

## EUGINE Statement on Emergency Interventions to Address High Energy Prices

29 September 2022

EUGINE is the European association representing manufacturers of engine power plants and their key components. Engine power plants are an integral part of the energy system at both distribution and transmission level. They provide efficient and reliable power and heat and can run on a multitude of fuels, including biogas and hydrogen.

The members of EUGINE recognise the need for a coordinated European response to tackle the impact of high energy prices on households and businesses. We would nevertheless like to underline that, in order to preserve market signals, the functioning of **electricity markets needs to be protected to the maximum extent possible**.

In that context, **a European cap on market revenues and their redistribution to final customers is a second-best option**, as taxation remains each Member State's prerogative.

When designing an EU-wide cap on market revenues, it will be especially important that investment and operating costs of generators are still covered. Our assessment is that this is currently not the case with biogas plants, which in some cases (especially if running as peaking plants) have a higher cost (LCOE) than 180EUR/MWh.

When defining the revenue cap for the production of electricity, we therefore urge Member States to:

- Exclude from the cap electricity produced in plants that provide both heat and power (cogeneration or CHP plants) and in plants that use, at the same time, natural gas and other renewable fuels such as hydrogen and
- in that regard, define the exact meaning of "hybrid" plants.
- Exclude plants with an installed capacity of up to 1MW.
- Exclude both biogas and biomethane from the sources listed in Article 7 of the proposed regulation.
- Take into account that investment and operating costs need to be covered for all power generating technologies and avoid any administrative price-setting.
- Ensure that the revenue redistribution does not lead to unwelcome market outcomes such as increased demand.

Above all, **it is of utmost importance that any such emergency market interventions have a clear end date** – any extensions to the currently discussed validity period should be avoided.

The present crisis stems from an exceptional situation, which justifies exceptional measures. It should not be used to justify long-term interventions in electricity markets that risk putting in peril the energy transition and investment in key technologies.

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EUGINE is the voice of Europe's engine power plant industry. Our members are the leading European manufacturers of engine power plants and their key components.

Engine power plants are a flexible, efficient, reliable and sustainable technology, helping to ensure security of electricity supply and providing (renewable) electricity and heat.

For more information please see [www.eugine.eu](http://www.eugine.eu)