



KADRI SIMSON

MEMBER OF THE EUROPEAN COMMISSION
ENERGY

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Mr. Peter Claes
President, IFIEC Europe
International Federation of Industrial Energy Consumers

Dear Mr Claes,

I would like to thank you for your email of 7 September to Ursula von der Leyen, President of the European Commission, and for your letter of 20 July to myself, which I read with interest. I take good note both of your concerns and of your suggestions.

The European Commission is aware of the difficulties faced by EU industries because of the current context of high energy prices. We fully recognise that a strong EU industry is a key element for growth in Europe and for our strategic autonomy. Increased gas and electricity prices also have significant social, distributional, and employment impacts, and the Commission is fully committed to working with Member States and stakeholders to mitigate them.

As you rightfully point out in your letter, the root cause of the high energy prices does not lie in the EU electricity market design. In its April assessment¹, ACER has shown that the current EU electricity market design brings significant benefits to consumers and to the EU economy as a whole. However, this does not mean that its functioning cannot be optimized.

In line with the mandate of the European Council, the Commission has engaged with Member states to exchange views and collect feedback about possible areas for electricity market reform. The main objective of this reform will be to bring the benefits of lower cost renewables to consumers by decoupling cheaper forms of generation as much as possible from the price of the marginal technology, which is still very often gas-fired powerplants. In addition, it will aim to ensure more liquid forward markets, better protection of consumers against excessive price volatility and high prices and excessive risk taking by suppliers.

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¹ European Union Agency for the Cooperation of Energy Regulators, [ACER's final assessment of the EU Wholesale Electricity Market Design](#), 29 April 2022.

The reform will achieve these objectives while preserving the benefits of a market-based electricity system with prices based on supply and demand. It will also improve the efficiency of cross-border trade will ensure that all forms of electricity can be freely traded between Member States.

I appreciate IFIEC's offer to contribute to this process and, although agenda constraints mean that I am currently unavailable for a meeting, I strongly invite you and your members to contribute in the future to this revision process by participating in the public debate. I can assure you that we will give due consideration to all the contributions that we will receive in this framework.

In addition, if there are points you would like to discuss on technical matters, I encourage you to contact the relevant teams in DG Energy for a bilateral meeting.

Yours sincerely,

A handwritten signature in black ink that reads "Kadri Simson". The signature is written in a cursive, slightly slanted style.

Kadri Simson