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B6-0435/2008

## MOTION FOR A RESOLUTION

further to Questions for Oral Answer B6-0460/2008 and B6-0461/2008

pursuant to Rule 108(5) of the Rules of Procedure

by Esko Seppänen, Bairbre de Brún, Roberto Musacchio and Miloslav Ransdorf

on behalf of the GUE/NGL Group

on getting a grip on energy prices

**European Parliament resolution on getting a grip on energy prices**

*The European Parliament,*

- having regard to Rule 108(5) of its Rules of Procedure,
- A. whereas the price of energy affects the cost of most commodities and goods,
- B. whereas the price of natural gas is forecast to increase significantly in the coming heating season relative to the previous heating season,
- C. whereas, in the years to come, the energy crisis will worsen and become increasingly acute, whereas resources are not inexhaustible and whereas a solution to this problem needs to be found,
- D. whereas we are witnessing an unprecedented rise in fuel prices, and this scandalous surge is having a devastating effect on economic activity in various sectors: transport and other services, industry, agriculture and fisheries,
- 1. Notes that the world is approaching the so called oil-peak situation, which means that the supply of oil does not match the demand and the prices of oil and other fossil fuels are permanently high;
- 2. Points out that the oil price derivatives, the turnover of which has been as much as six times higher than real trade, are highly speculative and create market turbulences;
- 3. Notes that the harmonisation of the electricity and gas markets is an integral part of the liberalisation process of the European energy markets;
- 4. Notes that the main tool in liberalising and harmonising the energy markets is the price formation of wholesale electricity and gas; notes that the main trading places in the electricity markets will be the energy exchanges; notes that in such exchanges the price of electricity is independent of the general or average production costs and dependent on supply and demand with many speculative elements;
- 5. Notes that the aim of the harmonisation is to have electricity and gas priced in a similar way in all EU countries; notes that it does not result in lower prices in all Member States but results in price increases in those countries where energy is currently cheaper than in the EU on average;
- 6. Points out that in the wholesale spot market each operator submits a bid that comprises a price and the amount of electricity which can be supplied at that price, and the exchange then rewards the bidders with supply contracts, starting with the lowest bid, until the predicted demand is satisfied; notes that the bid of the last plant that receives a contract determines the price of all contracts, creating the same price for all electricity; points out

that the power plants are not paid according to their own bid but according to the bid of the marginal producer with the highest variable costs;

7. Notes that this price formation system, which is the key element of the harmonised electricity market, unduly favours hydro and nuclear power plants with their low variable costs, as they get the same price for electricity as those generating electricity by more expensive oil and coal;
8. Calls on the Commission to introduce alternatives for this kind of price formation, the automatic nature of which is the source of huge windfall profits for the energy giants;
9. Notes the built-in problems in the Emission Trading Scheme, notes that the auctioning system creates the securitisation of the emission allowances; notes that in auctions all the interested parties, including the financial speculators, are allowed to participate in the bidding;
10. Points out that the high and speculative price of the auctioned emission allowance does not create any problems for the energy generators, rather the contrary, because the price formation system allows them to include the price of emission allowances in the price of all electricity, independently of the emissions created in the generation of electricity;
11. Notes that, after auctioning, emission allowances are traded in the energy exchanges; notes that this kind of secondary market also brings the speculative element inside the price formation system; points out that the securitisation of emission allowances also creates a possibility of trading them as financial derivatives;
12. Points out the many proven speculative wrongdoings in energy exchanges, especially in the over-the-counter trade;
13. Calls on the Commission to introduce strict public control over OTC trading, which is currently totally free of any control;
14. Requests the Commission to react to the problems of the wholesale pricing of electricity in a liberalised and harmonised market and to create rules to eliminate the speculative elements of auctioning; considers the proposed secondary market for distributing emission allowances ineffective and speculative;
15. Requests the Commission to put forward proposals preventing energy poverty among the European consumers as a result of the undue price increases for electricity and gas;
16. Requests the Commission to act to uphold the competitiveness of European industries in relation to their counterparts in the global market;
17. Requests that the 'polluter-pays' principle should be adopted in all aspects of the energy markets but considers it intolerable that households and industries should pay for financial speculation in the price of energy and not only for climate pollution;

18. Believes that the Member States should introduce fiscal measures to combat speculation in fuel prices, notably by creating, at individual Member-State level, a tax on oil companies' profits arising from the 'stock effect';
19. Stresses that the ongoing process of liberalising markets and privatising public utilities such as the energy sector has not brought any visible gains in terms of prices, service quality or a reduction in public expenditure; notes on the contrary that consumers' and public service users' associations have reported price increases, a drop in the level of service quality and increases in the costs of provision; notes, furthermore, that liberalisation has contributed to the destruction of jobs and the creation of private monopolies that put the rights of workers, public service users and consumers at risk;
20. Rejects, therefore, the liberalisation of the energy sector and highlights the importance of public services for the promotion of social, economic and territorial cohesion in the EU; stresses that public structural sectors, like energy, should not be open to competition but rather should be owned and managed by public authorities, as the only way to ensure the quality, availability and affordability of the service provided and so guarantee the users' rights;
21. Stresses that ecological and social sustainability must be at the heart of the EU's and the Member States' public investment programmes; considers that more emphasis should be put on developing energy-efficiency measures, the use of renewable energy sources and the promotion of co-generation technologies; calls for a Community programme to support measures to improve energy efficiency in the Member States and thus reduce energy consumption;
22. Instructs its President to forward this resolution to the Council, the Commission and the Member States.