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EPSU Statement on the future of our energy supply at a time of crisis

The future of Europe's energy supply but also the energy transition is facing a deep crisis exacerbated by Russia's military invasion of Ukraine. It comes at a time when Europe had already been facing rising prices of energy, above all gas. The consequences for workers and users will be serious in Europe, especially in countries highly dependent on Russian gas, oil and coal imports.

The European Federation of Public Service Unions (EPSU) represents energy workers and their unions. Our members stand in solidarity with Ukrainian workers and the people who face incredible hardships as a result of the war. The suffering will also impact workers and people in Russia and Europe, as the consequences of the war are felt.

The workers our members organise act in support of Ukrainian comrades, like British energy workers who refused to unload liquefied natural gas from a Russian carrier.¹ Our members also express their concern and solidarity towards Ukrainian workers in nuclear power plants who are risking their lives to keep their plants safe and functioning. Several of them are hostages like in Chernobyl and in Zaporizhzhia - Europe's largest nuclear power plant, employing 12.000 workers.² We applaud their bravery to keep Europe safe.

Prior to the war in Ukraine, long-term forecasts had shown that the rapid increase of energy prices was not simply a hiccup of the market. Instead, the prices are signals of deeper problems linked to our energy policy in Europe, like liberalisation, austerity or restriction of state control.

The European Commission had projected that prices for electricity and gas would stay high until at least 2023, driving inflation and seriously affecting the livelihoods of many citizens across Europe and the competitiveness of European industry; putting many jobs at risk.³ In light of the ongoing war in Ukraine, these underlying problems are expected to worsen dramatically over the coming months.

We need to raise fundamental questions about the energy future we want. Low-carbon, affordable and reliable energy supplies at competitive, accessible and stable prices are needed to deliver the right to energy as well as energy for our industries and public services.

¹ <https://www.unison.org.uk/news/2022/03/energy-workers-put-a-spoke-in-putins-war-machine/>

² <https://www.reuters.com/world/europe/staff-ukraines-zaporizhzhia-nuclear-plant-under-russian-orders-iaea-says-2022-03-06/>

³ <https://www.euractiv.com/section/energy/news/leak-energy-prices-will-remain-high-and-volatile-until-at-least-2023-eu-commission-says/>

We do not need further liberalisation of energy markets in Europe. Instead, we need to strengthen the public service of energy supply.

The damaging trend of liberalisation of electricity and gas needs to be reversed. It has delivered few benefits while making it difficult for governments to assume control over the energy supply. It also makes it difficult to protect users by ensuring that they have access to the energy they need at an affordable price. Profound reforms are needed to realise a right to low-carbon energy for people in Europe.

We need profound reforms to protect users from rising energy prices

The deep crisis we are facing cannot be tackled by small tweaks to the current system. We must embrace fundamental reforms to enable us to actively steer all parts of our energy system towards net-carbon neutrality in a way that is climatically and economically sustainable as well as socially just. Reform must also reduce our dependence on energy imports in the EU. We must also prioritise diversification of supply sources and routes. Public control, planning and ownership of energy supply and resources is an important part the answer. Above all, it is crucial to return to the notion of public ownership.

EPSU published a policy brief on the ‘Right to affordable, clean energy for all Europeans’⁴ in early 2022. The briefing shows that energy poverty cannot be solved by “letting the market play its game”. Energy poverty affects over 50 million Europeans. This number was already growing rapidly before the war in Ukraine crisis and is now likely to explode. EPSU sets out how emergency measures should be accompanied by sustainable long-term structural solutions such as a socially-just, low-carbon transition in the job market, adequate income and social protection, fair pricing, fully subsidised renovation and energy efficiency programmes.

The current situation of high electricity prices led to extraordinary profits for energy giants, in particular those with a fossil fuel productive capacity. In a situation where many people struggle to heat their homes and pay their bills, windfall taxes would allow to catch the extraordinary rents realised by firms, especially in this period of time. These tax revenues are to be earmarked and paid directly to low-income households. National governments should also implement reduction of taxes on energy bills. These measures could be immediately effective and help to tackle energy poverty. Unions across Europe have demanded them for years.

However, a system that ties the price of electricity to the price of gas is fundamentally unsuited to ensure that Europeans have access to affordable energy, especially at a time of turmoil. Reform is direly needed.

The war in Ukraine also underlines that the current storage capacity of Member States and the European infrastructures dedicated to gas management (regasification plants, European gas interconnection network between the various states) are not adequate to absorb gas price shocks. The share of renewables in Europe is still too low to overcome these problems alone. These factors, in the framework of a liberalised energy market, expose domestic and industrial users to speculation.

⁴ <https://www.epsu.org/article/guaranteeing-right-affordable-clean-energy-all-europeans>

To shield users from such peaks in prices, we call for regulated prices of electricity and gas for households and a ban on disconnections to protect domestic users. A phase-out of regulated energy prices would threaten one of the most effective ways to assist people in and at risk of energy poverty. While the '*Joint European Action for more affordable, secure and sustainable energy*' published by the Commission does recognise regulated prices as a legitimate tool to protect consumers, it does so only if they work to ultimately "ensure continued transition to full competition."⁵ That the use of an important tool such as price regulation is conditioned on the participation to the free-market dogma of achieving full competition is cynical and ignores the legacy of market dynamics in the energy sector.

Lastly, we have called for a ban on disconnections and the supply of a minimum amount of energy for all. This demand has now been realised concerning electricity by the French public utility company EDF.⁶ However, this only affects France for the moment and it does not address the problem of self-disconnections. We demand that such bans on the disconnection of energy as a primary, essential good be generalised by Member States. This should include the effective tackling of the problem of self-disconnections.

Promoting a public goods approach to energy and recognising its role as a key public service

While regulated prices, bans on disconnection and windfall taxes are urgent measures that should be adopted without delay, we need to reflect about the future energy system we want. EPSU promotes energy as a public service rather than just a commodity to be provided for profit.

Public services (generally defined in the treaties as services of economic interest general or SGEI) are recognised by the Commission as playing an essential role for the common values of the European Union: "not only do they promote social and territorial cohesion and promote the well-being of people in throughout the EU, but also make an important contribution to its economic development⁷." These SGEIs include energy supply.

In 2019, EPSU published a policy brief to outline demands for 'A Decarbonised, Affordable and Democratic Energy System for Europe'.⁸ The report shows how the liberalisation of the energy system has provided few answers to the advancing climate crises. The wide-spread use of viable alternatives to carbon-emitting energy sources has largely been delivered with the aid of considerable public subsidies and not free market competition. The report shows that, without change of the current model of the energy system in Europe, we will fail to meet our commitments under the Paris Agreement.

⁵ https://ec.europa.eu/commission/presscorner/detail/en/ip_22_1511

⁶ <https://www.edf.fr/en/the-edf-group/dedicated-sections/journalists/all-press-releases/edf-will-no-longer-request-that-electricity-be-cut-off-to-its-residential-customers#:~:text=12%20Nov%202021-,EDF%20will%20no%20longer%20request%20that%20electricity,off%20to%20its%20residential%20customers&text=EDF%20is%20making%20a%20commitment,supply%20cuts%20throughout%20the%20year.>

⁷ [https://www.europarl.europa.eu/meetdocs/2009_2014/documents/com/com_com\(2011\)0146_/com_com\(2011\)0146_en.pdf](https://www.europarl.europa.eu/meetdocs/2009_2014/documents/com/com_com(2011)0146_/com_com(2011)0146_en.pdf)

⁸ <https://www.epsu.org/article/going-public-decarbonised-affordable-and-democratic-energy-system-europe-new-epsu-report>

Despite the lack of demonstrable success, policymakers in Europe continue to follow the same route of further liberalisation. The Commission and EU agencies such as the European Union Agency for the Cooperation of Energy Regulators (ACER) continue to call for lower barriers for market participants in order to get prices under control.

Experience suggests that the opposite is the case. The example of the UK shows how excessive liberalisation increases volatility of the markets. It ultimately leads to a situation where price fluctuations derail many participants who are reckless with consumer deposits, fail to hedge correctly and are ultimately unable to weather high wholesale prices. This system mutualises losses across the whole user base but privatises the gain into the handful of investors. This adds additional costs to users already facing a sharp increase in energy bills. In the British case this was estimated over 110 pounds by market analysts.⁹

A democratic, open and bias-free debate about our energy future

To conclude, we call on the Commission to prioritise an open debate on our energy future in the interest of people and planet. Such a debate must take seriously alternatives to the energy market and current free-market dogmas.

One contribution to this debate is the Trade Union Program for a Public, Low-Carbon, Energy Future.¹⁰ The program has been drafted by Trade Unions for Energy Democracy. This is a network that brings together 89 trade union bodies from 26 countries on six continents addressing the present state of and future visions for our energy systems. It outlines an alternative to current neoliberal climate and energy policies that have failed to halt the rise of greenhouse gas emissions and that leave users at the mercy of a volatile market. It offers a blueprint for future public and democratic energy systems in the interest of people and planet.

The debate must include an independent examination of the effects of energy liberalisation on our energy supply and our ability to address the challenges of decarbonisation to get to net zero. It must involve trade unions as well as civil society and representatives of energy poverty organisations. Europe's energy unions in EPSU are ready to engage in this debate. We want to deliver low-carbon, affordable, reliable energy supplies, to deliver the right to energy for Europe's people, our industries and our public services.

⁹ <https://www.theguardian.com/money/2021/nov/29/collapse-of-uk-energy-firms-could-cost-each-household-extra-120>

¹⁰ https://www.epsu.org/sites/default/files/article/files/Trade%20Union%20Program%20for%20a%20Public%20Low-Carbon%20Energy%20Future_0.pdf