Energy prices have soared in the last months primarily due to fear to supply shortages and the increasing tightness of the global and European gas market mainly cause by Russian reduced gas flows to the EU. At the same time, electricity generation from certain technologies has been significantly below historical levels due to technical and weather-dependant circumstances.

Addressing the energy crisis is a priority for the Commission, which continues to explore solutions that will benefit the EU as a whole and protect citizens and firms from the impact of high energy bills. This is at the core of the initiatives proposed by the Commission, from the October 2021 toolbox on energy prices\(^1\) to REPowerEU\(^2\), where actions to address high energy prices and measures to reduce demand and dependence on Russian fossil fuels were proposed.

On 30 September 2022 the Council reached a political agreement on an emergency intervention to address high energy prices, in particular electricity prices. This emergency intervention includes i) an obligation to reduce electricity demand at peak hours; ii) a cap on market revenues for inframarginal electricity generation technologies, iii) retail price interventions; and iv) solidarity contribution on excess profits generated from activities in the oil, gas, coal and refinery sectors.

In relation to gas price caps for Russian gas and other sources, models are currently being analysed, following the mandate of the European Council last Spring\(^3\).

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\(^1\) COM(2021)660 final.

\(^2\) [REPowerEU: affordable, secure and sustainable energy for Europe](https://ec.europa.eu) | European Commission (europa.eu)