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## **GASNATURALLY OFFERS PERSPECTIVES TO ADDRESS HIGH ENERGY PRICES**

GasNaturally welcomes the temporary emergency measures to reduce energy demand included in the European Commission's proposal on an emergency intervention to address high energy prices, which was discussed at today's Extraordinary Council meeting. Amidst the uncertainties ushered by the war in Ukraine and the spiralling energy prices, the proposed actions will have a positive impact on both security of supply and electricity and gas prices.

GasNaturally recognises the Commission's efforts to improve the situation for industry and consumers but points out that some provisions put forward could have unintended consequences.

The proposal envisions a solidarity contribution on the profits of energy businesses, which would be used to provide support to households and companies. However, we recommend that this positive proposal to lift the heavy burden put on EU citizens and businesses better reflect the realities of the sector and take into consideration the following:

- The solidarity contribution should be harmonised across the EU to avoid market distortion, *e.g.*, with a maximum applicable rate.
- The contribution should only refer to the profits linked to the operational activities. Those resulting from extraordinary items such as mergers or acquisitions should be excluded.
- The threshold of 20% increase of the average profit is too low to capture 'excessive' profits and the reference period for calculating such profits should exclude 2020, as Covid-19 led to extraordinarily low profits.

In addition, the energy crisis has a trickle-down effect on the transport sector, with an unprecedented price deterioration of cleaner fuel alternatives to diesel, such as bioLNG. Solutions must be found swiftly by governments to stabilise the CNG and LNG prices.

The situation in Europe is extremely worrying and the Commission is rightfully seeking solutions. The gas sector is contributing to the efforts to tackle the crisis and we are looking forward to pragmatic solutions to alleviate the pressure on households and businesses.

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GasNaturally is a partnership of seven associations across the whole gas value chain. Our members are involved in gas exploration and production, transmission, transport, storage, LNG terminals, distribution, wholesale and retail operations.

