Following previous communications by the Commission\(^1\), in the State of the Union address on 14 September 2022, President Von der Leyen proposed an additional set of emergency measures to respond to record high electricity and gas prices\(^2\). The first measure is to reduce electricity consumption overall and during peak hours. A cap on the revenues of companies that produce electricity at a low cost is also proposed, as is a solidarity contribution that applies to unexpected profits of fossil fuel companies. Lastly, the President announced to do a deep reform of the electricity market in order to decouple the dominant influence of gas on the price of electricity. This package should contribute to lower energy prices and provide revenues that should be channelled to those who are most exposed to the high energy prices.

Member States have already taken measures to alleviate the impact of high energy prices, but they should give priority to targeted measures that can mitigate the impact of price rises for vulnerable consumers and SMEs. Targeted income policy measures are most effective in alleviating the income effects for the most vulnerable in the short term without counteracting the transition away from fossil fuels. The continued activation of the general escape clause in 2023 will provide the space for national fiscal policy to react when needed, while safeguarding the overall sustainability of public finances.

In the long-term, structural reforms and investments to make the EU economy more resilient are crucial. The Recovery and Resilience Facility with the new REPowerEU chapters as well as other EU funds can significantly support the reforms and investments needed to address the root cause of the problem; the dependence on fossil fuels.

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\(^1\) Already in October 2021, the Commission adopted the Communication ‘Tackling rising energy prices: a toolbox for action and support’, which sets out measures for Member States to tackle the exceptional rise in global energy prices and help people and businesses. Since then, the Commission has adopted the REPowerEU communication on 8 March 2022 presenting additional guidance, as well as the REPowerEU plan on 18 May 2022 to end the EU’s dependence on Russian fossil fuels.

\(^2\) Energy prices: Commission proposes emergency market intervention to reduce bills for Europeans