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Answer given by Mr Jørgensen
on behalf of the European Commission
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Energy poverty and high energy prices in Europe need to be addressed urgently. Energy prices are a central factor for the competitiveness of European companies and for the wellbeing of citizens. The Commission has put forward a reform of the Electricity Market Design, which has been adopted by the co-legislators and is being implemented by the Member States, and it will continue its work to address these issues, including with an Action Plan on Affordable Energy as part of the Clean Industrial Deal.

Internal market rules already allow Member States to introduce certain short-term measures, for example regulated retail tariffs in compliance with the Electricity Directive¹ and incentives for consumers to shift their demand away from periods with tight electricity supplies. Also, regulatory restrictions to the participation of storage, demand response and independent aggregators in the electricity market should be removed in line with the Directive. Article 66a of the revised Electricity Directive extends the possibilities for short term interventions in retail markets in case the Council declares an electricity price crisis. The Commission will continue to work with Member States, including Cyprus, on the implementation of the Directive. Moreover, the Value Added Tax (VAT) Directive² includes the supply of electricity in the list of goods and services which can benefit from a reduced VAT rate.

Where genuine excessive profits arise, Member States may introduce fiscal measures to address them, provided that such measures do not interfere with the proper functioning of wholesale electricity markets and the investment incentives.

¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32024R1747>

² <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=celex%3A32006L0112>