

# HANDOUT

## Case Study : Energy Crisis Response in the EU: Navigating the Perfect Storm

### 1: Introduction

The invasion of Ukraine by Russia in 2022 triggered an energy crisis in Europe, leading to soaring prices and supply disruptions. Despite these challenges, the EU (and the member States<sup>1</sup>), see here responded by accelerating the clean energy transition and reducing dependence on Russian fossil fuels.

**Commission :** *'The options for dealing with the impact of increased energy prices on our citizens and business, presented in this paper cover emergency time -bound interventions to limit the rise of energy prices, which should not jeopardise the long term objectives of the Green Deal, nor the functioning of the Single Market None of them is a silver bullet and all of them carry advantages and drawbacks'.*

- Read the [Communication on Energy Prices](#) : What is the origin and the purpose of the so-called toolbox of measures to tackle exceptional situation ?

### 2: The EU's Response

The EU launched the [REPowerEU](#) strategy to promote renewable energy sources and increase energy efficiency measures. Member states revised renewable energy targets, leading to a significant increase in solar generation and a reduction in gas consumption. The shift towards LNG imports helped offset the shortfall from Russian supplies.

- What is the [REPowerEU](#) plan, how is it financed and what was its effect ? How do you assess it as an emergency (short-term) measure ? What are the recent landmark initiatives on measures to increase renewable energy capacity, improve energy efficiency, and modernize energy infrastructure<sup>2</sup> ?

**Example:** The crisis prompted the European Commission to revise and strengthen the [Renewable Energy Directive \(RED\)](#) and the [Energy Efficiency Directive \(EED\)](#). These directives set binding targets for renewable energy use and energy efficiency improvements in the EU member states. Additionally, the Commission introduced carbon pricing mechanisms, such as the EU [Emissions Trading System \(ETS\)](#), to incentivize emissions reductions.

- How do you assess those as structural (long-term) initiatives ?

### 3: Challenges and Lessons Learned

The crisis highlighted the importance of policy interventions and price signals in changing consumer behaviour. Challenges such as unintended consequences of national support measures and the risk

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<sup>1</sup> For Member States response, see [here](#).

of increased fossil fuel subsidies were addressed. Lessons included the need for targeted and socially just support measures and European governance of fiscal policies.

#### 4: Evolution of Climate and Energy Governance

The Energy Union and [European Green Deal](#) played critical roles in strengthening energy-climate policies<sup>3</sup>. The framework focused on energy security, market integration, efficiency, emissions reduction, and research and innovation. Governance regulation solidified renewable energy targets and set ambitious climate goals for 2030 and beyond.

#### 5: Strengthening the Single Market

The crisis tested the resilience of the Single Market, leading to central coordination of national energy policies and regulatory reforms. Price signals influenced consumer behavior and investments in LNG infrastructure. Strengthening mutual trust among Member States and fostering regional cooperation are essential for optimizing the integrated energy market's potential.

#### 6: Enhancing Energy Resilience

Europe must diversify energy sources, invest in clean technologies, and strengthen cybersecurity measures to fortify its energy infrastructure. Strategic reviews of the gas security framework and investments in critical materials are imperative. Coordinated market integration and policy measures are essential for a secure, sustainable energy future.

#### 7: Energy Prices and Security of Supply

Emergency measures focused on diversifying supplies and enhancing gas storage reserves to ensure energy resilience. EU countries swiftly transitioned away from Russian fossil fuels and increased energy autonomy following the crisis.

The implementation of Article 122 legislative measures and joint action resulted in stable energy prices and reduced dependence on Russian imports.

**Comment - case study : Art 122 as a Legal Basis for Energy Emergency Measures:** Article 122 TFEU provides a legal basis for the EU to adopt legislative measures in response to circumstances threatening the economic stability of member states. While Article 122 has been primarily used in the context of financial assistance during economic crises, its application to energy-related measures has been subject to debate and legal scrutiny.

One notable case involving the use of Article 122 in the energy sector is the "[Pringle case](#)" (C-370/12). In this case, the Court of Justice of the European Union (CJEU) addressed the legality of the European Stability Mechanism (ESM), an intergovernmental treaty establishing a permanent stability mechanism for the euro area.

The CJEU clarified that Article 122 could only be invoked in situations of exceptional economic circumstances, such as natural disasters or external shocks, which directly threaten the financial stability of one or more member states. The Court emphasized that Article 122 cannot be used as a general legal basis for establishing permanent mechanisms or for measures unrelated to the stability of the euro area. Several EU Member States have expressed concerns on the legal basis for energy emergency regulations. On October 6, 2022. Overall, while Article 122 provides a legal basis for EU action in response to economic crises, its application to energy-related measures may be limited and

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<sup>3</sup> EC. (2019a). The European green deal

subject to interpretation by the CJEU based on the specific circumstances of each case and the principles of EU law.

- Summarise and present the [concerns of member states](#) on an emergency intervention to address high energy prices

**Example** : Hungary expressed its concerns about the proposed regulation 2022/1854: “*The Hungarian delegation expresses its reservation on the choice of the legal basis of this Regulation, as article 122 of the TFEU cannot be the sole legal basis for the solidarity contribution, which includes provisions of a fiscal nature, that should be discussed and adopted accordingly with unanimity.* Poland also disputes the legal basis of the Regulation: “*The Republic of Poland takes the view that, during the negotiations in the Council of the EU on the draft Council Regulation on an emergency intervention to address high energy prices, the European Commission failed to provide sufficient justification for its conclusion that its proposed new measures, and in particular the ‘solidarity levy’, did not constitute measures of a fiscal nature*”

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<sup>4</sup> Brussels, 24.10.2023, COM(2023) 650 final.