



Energy Union Regulation - Taking Decisive Action to Protect Industry, Households, and Create Quality Jobs

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The recent revision of the EU electricity market design is a missed opportunity. The European Trade Union Confederation (ETUC) believes it fails to address the root causes of high energy prices, continuing to let fossil fuel costs set electricity rates and allowing excessive profits for energy companies. We urgently need to move away from the liberalization framework and treat energy as a public good. Stronger regulations to prevent market speculation, support public ownership and long-term investments in renewable energy are essential to protect workers, industry and households and to achieve climate neutrality.

The EU's December 2023 assessment of draft updated NECPs found that most plans fail to address the social impacts of the transition, with little discussion of or policies on income distribution, job creation and loss, and energy poverty.

The ETUC underscores the critical role of the Energy Union Regulation in ensuring energy security, promoting fair energy prices, and transitioning to sustainable energy sources.

Energy is the backbone of European industry. High and volatile energy prices and a shortage of renewables directly affect production costs and competitiveness. The recent energy crisis, exacerbated by geopolitical tensions, has exposed the vulnerability of European industries and SMEs to external shocks. To safeguard jobs and maintain competitiveness, the ETUC calls for the Energy Union Regulation to prioritise affordable, reliable, and clean energy.

Energy costs significantly influence households' standard of living. Energy poverty, driven by high electricity and heating costs, remains a pressing issue. The Energy Union must ensure that energy is affordable for all, especially by protecting the most vulnerable and prohibiting disconnections due to inability to pay. Implementing stringent price controls and supporting energy efficiency measures are essential to alleviate financial burdens and promote social equity.

The public sector is key to the energy transition, particularly in permitting, administration, and grid development, requiring more power and resources. Increased public and municipal ownership and strategic investment are essential for reliability and accessibility. A strong public sector role is needed to prevent profit-driven decisions that harm public welfare, workers' purchasing power, and environmental goals. Recent crises have shown the limits of market-driven approaches, proving the need for a regulated and publicly accountable energy system.

The revision of the Regulation presents an opportunity to enhance social dialogue on Euratom, increase nuclear safety and security through stronger regulation and increase public investment with a focus on OSH for workers exposed to radiation.



The transition cannot be left to the market alone. Governments must regulate and manage it to ensure a stable energy supply, prices, and the safety of infrastructure and workers. The ETUC supports replacing the marginal pricing system with an aggregate cost approach based on real production costs and lowering capital costs for decarbonised energy via public investment. Current wholesale markets are incompatible with European decarbonisation targets. Long-term contracts, such as contracts for difference, regularly lead to increasing costs for residents and businesses. Electricity prices must be decoupled from gas prices and align with actual production and procurement costs. Future volatility requires exploring models for regulated energy prices.

No worker or community should be left behind. The Energy Union Governance Regulation must include binding just transition objectives in NECPs, building on ILO guidelines and including reskilling and upskilling programs, investment in quality jobs, and social protections for affected workers as well as transition plans at enterprise and sectoral level through social dialogue.

The important REPowerEU 69% renewable electricity target by 2030 poses new challenges such as an increasingly diverse mix of intermittent sources and a greater need for flexibility. Greater investment in grid expansion and flexible short-term power generation is required rapidly.

The ETUC calls for coordinated EU action, including the creation of a European Energy Agency, involving social partners and collaborating with existing EU agencies like ELA, to provide coordination, impartial data, and policy recommendations. Without a common solution, the EU market risks fragmentation and growing inequalities between countries, making it essential to prevent unfair competition when subsidizing energy prices for businesses.

The upcoming negotiations for the revision of the Energy Union Regulation in 2025 present a critical opportunity to shape the direction towards reliable, affordable and clean energy. ETUC advocates for:

- a) Require legally binding just transition objectives in national energy and climate plans, ensuring States evaluate labour market impacts. This includes social protections, reskilling programs, and investment in quality jobs. Additionally, strengthen the regulation to guarantee meaningful involvement of social partners through regular consultations with trade unions and employers, ensuring workers' and businesses' perspectives are represented in energy policy decisions.
- b) Include measures to promote and protect collective bargaining, fair wages, safe working conditions, and strong labour protections. Stronger regulation of subcontracting and new companies is vital to safeguard workers, ensure training, and provide security.
- c) When private investors fail to deliver on energy projects and infrastructure, Member States should be empowered to expand public ownership and control to safeguard and guarantee jobs.
- d) Increase provisions and funding for public and municipal ownership and investment in energy infrastructure, particularly for energy grids. Emphasize the importance of a strong public sector to prevent profit-driven decisions that could undermine public welfare and environmental goals.
- e) Public subsidies to highly polluting sectors must be strictly directed to decarbonising these sectors and to those driving the low-carbon economy while making them conditional to strict social conditionalities.
- f) Develop pan-European funding for renewables and infrastructure based on each region's strengths and address flexibility challenges. Public subsidies for



decarbonised energy projects must include a claw-back mechanism to prevent excessive profits. This requires a well-financed EU budget.

- g) Introduce measures for price controls to protect households from volatile energy prices and prevent energy poverty. Ensure that no household faces disconnection due to inability to pay.
- h) Facilitate lower borrowing costs for renewable and low-carbon energy projects and grid infrastructure through public investment and public ownership. This can help stabilize energy prices and ensure a reliable supply of clean energy.
- i) Ensure that all public funds to energy adheres to social conditionalities.
- j) Strengthen the reporting requirements for Member States under the regulation, ensuring more robust monitoring and evaluation of national adaptation actions and progress towards energy and climate goals.
- k) Include provisions to support European industries against the lower energy costs and greater renewable investments in regions like the US and China such as strategic investment in clean technology and industrial decarbonization support.