EUROCHAMBRES

PRESIDENT

Mr. Charles Michel
President of the European Council
Rue de la Loi/Wetstraat 175
B-1048 Bruxelles/Brussel
Belgique/België

18 October 2022

Subject: **Businesses need immediate action to help them cope with the energy crisis**

Dear President Michel,

The network of chambers of commerce and industry is in close contact with businesses across Europe trying to absorb the impact of spiralling energy costs. It is clear that the ongoing crisis situation and the associated developments on the energy markets continue to put European businesses under considerable pressure, with the growing possibility of production cuts and significant job loss. There is a real risk that companies, especially in energy-intensive industries, will relocate permanently outside Europe, which would lead to a loss of competitiveness and undermine the objectives of European strategic autonomy. The measures taken as part of the REPowerEU package, the 'save gas for a safe winter' package or the recently presented emergency measures to remedy the high electricity prices are a necessary first step. However, these measures are not sufficient to mitigate the dramatic impact of high energy prices on European businesses. Therefore, Eurochambres calls for four strands of action:

1. **Joint gas purchasing**

Joint action is needed to realise the full potential of the EU market power. A fragmented response to the energy crisis would likely lead to sub-optimal results domestically, both in terms of energy security and competitiveness. Therefore, a common effort from all member states is urgently needed. The EU Energy Purchase Platform that was proposed in the REPowerEU needs to become operational immediately to safeguard the gas supply.

2. **Gas price mechanism**

In order to prevent irreversible damage to the European economy, European chambers call for a mechanism to help businesses cope with high gas prices. Any such mechanism must be carefully considered given the negative economic effects that intervention in the market may cause. Price signals should therefore continue to provide incentives for energy savings and ensure maximum market stability.

To prevent blackouts and associated production cuts, any price mechanism, must ensure that global gas sellers, notably LNG providers, do not abandon the European market in search of higher prices from third country competitors.

3. **Gas demand reduction**

Further gas demand reduction is necessary to ensure security of supply in the coming months. However, these must take into account that extensive energy efficiency measures have already been implemented in most sectors; further pressure without paying attention to the feasibility of the measures could result in production cuts, which must be avoided.

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Moreover, the introduction of further saving targets must consider all targets that have been set in the past, in order not to produce further uncertainty among end consumers. The emergency plan "Save gas for a safe winter" adopted in the summer motivated businesses to save gas. One way to do this was to switch to other energy sources such as electricity. Due to the recent introduction of the electricity savings targets, businesses had to adjust their saving strategy again. Any further target must therefore be well thought out and balanced to ensure that companies are able to adequately plan for the future.

### 4. Alternative benchmarks to the Dutch TTF

Finally, in light of rising prices and continued volatility in the gas futures market, the role of the Dutch Title Transfer Facility (TTF) needs to be re-evaluated and the development of a new LNG import benchmark that more accurately reflects LNG market conditions needs to be considered. However, any measure must not affect the financial stability of the market system.

We call on the European Council to take the necessary decisions and urge that the elements listed above be taken into account when discussing the European Commission's proposal. Eurochambers stands ready to assist in this endeavor.

Yours sincerely,

Luc Frieden