Council of the European Union

PRESS EN

BACKGROUND BRIEF[1]
Brussels, 21 November 2022

Extraordinary TTE Energy Council
Brussels, 24 November 2022

Chair: **Jozef Síkela,** Czech minister of industry and trade

European Commission representative: **Kadri Simson,** European Commissioner for energy

Starting time: 09:00

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EU energy ministers will seek a political agreement on a Council regulation on enhancing solidarity through better coordination of gas purchases, exchanges of gas across borders and reliable price benchmarks.

Ministers will seek a political agreement on a Council regulation laying down a temporary framework to accelerate the deployment of renewable energy.

During lunch, ministers will hold an informal discussion with the presidents of business associations of Czechia, and Austria on the subject of raising energy costs and their impacts on industry.

Ministers may have an exchange of views on a proposal on a gas market correction mechanism to limit the price of gas in situations of extreme volatility.

Press conference:

At the end of the meeting +/- 15:15 with **Jozef Síkela,** Czech minister of industry and trade and **Kadri Simson,** European Commissioner for energy.

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Energy Council meeting page

Press conferences and public events by video streaming

Video coverage in broadcast quality (MPEG4) and photo gallery

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[1] This note has been drawn up under the responsibility of the press office.

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Enhancing solidarity and coordination

EU energy ministers will seek a political agreement on a Council regulation on enhancing solidarity through better coordination of gas purchases, exchanges of gas across borders and reliable price benchmarks. The Commission presented a proposal on 18 October under article 122 designed for emergency situations.

The proposal aims to make it possible for member states and energy companies to purchases gas jointly on global markets. Pooling demand at EU level will ensure that EU countries have better leverage when it comes to buying gas on global markets and that member states don't outbid each other in the process. Aggregation of demand would be mandatory for a certain amount of gas (equivalent to 15 % of member states' gas storages filling obligations) but the companies that participate in demand aggregation could still decide later on whether to actually purchase the gas or not. Russian gas will be excluded from joint purchasing.

The proposal introduces further solidarity measures in case of a security of supply emergency, that complement existing rules under the security of supply regulation. The new rules would make it possible for member states to reduce the non-essential gas consumption of protected customers, in order to supply gas to essential services and industries. Essential consumption and vulnerable households will be protected in all circumstances.

The proposal sets out a number of default rules for sharing gas in case member states have not concluded bilateral agreements setting the modalities of solidarity, including the prices of shared gas. Only 6 out of possibly 40 solidarity agreements have been concluded until now under the security of supply regulation.

The proposal introduces an intra-day volatility management mechanism that will prevent excessive movements of prices during a trading day. This means that derivative prices should not soar, nor plummet beyond upper and lower limits. In this respect, ESMA will be tasked to develop circuit breakers for intra-day derivatives trading.

The proposal tasks ACER to develop an LNG-specific benchmark by March 2023 complementary to the Title Transfer Facility (TTF), which is a virtual gas trading platform that is widely used for gas transactions in the EU and that serves as the main benchmark to define the price of gas in wholesale contracts that in turn influence prices of retail markets.

Proposal for a regulation on enhancing solidarity through better coordination of gas

Commission proposals to fight high energy prices and ensure security of supply (press release, 18 October 2022)

Accelerating the deployment of renewable energy

EU energy ministers will seek a political agreement on a Council Regulation on accelerating the permitting process and deployment of renewable energy projects. The Commission presented a proposal on 9 November under article 122 of the treaty of the EU, designed for emergency situations.

The proposal has a strong link with the proposal for a renewable energy directive currently being discussed in trilogues between the Parliament and the Council and aims to accelerate the permitting for renewables in the short term and in a temporary manner until the provisions of the renewable energy directive come into force.

The proposal focusses on accelerating the permit-granting processes by setting maximum deadlines for granting permits for solar energy equipment, repowering of renewable energy power plants and increasing the acceleration of deployment of heat pumps. The draft regulation proposes that the planning, construction and operation of plants and installations for the production of energy from renewable sources is presumed to be an overriding public interest and therefore would derogate from a number of environmental obligations as included in several EU directives.

Proposal for a Council regulation laying down a framework to accelerate the deployment of renewable energy

REPowerEU: Commission steps up green transition away from Russian gas by accelerating renewables permitting (press release 9 November)

Gas market correction mechanism

The Commission is expected to present a proposal for a Council Regulation on a gas market correction mechanism to limit the price of gas in situations of extreme volatility before the Council meeting. If the Commission comes forward with the proposal, it is likely that the Commission will present this proposal to the ministers on the day of the Council and that this will be followed by an exchange of views by ministers.

The expected proposal would be a temporary emergency measure based on article 122 of the Treaty, introducing a market correction mechanism (or price ceiling) on the price of certain gas exchanges on the Title Transfer Facility (TTF), which is a virtual gas trading platform that is widely used for gas transactions in the EU and that serves as the main benchmark to define the price of gas in wholesale contracts that in turn define prices of retail markets.

Proposal for a regulation on enhancing solidarity through better coordination of gas

Commission proposals to fight high energy prices and ensure security of supply (press release, 18 October 2022)

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