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Conclusions: Eurelectric Workshop with Electro Intensive Customers

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On Tuesday, 4 October, Eurelectric hosted representatives from a variety of electro intensive industries to discuss the impact of the ongoing energy price crisis. The conversation was structured in two parts: one on the adopted by the European Council and demand reduction measures that can be taken this winter, the other part being on the long-term measures including the proposed price and revenue caps.

It was generally agreed among the participants that **high energy prices will persist longer than presently foreseen.** These prices are making European-based industries much less competitive on the global market. **Many industries have already been forced to shut down much of their production capacity** and there is not a strong business case for reopening them in the short- and medium-term.

Many participants pointed to two key measures which can most effectively support large industry in the short term. The first being that **the State Aid rules should be simplified** to make the **reception of funds easier** for industry and **to revise the requirements of negative EBITDA and additionality** to be allowed to access aid. The second being an extension of the regulated tariff regime to large industrial customers, which would grant more certainty in terms of their operating costs.

During the discussion on longer-term measures, the participants made it clear that **the cap on inframarginal rents was not designed with industry in mind**, especially the rule being that industry must pay their energy bills up front and *may* receive compensation later. The participants were looking for measures which would provide long-term investment signals and provide some certainty for the medium- and long-term. Participants agreed that there is a need to take investment certainty into account when designing any future measures, to guarantee further electrification and decarbonisation.

When discussing **the cap on gas used to produce electricity**, the participants were **concerned about how the compensation would be financed and the impact of such measures on gas consumption and on forward market liquidity**. At the same time, participants expressed their openness to consider this kind of temporary measures which could effectively bring down their energy bills. It was raised that affected customers should not bear the costs of financing such measures.

It was agreed that it is imperative that **the market for Power Purchase Agreements (PPAs) and other forms of long-term supply contracts must be further facilitated.** Given the recent market volatility, the appetite for signing such contracts from suppliers has been diminishing lately. In the upcoming market design revision, **consideration must be given to ensuring the integration of long-term contracts** to serve both keeping industry strongly planted in the European Union, as well as continuing the work of decarbonising the energy sector. The consensus of the attendees was that **PPAs would be one of the solutions which would provide affordable energy to currently struggling industries**.

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