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From: General Secretariat of the Council
To: Permanent Representatives Committee/Council

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Subject: The impact of rising energy prices and possible measures at national and EU level
- Exchange of views

Delegations will find in the annex a Presidency background note in view of the Extraordinary TTE (Energy) Council on 26 October 2021.

Presidency background Paper**Extraordinary TTE (Energy) Council, 26 October 2021**

On 13 October 2021 the Commission presented the Communication "Tackling rising energy prices: a toolbox for action and support", aimed at addressing growing concerns among EU citizens and businesses about the current spike in energy prices. The Communication requires a rapid and coordinated response. It sets out the main causes of the spike, the impact of the spike, and possible future trends in energy prices, and proposes a selection of possible measures for the attention of EU Member States. This "toolbox" sets out short- and medium term measures that Member States could take in order to mitigate the negative impact of high-energy prices, as well as coordinated measures that the Commission is considering taking in the medium term, in particular to ensure better preparedness and resilience in the EU energy sector.

Short-term measures suggested by the Commission remain mostly in the hands of the Member States. The Commission proposes financing measures from the revenue generated by EU ETS auctions, reducing levies and taxes on energy and providing state aid in line with EU competition law. In the Commission's view, the possible solutions should not interfere with the EU internal energy market or with ongoing efforts to support the transition to a decarbonised economy.

In the medium term, further investments in renewables, system integration (with enhanced flexibility and storage), renovating buildings and energy efficiency are seen as part of the solution to reduce reliance on fossil fuels and exposure to global price volatility. The Commission is also open to investigating, with the support of the Agency for the Cooperation of Energy Regulators (ACER), the benefits and drawbacks of the current design of the wholesale electricity market and to working on improving the functioning of retail markets. The Commission is also prepared to look into the possibility of creating strategic EU gas reserves, improving access to storage capacity and rendering the EU energy system more resilient, inter alia by exploring possible voluntary joint procurement of reserve stocks of gas.

On the basis of the toolbox proposed by the Commission, Member States are invited to exchange views on the following two questions:

1. How could EU level action support and complement the immediate measures taken by Member States to mitigate the impact of rising energy prices on EU citizens and businesses?
2. According to the Member States, are the medium-term measures proposed by the Commission sufficient to address the challenge of future energy price fluctuations? What further measures at EU and Member State level, including the use of EU financial tools, could be envisaged?
