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### Energy price spike: Commission announces toolbox including consumer alleviation measures

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# Recent developments in European Consumer Law

SATURDAY 16 OCTOBER 2021

## Energy price spike: Commission announces toolbox including consumer alleviation measures

Europe – like most of the world – sits in the middle of an [energy crunch](#). Natural gas prices have gone up in the three digits (!) since 2020 and consumers are feeling the brunt: to give but an example, in the Netherlands several smaller companies have either informed their consumers that their monthly payments will have to go up considerably starting next January, or even have tried to terminate their fixed-term, fixed-price contracts in advance – to the point that the Consumer authority warned them that they do, in fact, [need to comply with their contractual obligations](#) (or go to court, one may add).

The spike in gas (and oil) prices has been mainly caused by the global production chains picking up again as the pandemic seems to have gone past its peak moment. For consumers, however, the origins of the phenomenon are less salient than its consequences on their ability to heat their homes this coming winter. Furthermore, energy anxiety in advanced and high-impact countries risk undermining the energy transition goals that have been set up in the past few years: suffice it to say that China has announced that its plans not to open new coal power plants will have to be reconsidered.

Against this background, the Commission has [announced this week](#) a “toolbox” meant to guide Member States in the effort to soften the impact of this new crisis on consumers, and in particular vulnerable households who suffer or are exposed to energy poverty. While some elements in the toolbox are related to general energy policy and hence not so interesting to report on here, a few are worth mentioning, in particular:

- Provide emergency income support for energy-poor consumers, for example through vouchers or partial bill payments, which can be supported with EU ETS revenues;
- Authorise temporary deferrals of bill payments;
- Put in place safeguards to avoid disconnections from the grid;
- Provide temporary, targeted reductions in taxation rates for vulnerable households;

The first measure seems to be inspired by actions recently taken in France, but also seems to mirror practice in the (formerly MS) UK. It goes without saying that this could be difficult for some MS to bear, especially after years of crisis in which the pandemic has already put a strain on public finances.

Deferrals may be a more attractive option for public actors, but they may exacerbate problems for providers, some of which have – to take the UK’s example – already [declared bankruptcy](#) since last month.

Safeguards against disconnections should be already part of the policy kit in this area. According to both the [2019 Electricity Directive](#) and the [Natural Gas](#)

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[Directive](#), Member States have the option to ban disconnections “at critical times” to protect vulnerable consumers. What these critical times are, however, is not defined, and neither is the notion of vulnerable consumers – which may or may not, according to the directive, refer to energy poverty.

The Commission’s communication emphasizes that in the long term, energy transition is the best insurance against price fluctuations on the fossil markets. This process, according to the Commission, should thus not be jeopardized by the current crisis.

The toolbox has been [positively received by BEUC](#); Member States, however, may or may not be receptive to the Commission’s push to put immediate relief centerstage, [being divided on many points](#) including the extent of the current threat for prices on their own as well as social cohesion.

Posted by [Candida Leone](#) at 21:17 

Labels: [energy](#), [gas](#), [green transition](#), [prices](#), [vulnerable consumers](#)

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