

Our reaction to the introduction of an EU gas price cap

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The Energy Council has voted for an EU gas price cap in spite of warnings from EFET and other industry representatives. What happens now?

- Even with some useful safeguards to limit or suspend the mechanism, we can still expect there to be changes in market behaviour. Governments should prepare for the next level of decision-making. For example: Whose contracts should be interrupted first if a gas shortage ensues? Which countries should get gas if signals about where it is most needed disappear? How will Europe attract additional gas supplies? And what support will commercial organisations now need to justify storage injection next summer?
- Political intervention remains one of the biggest risks faced by the energy industry and has the long term effect of reducing confidence. Authorities will need to monitor closely what happens to EU gas supply and demand in the light of this decision – a process which EFET will seek to support – and make sure the mechanism can be suspended if the effects are seen to be damaging. Equally importantly, they will also need to work hard to rebuild the trust among market participants and investors that will be key to delivering the safe, secure, competitively priced and decarbonised energy system which Europe urgently needs.

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