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REPORT FROM THE COMMISSION TO THE COUNCIL

Report on Chapter III of Council Regulation (EU) No 2022/1854 of 6 October 2022 on an emergency intervention to address high energy prices

Solidarity contribution and enacted equivalent measures: stocktaking

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I. Introduction

This report presents the findings of the review of the provisions set out in Chapter III of Council Regulation (EU) No 2022/1854 of 6 October 2022[1] on an emergency intervention to address high energy prices (hereinafter, the Council Regulation) in view of the general situation of the fossil fuel sector and surplus profits generated. This second and final report is presented to the Council by the Commission pursuant to its reporting obligation under Article 20, paragraph 2 of the Council Regulation, as a follow-up to the first report of November 2023[2].

In particular, the report aims to provide an update of the general situation of the fossil fuel sector in 2024. It also presents information on the collected proceeds for the fiscal years 2022 and 2023 and the total estimated proceeds for both fiscal years, and an analysis of the use of said proceeds by Member States. The report is the result of the reporting information submitted by Member States in accordance with their obligation under Article 19 (4) of the Council Regulation, taking into account the developments in the fossil fuel sector and evolution of profits generated in this sector.

II. Background

Chapter III of the Council Regulation set a mandatory temporary solidarity contribution on the surplus profits generated in the fiscal years 2022 and/or 2023, depending on Member States' policy choice, for EU companies and permanent establishments with activities in the crude petroleum, natural gas, coal and refinery sectors generating at least 75 % of their turnover from economic activities in the field of the extraction, mining, refining of petroleum or manufacturing of coke oven products. Member States had to implement the solidarity contribution by 31 December 2022, unless they had enacted equivalent national measures contributing to the affordability of energy by that date. The latter are national measures that share similar objectives and are subject to similar rules as the solidarity contribution that generate comparable or higher proceeds to the estimated proceeds from the solidarity contribution.

The Council Regulation provided the base for calculating the solidarity contribution and a minimum tax rate. Only taxable profits generated in 2022 and/or 2023 above a 20 % increase of the average taxable profits generated in the four fiscal years starting on or after 1 January 2018 were subject to the solidarity contribution. The minimum rate determined by Member States was set at 33%. Furthermore, Chapter III also listed the purposes the proceeds of the solidarity contribution must be used for, with the aim that the measure reduces and mitigates the harmful effects of the energy crisis for households and companies across the Union, whilst protecting the internal market and preventing the risk of further fragmentation.

Chapter III of the Council Regulation was in force until 31 December 2023. This is without prejudice to the Commission's obligation to report to the Council on the state of implementation of Chapter III across Member States. The Commission had to present its second report by 15 October 2024. However, since Member States could apply the solidarity contribution or their enacted equivalent national measures during the fiscal years 2022 and 2023, the proceeds were known only at a later stage. Those proceeds will continue to be collected in some Member States also in the near future.

[1] OJ L 261I, 7.10.2022, p. 1; ELI: http://data.europa.eu/eli/reg/2022/1854/oj
[2] COM(2023) 768 final.

III. General situation of the fossil fuel sector

This section presents developments in the general situation of the fossil fuel sector since the first report of the Commission to the Council which was published end-2023. Chapter III of the Council Regulation laying down an obligation for Member States to apply the solidarity contribution or alternatively enact equivalent national measures has helped Member States to foot part of the financial burden related to the cost of energy measures in support of households and businesses.

Since the publication of the first report from the Commission to the Council, a gradual decrease in energy prices took place throughout 2023. Despite the fact that prices remain above historical levels, the environment for generating windfall profits has tempered compared to the extraordinary conditions of the previous year 2022.

Table 1: average price developments for selected energy products, 2018-2024

Energy product	Unit	Pre-crisis average (2018-2021)	2022	2023	2024 (31/12/2024)
Gas	Wholesale EUR/MWh	23	123	41	34
Gas	Retail EUR/MWh	69	137	116	104
Coal	EUR/tonne	70	283	120	103
Oil	EUR/barrel	54	97	76	75
Diesel	EUR/L	1.29	1.83	1.71	1.61

(sources: European Commission, DG ENER Chief Economist, based on S&P Global Commodities, VaasaETT, Weekly Oil Bulletin)

Natural gas

The measures adopted by the EU and Member States in 2022 have eased the pressure on the energy markets and thus reduced *natural gas* prices, which have fluctuated at or below EUR 50/MWh since early 2023[3]. However, prices remain volatile and higher than historical averages.

The EU remains more resilient and better prepared to minimise price volatility thanks to the continued large inflow of LNG (LNG imports went up from 70 bcm in 2021 to 100-120 bcm in 2023/2024), the healthy levels of storage filling, the gas demand reduction effort (-18% for the period August 2022 to July 2024, thus above the 15% target) and the accelerated deployment of renewables (+56 GW of solar and wind installed in 2022, 71 GW installed in 2023 and almost 80 GW installed in 2024, saving more than 10 bcm of gas demand annually). The EU has also partially compensated for the missing Russian gas volumes with EU dependency on Russian gas falling to 19% in 2024 from 45% in 2021 thanks to a rise in LNG imports and pipeline flows from more reliable international partners.

Crude oil and refined oil products

[3] Source: S&P Global Commodity Insights.

Global *crude oil* prices decreased in 2024 to a level revolving around 75 USD/barrel on overall improvement of market fundamentals pointing to less tightness in the market[4]. This is partially compensated by the risk premium in the market linked to recent Middle East events that could affect further supply and transport routes. Oil prices had increased reacting to the crisis in the Middle East and on the extension until the end of the year of voluntary cuts announced by OPEC+ in early April and June 2023[5], confirmed again in November 2023 and December 2024 (the move by OPEC+ was an attempt to redress the plummeting oil prices' trend: below 75 USD/barrel in June 2023 from around 100 USD/barrel in October 2022 and around 60 USD/barrel in the first half of 2021). The decreasing trend has been supported by Western sanctions and price caps on Russian oil[6] as well as concerns about the global macroeconomic outlook, especially following recent economic weakness in China, and slow recovery in western economies and tightening global monetary policies. Nudged by the EU embargo on Russian oil, the EU managed to diversify away from its Russian oil dependency.

As regards *refined oil products*, after a steep decrease until the beginning of the summer 2023 with diesel prices at 1.55 EUR/L in June 2023 from above 2 EUR/L the previous year[7], oil products prices were bouncing back (diesel at 1.71 EUR/L in 2023[8]) mirroring latest months' crude oil prices rises and sustained by strong demand leading to higher refining margins for European refiners. In 2024, diesel prices revolved around the level of 1.61 EUR/L. Diesel had price spikes in June and October 2022 (going above 2 EUR/L) due to the fact that central and Eastern Europe was until then supplied predominantly by Russian diesel, which took some time to replace from other sources.

Coal

After peaking above 400 EUR/tonne in summer 2022 from pre-crisis prices at around 50 EU/tonne, *coal* prices have been continuously falling to stabilise at around 100 EUR/tonne in summer 2023 and in 2024. The EU embargo on Russian coal introduced in the fifth sanctions package[9] has allowed Europe to completely diversify away from Russian coal by securing alternatives from more reliable partners, thus helping to stabilise prices.

IV. Estimated and collected proceeds and their use under Chapter III of the Council Regulation

Article 14 of the Council Regulation gave Member States the possibility of applying the solidarity contribution or enacting equivalent national measures. As a reminder, of the 27 Member States who have reported to the Commission, 16 apply the solidarity contribution (AT, BG, CY, DE, DK, EL, FI, FR, HR, IE, LT, NL, PL, RO, SI, SK), while 8 Member States (BE, CZ, EE, ES, HU, IT, PT, SE) have opted for the adoption or application of enacted equivalent national measures as explicitly allowed by the Council Regulation. In addition, 3 Member States (LU, LV, MT) reported they have no companies or permanent establishments in scope of the Council Regulation to which the solidarity contribution

[4] Source: S&P Global Commodity Insights.
[5] OPEC+ 1.66 million barrels per day (mbpd) voluntary cut announced in early April and additional 1 mbpd cut for July (and later extended to end of 2023) announced by Saudi Arabia on 4 June. Russia also announced a cut of oil exports by 0.3mbpd in September (later extended to the end of 2023).
[6] 5 December 2022 marked the entry into force of the EU embargo on Russian seaborne crude oil and G7+ coalition 60 USD/barrel price cap on Russian oil (the price cap will allow European operators to transport Russian oil to third countries, provided its price remains strictly below the cap) - EUR-Lex - 02014R0833-20230624 - EN - EUR-Lex (europa.eu).
[7] Source: European Commission Weekly Oil Bulletin.
[8] Source: European Commission Weekly Oil Bulletin.
[9] Source: European Commission Weekly Oil Bulletin (6 November).

could apply. For further details on the specific implementation, including the applicable fiscal year, the Commission's first report to the Council can be consulted[10].

1. Reported collected proceeds

For the purpose of this report, Member States reported on any collected proceeds of measures under Chapter III of the Council Regulation for both the fiscal year 2022 and 2023, depending on the year of application in their respective jurisdictions (as of 30 June 2024). For the purposes of this report, 17 Member States (AT, BE, BG, DE, ES, EE, EL, FR, HU, IE, IT[11], NL, RO, PL, PT, SI, SK) reported collected proceeds for 2022 and 12 Member States (AT, BE, BG, CZ, DK, EE, ES, IE, IT, PL, PT, RO) reported collected proceeds for 2023. 1 Member State (HR) reported zero proceeds for 2022 while 7 Member States (CY, DE, FI, LT, SK, SE, SI) reported zero proceeds for 2023. It is also important to note with respect to the figures in Table 2 that there are a few Member States such as Latvia, Luxembourg, or Malta reporting to have no companies in scope. On 30 June 2024, collected proceeds for the fiscal year 2022 amounted to **EUR 16,497 million**. For the fiscal year 2023, collected proceeds amounted to **EUR 9,653 million**. Collected proceeds for both fiscal years 2022 and 2023 hence amounted to **EUR 26,150 million**.

This represents higher revenues than were reported in the 2023 report. There, collected proceeds for the fiscal year 2022 had amounted to EUR 6,850 million, while the total had been estimated at EUR 17,574 million.

Table 2: Collected proceeds (in million EUR) as of 30 June 2024, as reported by Member States to the Commission for the fiscal years 2022 and 2023.

Year / MS	2022	2023	2022+2023
Poland	3,901.00	3,026.00	6,927.00
Netherlands	5,629.00	NA	5,629.00
Italy[12]	2,897.00	3,413.00	6,310.00
Czechia	NA	1,564.00	1,564.00
Spain	1,089.34	390.12	1,479.46
Romania	633.22	624.78	1,258.00
Greece	631.00	0.00	631.00
Belgium	288.94	306.37	595.31
Slovakia	520.00	0.00	520.00
Hungary	351.37	NA	351.37
Ireland	167.20	99.70	266.90
Bulgaria	43.30	111.00	154.30
Estonia	81.00	42.10	123.10
Germany	113.00	0.00	113.00
Austria	79.00	18.00	97.00

[10] COM(2023) 768 final
[11] Italy reported it collected 2.897 bn euro in 2022 for its preceding national measure as explained in COM(2023) 768 final
[12] Italy reported it collected 2.897bn euro in 2022 for its preceding national measure as explained in COM(2023) 768 final

France	67.00	NA	67.00
Denmark	NA	54.90	54.90
Portugal	4.80	3.50	8.30
Slovenia	0.74	0.00	0.74
Croatia	0.00	NA	0.00
Cyprus	NA	0.00	0.00
Finland	NA	0.00	0.00
Lithuania	NA	0.00	0.00
Sweden	NA	0.00	0.00
Latvia	NA	NA	NA
Luxembourg	NA	NA	NA
Malta	NA	NA	NA
Total	**16,497**	**9,653**	**26,150**

2. Reported estimated proceeds

As part of the Commission's monitoring of the application of Chapter III of the Council Regulation, Member States also reported estimated proceeds for the fiscal year 2023. For the purposes of this, 12 Member States (BE, BG, CZ, DE, DK, EE, EL, ES, PL, PT, RO, SK) have provided an estimate. For 6 of these Member States (DE, DK, EL, ES, RO, SK), the estimate is higher than what they reported as already collected. AT and IE have not provided a specific point estimate; hence, the collected proceeds were used instead to provide a minimum estimate. The figure of estimated proceeds for the fiscal year 2023 (as of 30 June 2024) is **EUR 12,164 million**. This is **EUR 2,511 million** higher than what has been collected in the fiscal year 2023 so far (see below). Combining the collected proceeds for the fiscal year 2022 with the estimated proceeds for 2023 yields a total of **EUR 28,661 million**.

Table 3: Overview of estimated proceeds (in million EUR) as of 30 June 2024 as reported by Member States to the Commission for the fiscal year 2023.

Status / MS	Estimated	Collected
Italy	3,413.00	3,413.00
Poland	3,026.00	3,026.00
Czechia	1,564.00	1,564.00
Germany	1,000.00	0.00
Spain	824.97	390.12
Romania	787.00	624.78
Greece	478.00	0.00
Slovakia	401.00	0.00
Belgium	306.37	306.37
Bulgaria	111.00	111.00
Ireland*	99.70	99.70
Denmark	89.40	54.90
Estonia	42.10	42.10

Austria*	18.00	18.00
Portugal	3.50	3.50
Cyprus	0	0
Finland	0	0
Lithuania	0	0
Slovenia	0	0
Sweden	0	0
Croatia	NA	NA
France	NA	NA
Hungary	NA	NA
Latvia	NA	NA
Luxembourg	NA	NA
Malta	NA	NA
Netherlands	NA	NA
Total	**12,164**	**9,653**

**estimated proceeds not reported; collected proceeds shown instead*

V. Use of proceeds

Member States were required to report also on the use of proceeds from the solidarity contribution or the enacted equivalent measures. Article 17 of the Council Regulation set out the spending purposes for which those proceeds can be used, in line with the objective of the Council Regulation of reducing the burden of the rising energy prices on final energy customers.

Pursuant to Article 17, Member States must use the proceeds of the solidarity contribution or the equivalent enacted measure for one or more of the following purposes:

(a) financial support measures for final energy customers, and in particular vulnerable households, to mitigate the effects of high energy prices, in a targeted manner;

(b) financial support measures to help reducing the energy consumption such as through demand reduction auctions or tender schemes, lowering the energy purchase costs of final energy customers for certain volumes of consumption, promoting investments by final energy customers into renewables, structural energy efficiency investments or other decarbonisation technologies;

(c) financial support measures to support companies in energy intensive industries provided that they are made conditional upon investments into renewable energies, energy efficiency or other decarbonisation technologies;

(d) financial support measures to develop the energy autonomy, in particular investments in line with the REPowerEU objectives set in the REPowerEU Plan and in the REPowerEU Joint European Action such as projects with a cross-border dimension;

(e) in a spirit of solidarity between Member States, Member States may assign a share of the proceeds of the temporary solidarity contribution to the common financing of measures to reduce the harmful effects of the energy crisis, including support for protecting employment and the reskilling and upskilling of the workforce, or to promote investments in energy efficiency and renewable energy, including in cross-border projects, and in the Union renewable energy financing mechanism provided for in Article 33 of Regulation (EU) 2018/1999 of the European Parliament and of the Council (11).

The Regulation is silent on the allocation of proceeds to the different spending purposes enumerated in Article 17 of the Council Regulation; therefore, Member States have the freedom to choose which purpose to destine the collected proceeds to, and whether to divide the collected proceeds amongst one or more the different listed purposes.

Based on the reporting by Member States most of them have opted to destine the proceeds towards financial support measures for final energy customers, and in particular vulnerable households.

It is the single selected destination for eleven Member States (BE, DK, FR, EL, IE, HU, PL, PT, RO, SI, SK). For six other Member States (AT, CZ, DE, IE, IT, NL) proceeds have been shared amongst several of the options listed in Article 17: in addition to support for final energy consumers of paragraph (a) above, other destinations for the collected revenues have been those of paragraphs (b) (financial support measures to help reducing the energy consumption), (c) (financial support measures to support companies in energy intensive industries) and (d) (financial support measures to develop the energy autonomy). There are nine Member States who have not reported any use of the proceeds, either because they did not apply Chapter III of the Council Regulation as they had no companies in scope (LU, LV, MT) or because they have not collected any proceeds (CY, FI, HR, LT, SE) or did not confirm yet the expenditures (BG).

Finally, it is noted that the measure(s) set by Chapter III of the Council Regulation did not aim at fully financing the fiscal cost of the various domestic policy measures taken by Member States to alleviate the effect of soaring energy prices for citizens and businesses but to contribute to such efforts. The Commission has assessed the impact of the cost of energy measures from a budgetary perspective. The figures on projected costs were much higher than the estimated total proceeds as reported by Member States to the Commission for the solidarity contribution or equivalent national measures, implying that the latter could only partially finance the projected fiscal expenditure. The net budgetary cost of energy support measures in the EU is estimated to have amounted to 1.2% of EU GDP in 2022 and 0.9% of GDP in 2023, with a high degree of variation among the Member States.[13] This corresponds to approximately EUR 190 billion in 2022 and EUR 150 billion in 2023 based on GDP turnout data in current prices)[14].

VI. Conclusions

This final report on the application of Council Regulation (EU) No 2022/1854 sheds light on market developments in the fossil energy sector and on the proceeds and spending purposes by Member States, via the implementation of the solidarity contribution or an enacted equivalent national measure.

A glance at the developments in the fossil energy markets shows that the situation has very much evolved from what it was like when the Council Regulation entered into force in October 2022. The decrease and stabilization in energy prices throughout 2023 and 2024 and a more uncertain economic environment and rising capital costs have led companies in oil, gas, and coal sectors to see a decrease of their profits as compared to the extraordinary surplus profits of 2022.

[13] See European Commission 2024: European Economic Forecast Spring 2024. Institutional Paper 286; and European Commission 2023: The 2023 Stability & Convergence Programmes – An Overview with an Assessment of the Euro Area Fiscal Stance. Institutional Paper 253.

[14] Approximation based on Eurostat GDP outturn data in current prices.

By the cut-off date of 30 June 2024, total collected proceeds for the fiscal years 2022 and 2023 amount to **EUR 26,150 million.** Estimated total proceeds for the fiscal year 2023 add up to EUR **12,164** million, which once collected would bring the **total collected revenues to EUR 28,661 million**. This figure exceeds the original Commission estimates of EUR 25,000 million upon the adoption of the proposal for the Council Regulation. While this crisis measure was not aimed at fully financing the fiscal cost of the various domestic policy measures alleviating the effect of soaring energy prices, it has undoubtedly contributed to help Member States mitigate the impact of the energy crisis on households and businesses across the EU.

As the reported use of proceeds shows, of the options granted by the Council Regulation to allocate the use of the proceeds to, Member States have mostly opted to destine the proceeds towards financial support measures for final energy customers, and in particular vulnerable households. Some Member States have decided to spread the revenues between the different categories of stakeholders concerned: therefore, in addition to the measures for final energy customers, they have also provided support measures for final energy customers, financial support measures to help reducing the energy consumption, financial support measures to support companies in energy intensive industries and financial support measures to develop the energy autonomy.