



– Opinion Statement –

Winter Preparedness Action Plan: Europex welcomes market-based approach to achieving efficient demand reduction

Brussels, 1 August 2022 | At an extraordinary Energy Council meeting on 26 July, EU energy ministers reached a political agreement on a Council Regulation on coordinated demand reduction measures for natural gas, building on the “Save Gas for a Safe Winter” Plan by the European Commission published on 20 July. Europex welcomes the forward-looking action from both the Council and the Commission to enhance coordination on measures to reduce natural gas demand to alleviate risks in anticipation of full or partial supply disruption of Russian natural gas. This is a positive step to ensure solidarity between EU Member States and a strong message that Europe stands together in difficult times.

Proposal for a new Council Regulation on Coordinated Demand Reduction Measures for Gas

Europex strongly supports the assessment that measures to reduce natural gas demand must safeguard the proper functioning of the EU’s internal gas market and ought to be implemented in a cohesive and coordinated manner across EU Member States:

- We firmly support the guidance that measures to achieve a 15% reduction target for gas demand in Member States between 1 August 2022 and 31 March 2023 must “*not unduly distort competition nor the proper functioning of the EU’s internal market for gas*”¹.
- We agree that it is crucial that measures be implemented in a cohesive and consistent manner across EU Member States to fully unlock the potential of each initiative to reduce demand. A patchwork of different solutions may only serve to reduce demand in one Member State at the expense of another.
- Europex acknowledges, however, that each Member State faces unique challenges and differing national conditions in reducing natural gas demand. As such, the possibility for exemptions and derogations introduced by the Council should provide the necessary flexibility to reflect these varying needs while ensuring security of supply of the EU-27.

¹ Article 6, Proposal for a Council Regulation on coordinated demand reduction measures for gas ([link](#))

Communication on a European Gas Demand Reduction Plan

We agree with the Commission's assessment that measures should be market-based, which remains the most cost-efficient and effective way to reduce demand while mitigating long-term risks. In particular, we welcome the Commission's guidance on the prioritisation criteria for demand reduction to ensure measures are implemented in a structured way and limit potential disruptions to the internal market. Any national measure taken to reduce the consumption of gas should neither restrict nor block cross-border capacities.

Finally, we would like to emphasise that regulated energy exchanges play a key role in times of crisis amid a volatile supply situation. They provide essential price transparency and serve as a vital indicator of the physical underlying of the demand and supply situation in the market. They connect diverse gas sources to demand on a level playing field, and thereby help to improve security of supply. Transparent prices as provided by regulated energy exchanges are ultimately an important incentive to reduce demand – which is at the core of the proposed Council Regulation.

About

Europex is a not-for-profit association of European energy exchanges with 30 members. It represents the interests of exchange-based wholesale electricity, gas and environmental markets, focuses on developments of the European regulatory framework for wholesale energy trading and provides a discussion platform at European level.

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