

Ensuring a Resilient and Market-Driven EU Energy Security Framework

Brussels, 13 October 2025 - Energy Traders Europe welcomes the opportunity to participate in the revision of the EU's Security of Supply Framework. The revision **represents an opportunity to strengthen Europe's approach to the energy trilemma** – balancing security of supply, sustainability, and affordability. These three objectives are often portrayed as being in tension, yet Europe's experience over recent decades shows that **they can reinforce one another when markets are allowed to function**.

Below, we offer our views on how to ensure energy supply security in a cost-efficient manner. We stand ready to engage in direct dialogue with the European Commission and the co-legislators on the issues described.

Key messages

- 1. Adopt Smart Streamlining for Maximum Impact**
Policy option 1 ensures that the revision is effective by simplifying rules, avoiding technology-specific mandates, and providing Member States with flexibility to tailor measures to national circumstances.
- 2. Preserve Market Functioning to ensure Secure Supply**
A well-functioning internal market for both gas and power remains the most reliable mechanism to ensure energy security and efficiently allocate resources.
- 3. Limit Regulatory Interventions and Keep Emergency Measures Temporary**
Interventions should be minimal, targeted, and strictly time-bound, supporting vulnerable consumers without undermining market signals or long-term resilience.

Detailed comments

European energy markets have proven to be very resilient during the 2021-2023 energy crisis. Supply shortfall from Russia, combined with baseload capacity outages, a few network incidents (e.g., 07/01/2021 in Croatia, 21/06/2025 in South-East Europe, 28/04/2025 in Spain), and severe drought conditions in most EU countries, led to temporary price spikes on both gas and power markets. While this challenged affordability of energy – especially for the most vulnerable consumers – price signals ensured security of supply by directing energy where it was needed, including via imports from other regions.

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Well-functioning markets have ensured the optimal use of infrastructure amid this crisis, but uncoordinated regulatory interventions put this mechanism at risk. As a core principle, market-driven diversification, robust governance, as well as coordinated network and assets development planning provide the most effective safeguard against current and future energy crises.

The EU framework revision's focus should thus be on **facilitating collaboration rather than imposing detailed or technology-specific solutions**, leaving Member States to define additional rules according to national circumstances if necessary. Out of the four policy options presented, **"smart streamlining" (policy option 1) is thus the most appropriate** as well as in line with the EU's simplification agenda. Nevertheless, a "target streamlining" (option 2) could be considered as the least distortive fallback option, provided it is exclusively focused on provisions dedicated to cybersecurity and safety risks on infrastructure.

Market-driven diversification, supported by interconnected infrastructure and transparency, remains the **most effective approach to ensure supply** security without creating unnecessary costs. To ensure a resilient, market-driven EU Energy Security Framework that meets both immediate operational requirements and long-term systemic challenges, we recommend the following:

1. The Market Contributes to Energy Security

Experience from 2022 shows this clearly: when Russian gas supplies stopped, prices responded, which enabled Europe to massively increase LNG imports. The market functioned as intended and handled the situation remarkably well.

The 2021–2023 energy crisis was driven by a rapid post-pandemic demand recovery, low nuclear and hydro output, and supply shortfall from Russia. Prices responded effectively, redirecting volumes and incentivising energy efficiency, while governments sought to protect the most vulnerable consumers. **No supply interruptions occurred to any EU end-user**, neither on electricity nor on gas, demonstrating that the market responds swiftly when functioning properly.

The EU's most **significant contribution to energy security, therefore, lies in defending the integrity of the Internal Energy Market**. A stable, liquid, and interconnected market provides the most effective safeguard against supply shocks. In this context, price spikes should not be seen as a signal of crisis as such but as a necessary sign that helps the market re-balance. Where interventions are unavoidable, they should be **time-limited, regularly reviewed, removed once conditions allow, and exclusively triggered in declared emergency situations**. They should support vulnerable energy consumers first and not disincentivise hedging or the development and use of new flexible capacity.

2. Europe Will Continue to Rely on a Mix of Energy Carriers

Biogas, hydrogen, renewables, and other low-carbon sources are all crucial. However, they will not eliminate import dependency.

Europe's energy system is undergoing a profound transformation, with increased electrification, growing renewable deployment, and the emergence of hydrogen, biomethane, and other renewable gases as key energy vectors for enabling decarbonisation. However, **gas will remain critical as a backup for electricity** and to balance variable renewables. Hence, safeguarding critical gas-fired plants and infrastructure is essential alongside the development of new flexible assets and services (electric storage, demand-side response). This will also need to be considered when designating parts of the gas network for conversion into hydrogen.

Most importantly, future frameworks should **prioritise market-driven solutions, remove barriers to efficient market functioning, and resist prescriptive interventions**. Integrated planning across electricity, gas, and hydrogen systems is needed to enhance flexibility, maintain grid reliability, and allow renewable electricity to be stored or converted (e.g., into hydrogen).

Gradual, market-driven electrification supported by the EU ETS, combined with mass-balancing of renewable and low-carbon gases throughout Europe's gas network, will be cost-efficient and contribute to both decarbonisation and security of supply.

3. Regulatory Interventions Undermine the Market

Minimum storage fill levels should not be set at the EU level. Distortive regulatory interventions should be resisted. Policy should focus on removing distortions, not adding new ones.

Market interventions can be damaging. For example, EU-wide minimum gas storage filling levels, while justified in the specific 2022 scenario, have since created costs without delivering additional security. Emergency interventions should remain very **limited**, market-driven signals should guide preparedness, and open cross-border markets should be maintained to strengthen resilience. Accordingly, we urge the Commission to **rule out an extension of the EU gas filling targets beyond 2027**, while CBAM provisions on electricity imports should be streamlined.

New provisions that have the potential to limit the sources of gas available to EU importers, such as requirements under the Methane Emissions Regulation, risk reducing supply security by jeopardising diversification and the signing of new contracts, as well as increasing costs for European consumers. Similar consequences can be brought about by the introduction of "benchmarking" of sources of supply. Any such measure needs to be prepared in close cooperation with the industry to prevent unintended consequences. In general, we understand the need to trace the origin and the environmental qualities of energy imports, **yet tracing and tracking systems must not undermine security of supply or overlook practical market dynamics.**

The inclusion of electricity imports within the scope of CBAM should respect the principle of proportionality, ensuring that a proportionate carbon price is applied to these imports and that transit flows are duly accounted for. This is crucial to ensure that CBAM is fit-for-purpose, leading to a more efficient use of cross-border interconnections between the EU and third countries, preventing unnecessary renewable curtailments, and promoting the uptake of low-carbon electricity production in third countries.

Finally, the Commission should **closely monitor adherence to article 66a of the Electricity Directive (2019/943)**, to ensure that national measures to limit the effect of high prices on certain consumers are **only taken in times of crisis**, and that they do not lead to distortions of the internal energy market.

4. Emergency Management

Governments do have a role to play in a crisis when wholesale markets stop operating: crisis coordination and crisis management. But TSOs should do their utmost to maximise interconnection capacity made available for cross-border exchanges, so that we don't get to that crisis stage.

Existing rules, including **solidarity agreements** requested by both the gas SoS Regulation 2017/1938 (Art. 13) and the electricity risk Preparedness Regulation 2019/941 (Art. 15), should be fully implemented before introducing new measures. Limited cross-border coordination continues to undermine preparedness and resilience, and national measures for emergency management must not compromise neighbouring Member States.

Maximising interconnection use facilitates cross-border trade, provides flexibility, and mitigates the risk of curtailments. System operators must continue to harmonise technical procedures, specifications, and standards across Europe to avoid disruptions in the power and gas grids. Clear governance structures at both regional and EU level will ensure coordinated planning and consistent implementation.

5. Clear Governance Is Necessary

The EU and Member States' actions should complement each other – each bringing its added value while respecting subsidiarity. The Security of Supply Regulation can set objectives and foster coordination, but concrete measures should be designed and implemented at the Member State level.

Crisis management during 2021–2023 exposed the **fragmented nature of emergency responses** and the **lack of clarity around preparedness responsibilities**. Clear governance structures are required, with defined roles for the EU and for Member States when it comes to preparedness, crisis management, and coordinated enforcement. Procedures must be **simplified and harmonised**, and a holistic system of monitoring the costs and benefits of different crisis

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response measures should be introduced. Regional Coordination Centres could take a more prominent role in electricity crisis management to ensure early warning and coordinated action.

To further preparedness, any additional alert level for crises, notably a third level of alert for electricity and the concept of an 'EU alert' crisis level, should be carefully considered. More specifically, the physical reality of electricity (faster degradation) raises the question about the **added value of a third level** and how it would fit with the existing ones. Streamlining efforts with matching crisis alert levels also needs clarity on the subsequent measures taken linked to these new alert levels. We recommend for electricity that there be a clear signal of incoming supply tightness for better market participant readiness and leave interventionist measures only for the highest level of alert.

6. Better Coordination Between the Power and Gas Sectors Is a Positive Development

Gas played a crucial role in supporting electricity generation. Furthermore, recent experience has shown that CCGTs (Combined-Cycle Gas Turbines), alongside other flexible capacity assets, are essential for ensuring the stable operation of the electricity system (particularly in a context of renewable integration), as well as for system recovery in emergency situations. This underlines the need for **closer cross-sector coordination regarding emergency prevention** as well as system restoration. Risk assessments and emergency planning should be consistent, and TSOs should strengthen collaboration. Sector-specific safeguards remain essential, but frameworks should allow flexibility to manage spill-over effects between sectors, while respecting the physical differences of electricity and gas.

In short, the goal should **not be to merge the frameworks**, but to ensure they are **consistent and mutually reinforcing**, so that sector-specific safeguards and cross-sector efficiency work hand in hand.

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