

Joint Penta statement on competitive electricity prices for businesses and industries

We, the energy ministers of the Penta countries (Belgium, The Netherlands, Luxembourg, France, Germany, Austria, Switzerland), are committed to closely cooperate to ensure competitive electricity prices and a strong industrial and economic position on the global market while working towards our joint vision for a decarbonized electricity system¹.

We share the concern that competitive electricity prices directly touch upon the economic security and interests of both the Penta region and Europe as a whole. They are also essential for driving electrification as an important means for decarbonization, and are thus an important element to support the energy transition on the level of businesses and industries alike.

We recognize the differences in electricity prices, stemming from the choice of energy sources, characteristics of the grid, taxation, and other surcharges. At the same time, we are united in the urgent challenge to ensure Europe's competitiveness and to address both efficiency and allocation of costs of electricity supply. To address this, we need innovation, a level playing field within and outside Europe, coherent rules for the pricing of electricity, as well as close collaboration, including at regional level.

We therefore call upon the new Commission for the following:

- Without prejudging future discussions on the Multiannual Financial Framework, **ensure a robust Connecting Europe Facility** to address the urgency and complexity of energy-related projects with cross-border relevance, and **facilitate access to PCIs, PMIs and IPCEIs status**, including for SMEs and smaller Member States, to help accelerating the development of interconnection project.
- Call upon the European Investment Bank to explore **complementary and innovative financing instruments** for energy investments, such as Europe-wide de-risking, innovative loans, and equity investments, with a view to streamlining and targeting efficient ways to mobilize public and private investments, and further facilitate competitive PPAs for the industrial sector.
- Propose measures to mitigate the challenge of coordination, costs and risk sharing while reinforcing existing and developing new **energy infrastructures**, and come forward with further proposals for fair and proportionate solutions in this respect.
- Accelerate permitting for sustainable energy infrastructure and renewable energies to speed up the availability of low-cost electricity.
- Act upon the Draghi recommendation to propose guidance to **coordinate electricity grid tariff methodologies**. Furthermore, ensure adequate financing of grid costs, to

enhance competitiveness and facilitate electrification across Europe while duly considering subsidiarity and competencies of national regulatory authorities.

- Provide a **framework for the swift development of flexibility** and granular market products across borders by means of standards, interfaces, and communication protocols to ensure better interoperability of equipment, leveraging advanced digital solutions for efficient, convenient, and automated capabilities that allow end-users to fully exploit flexibility potentials without undermining high levels of cybersecurity provided under union and national law.
- In view of fostering security of electricity supply as electrification advances, assess the regulations on electricity markets and risk preparedness regarding their suitability to address electricity crisis situations as well as increasing needs for cross-border cooperation in the dimensioning and operation of reliable capacities, and **evaluate the role of cross-border reserves and capacity remuneration mechanisms** with a view to facilitate their implementation.
- Swiftly conclude the **delegated act on low-carbon hydrogen** to establish a secure and reliable legal framework conducive to the production of climate-friendly hydrogen. This includes finalizing methodologies covering the entire life-cycle of greenhouse gas emissions, including for carbon capture, utilization, and storage (CCUS), as well as for electricity-based low-carbon hydrogen.

The above elements will constitute important contributions to a European framework addressing the challenge of competitive electricity prices in a coordinated fashion while undermining neither the European single market nor our efforts to drive the energy transition forward.

In turn, as Penta, we fully recognize the importance of consistent, clear-cut and efficient national frameworks. In line with the recent report by Mario Draghi on European competitiveness, we are committed to strive for better coherence of national rules to ensure a market environment that is highly attractive for investments and innovation, thus allowing competitive electricity prices to unfold. To this end, **we will pursue and deepen our joint work in the following areas:**

- **Flexibility:** as electricity production patterns become increasingly variable, electricity prices will follow suit and get more volatile. To leverage the full potential of low-price periods while avoiding price spikes, flexibility on all scales will be a crucial feature of tomorrow's electricity system and an important determinant of final end-consumer prices. Penta will build on its 2023 flexibility study² to jointly address the

¹ <https://www.benelux.int/wp-content/uploads/2023/12/Statement-by-Penta-Ministers-on-a-joint-vision-for-a-decarbonized-electricity-system-short.pdf>

² <https://www.benelux.int/nl/etude/power-system-flexibility-in-the-penta-region-current-state-and-challenges-for-a-future-decarbonised-energy-system-2/>

identified barriers, streamline support schemes, and assess the benefits of existing and possible new, more granular market products , with a view to better exploit flexibility potentials on a national and cross-border level for the benefit of end-consumers.

- **Grids:** electricity grid tariffs represent an important part of end-consumer prices. In accordance with the National Regulatory Authorities' and Grid Operators' competencies, Penta will collaborate with a view to render grid tariffs more efficient through assessing the current European framework, more coordinated grid development, better financing, and more coherent and purposeful incentives for end-consumers. Together, we will strive for a better understanding of our future system needs and related risks, finding synergies and potentials for cost reduction.
- **Energy security:** security of energy supply is a crucial prerequisite for investments and economic well-being. However, security provisions also come at costs that are reflected in end-consumer prices. Cross-border cooperation

allows to deploy synergies and economies of scale, and thus to effectively lower those costs while fostering energy security. Penta will build on its extensive work in the past to further its joint work in the field of electricity adequacy, reserves and reliable capacities, as well as risk preparedness in line with the MoU from 2021³.

- In addition, Penta will equally continue its joint work in other fields, especially in the field of electricity market design, with positive repercussions on competitive electricity prices, and will engage in close concertation with other regional fora such as the North Seas Energy Cooperation. Penta will also intensify its joint work on hydrogen to comfort its leading role on this topic.

Through our regional collaboration, we stand to foster the European internal market, accelerate the energy transition towards our vision for a decarbonized electricity system, and achieve more competitive electricity prices for businesses and industries in the Penta region and beyond.

15 December 2024, Brussels

³ <https://www.benelux.int/wp-content/uploads/2023/05/Pentalateral-Political-Declaration-final.pdf>