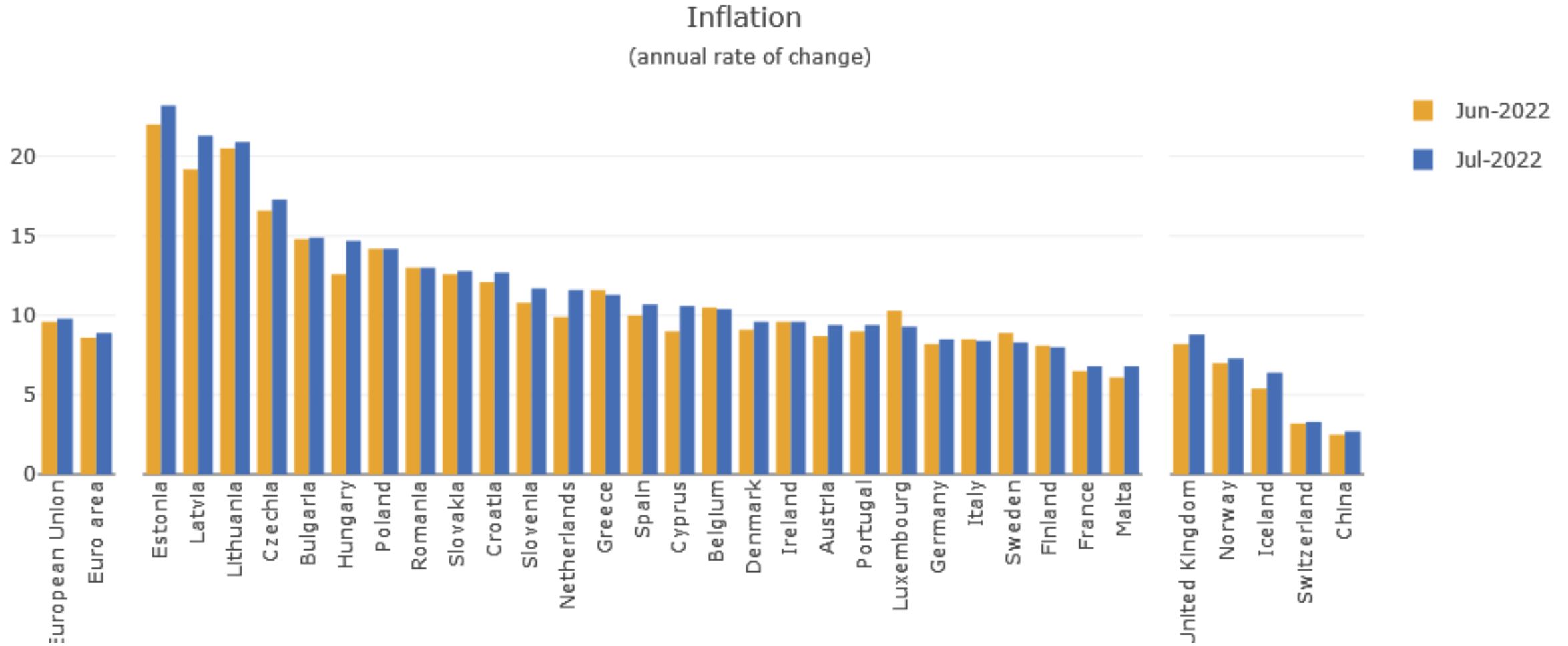
- Energy efficiency savings are a must, long term solution of the problem
- Even in the short term 15% gas savings are targeted, but should be further intensified in the mid term
- Renewables are domestic and long term sources – and affordable

What could we expect in the short term – how industry will be affected?

EU, Industrial production for total industry and main industrial groupings, 2005-2021

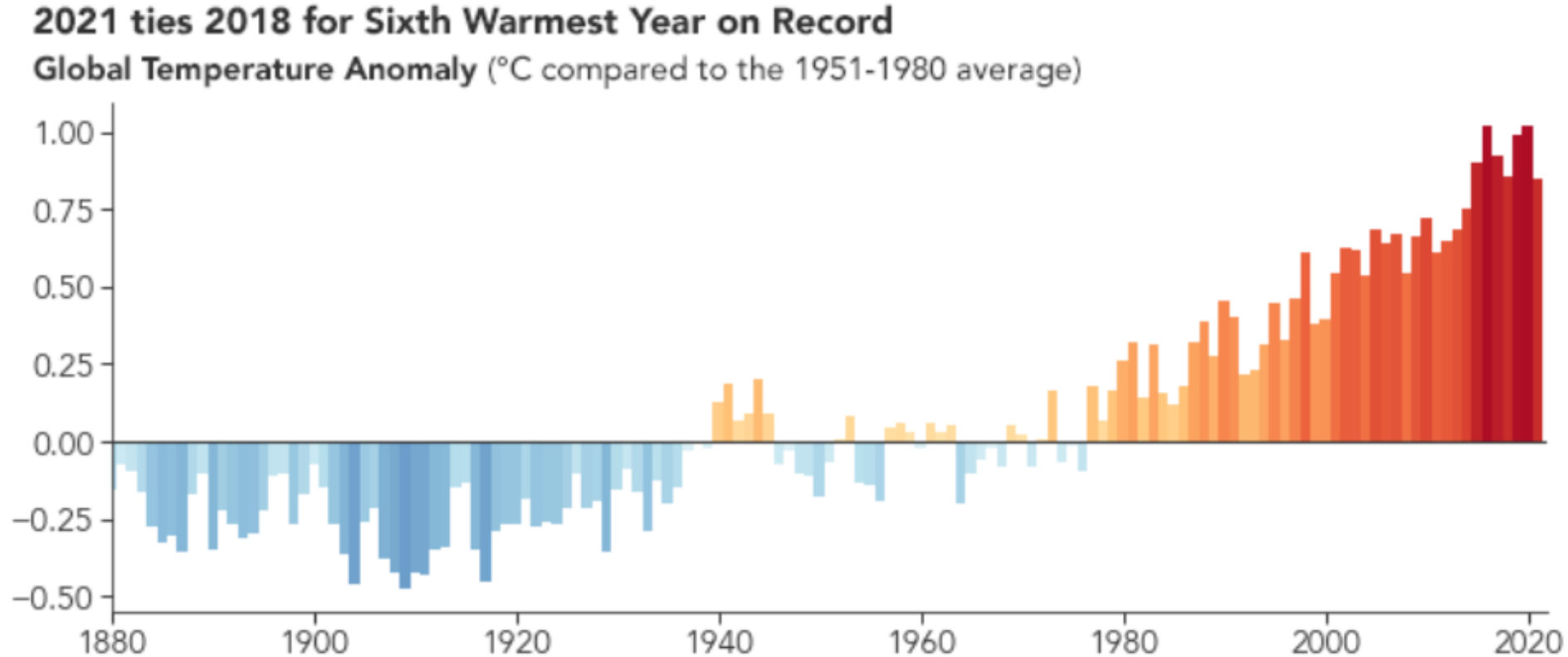


European inflation rates



Source: Eurostat 2022

World of change – this time not gas prices but global temperature anomaly



Source: NASA Earth Observatory 2022
<https://earthobservatory.nasa.gov/world-of-change/global-temperatures>

How to keep on track the climate targets?

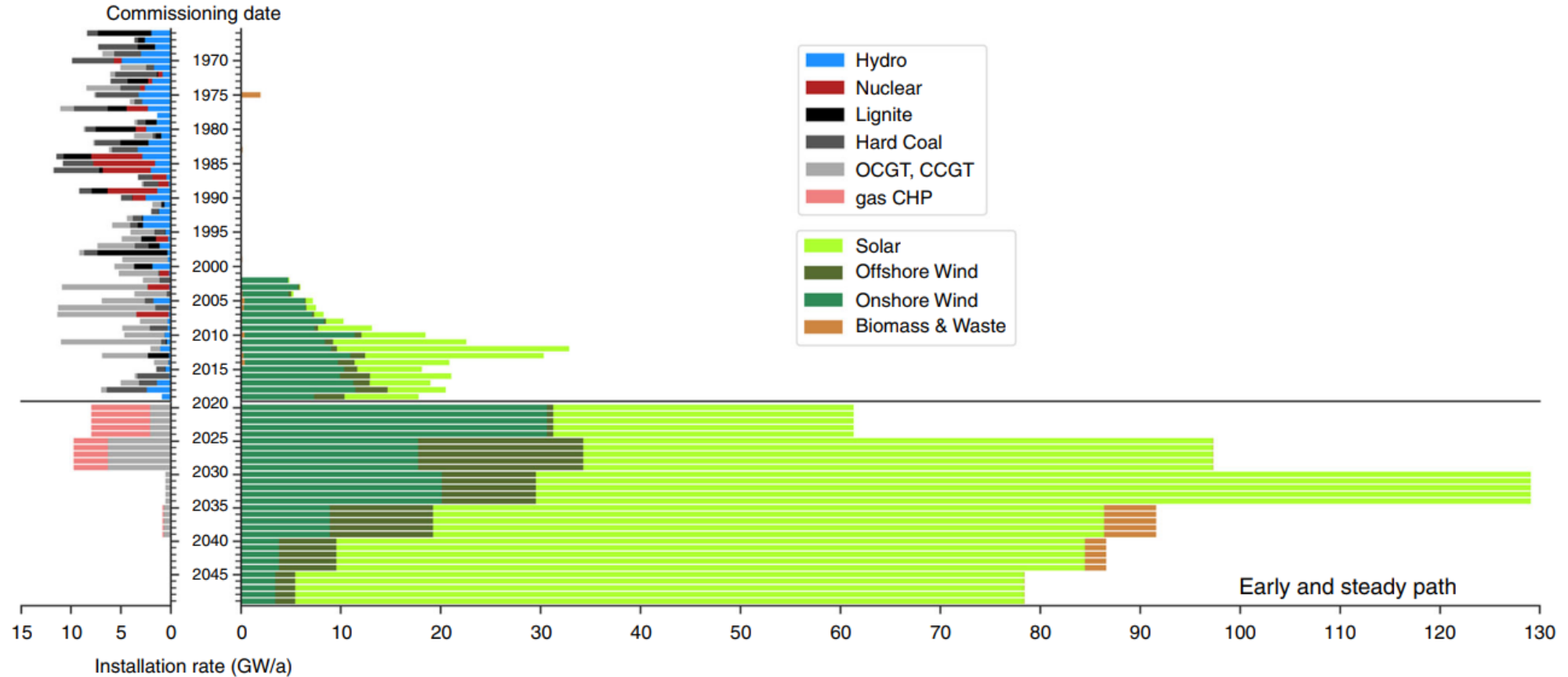


Fig. 3 Age distribution of European power plants in operation and required annual installation throughout the Early and Steady path. Historical data from refs. [53,67](#), see also Supplementary Figs. 5-10.

Conclusions

- The value of energy goods reaches 10% of EU GDP
- And now we spend it mostly on imported fuels
- But we need to speed up the spendings on energy efficiency as well as on renewables and related infrastructure developments
- We can see the high uptake in PV in 2022 but this momentum must be maintained for a long term, and wind generation should also kick in
- During this period we need to help vulnerable consumers (and producers - SMEs?) with well targeted aid

What would be covered in the conference?

- Geopolitical issues – by Andrej Nosko (Matej Bel University)
- Short-, mid-, and long term costs of phasing out Russian gas in CEE – Peter Kotek (REKK)
- Gas Supply side substitution options – panel (lead by: Borbála Tóth -REKK)
- EU gas reduction plan and REPowerEU - by Katalin Kovács-Topeczer (EU representation)
- Reducing gas demand in the heating sector – panel (lead by: Andreas Graf - Agora)
- Reducing gas demand in the industry sector - panel (lead by Balázs Felsmann - REKK)
- Reducing gas demand in the energy sector - panel (lead by Balázs Felsmann - REKK)

THANK YOU FOR YOUR ATTENTION

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