National policies to shield consumers from rising energy prices

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This dataset will be updated regularly.

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The current increase in wholesale energy prices in Europe has prompted governments to put in place measures to shield consumers from the direct impact of rising prices. The purpose of this dataset is to track and give a (non-exhaustive) overview of the different policies used by countries at national level to mitigate the effect of the price spike for consumers.

Measures at the sub-national and supra-national levels are excluded from the scope of this dataset, but this by no means implies that they are less relevant. While policies at the regional level can have a sizeable impact on consumers, for example in Belgium, in most European Union countries both energy regulation and levies are set at the national level. Similarly, long-term measures to counteract energy-price volatility are also of extreme importance. Countries like Italy and Spain (among others) are calling for joint action at the EU level to implement strategic stocks and joint procurement of natural gas while others, such as Hungary and the Czech Republic, want to rethink the Emissions Trading Scheme mechanism and France is vocal about reforming the pricing mechanism of the European energy market. We recognise these developments as worth investigating and have looked into them in a publication ahead of the European Council meeting in December, where EU leaders returned to the issue of energy prices.

The table below classifies measures by 22 EU countries as well as Norway and the United Kingdom into six types of responses to the spike in energy prices. All the measures have been discussed, proposed or enacted since September 2021, when the energy crisis was already unfolding. We define a measure to be 'discussed' when important actors in civil society, such as political parties, have publicly discussed the measure but no formal action to implement it has been taken. By the term 'proposed' we refer to measures that have been publicly announced by high government officials such as ministers. Finally, 'enacted' are all those measures already in inplemented.

Interactive table (hover over the check mark with the cursor for the policy state of development and date)

Country / Policy	Reduced energy tax / VAT	Retail price regulation	Wholesale price regulation	Transfers to vulnerable groups	Mandate to State-owned firms	Windfall profits tax / regulation	Other
Austria				✓			
Belgium	✓	✓		✓			✓
Bulgaria		✓				✓	✓
Cyprus	✓				✓		
Chez Republic	✓			✓			
Denmark				✓			
Estonia	✓			✓			
France			✓	✓	✓	✓	✓
Germany	✓			✓		✓	✓
Greece				✓	✓		
Hungary		✓					
Irland	✓			✓			✓
Italy	✓			✓		✓	
Latvia				✓			
Lithuania		✓		✓			✓
Luxemburg				✓			
Netherlands	✓						
Norway				✓			
Poland	✓	✓		✓			
Portugal	✓		✓		✓		
Romania		✓	✓	✓		✓	
Spain	✓	✓	✓	✓		✓	
Sweden				✓			
United Kingdom		✓	✓			✓	

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DETAILED COUNTRY BREAKDOWN (WITH SOURCES)

Austria

Karl Nehammer, Chancellor of Austria, announced on a relief package of €1.7 billion for almost all households on 28 January 2022. Households will receive €150 in energy cost compensation, an amount that will be doubled for those in need. Moreover, tax refund schemes for the private sector are being studied, as well as taxes and fee reductions.

Belgium

On 2 October 2021, Federal Energy Minister Tinne Van der Straeten proposed extending the social energy tariff introduced during the pandemic to enable vulnerable people to better cope with the health crisis. Ten days later, the measure was introduced in the federal budget and is set to last until the end of March 2022, costing €208 million and targeting nearly 500,000 households.

Moreover, the Minister of Economy and Employment Dermagne has announced that from October 2021 the most vulnerable citizens will also benefit from an €80 energy check to be deduced from their bill. The budget for this energy check will amount to €72 million.

On 12 October, a €16 million Fund for Gas and Electricity was established to support households in need that are not eligible to receive the social tariff.

Certain taxes such as the federal contribution for gas and electricity and green power certificates are being replaced by excise duties which can easily be adjusted by the government to compensate for energy price variations. The point is to keep

revenues at a constant level, rather than increasing along with energy prices.
The government has also forbidden unilateral changes in energy contracts, by which energy suppliers could independently increase the down payment invoice of consumers also in fix-price agreements.
On 1 February 2022, Alexander De Croo announced a VAT reduction for electricity from 21% to 6% from March to July. Moreover the government will provide every household with a €100 cheque and will roll-out further charge-reductions for low-income families. The energy package should amount to €1.1 billion.

Other measures are being implemented at the regional level.

Bulgaria

On 22 October 2021, the Bulgarian government announced an instrument to compensate companies with €55/MWh for two months. The €225 million required for the subsidies came from windfall profit tax on the nuclear power plant Kozloduy.
Towards the end of December 2021, the Bulgarian Minister of Energy Alexander Nikolov announced a new measure, compensating businesses for 75% of the electricity price increase above a threshold of 95 €/MWh but not more than 30% of the actual average monthly price (the actual price then went to 219 EUR/MWh, the 30% ceiling was activated and the compensation was about 66 EUR/Mwth). The minister said at the time that the compensation for the high electricity prices will exceed €460 million for the four months, with the state budget covering most of the cost.

On 20 January 2022, the formula was amended and maximum compensation, while staying put at 75% of the bill above 95 €/MWh, was brought to 128 €/MWh.
For household, on 16 December the new ruling coalition voted to freeze power and heating prices until the end of March.

Cyprus

On 17 September, the government announced a 10 per cent discount on the electricity bills of all households from November to February. On 4 November, the cabinet approved a reduction of VAT from 19% to 5% on electricity bills for vulnerable groups for six months. The Minister of Finance Petrides said that the government would also augment the disbursement of cost-of-living allowances.

Czech Republic

In November and December 2021, electricity and gas were exempted from value-added tax (VAT). The government also claimed that households (and other consumption points, such as cottages) will be exempted from energy fees if the electricity comes from renewables.
On 29 December 2021, the new coalition government approved the "Aid to households and entrepreneurs" act, to provide targeted assistance for households and entrepreneurs significantly affected by rising energy prices. Small and medium enterprises whose energy provider failed and that have experienced increases of their energy bills of more than 100% are offered a state-backed guarantee with a 0% interest rate to meet the costs of their operational expenses. This is provided under the Guarantee Program 2015 to 2023 through the National Development Bank.

Denmark

The Danish government has set aside €13.4 million to top an existing scheme to help vulnerable households and it is designing a tax-free cheque to help around 400,000 households pay their energy bills. However, as of late January 2022, the exact amount of the check and its beneficiaries had not been agreed by Denmark's parliament.

Estonia

Low-income households will benefit (also retroactively) from discounted electricity prices between September 2021 to March 2022.

Network fees for all electricity consumers (both firms and households) were halved from October this year to March 2022.

The Minister of the Environment, Tõnis Mölder, announced that the total cost of the measures amounts to about €100 million.

France

On 15 September, the government announced plans for a one-off €100 payment to the 5.8 million households that already receive energy vouchers. Prime minister Jean Castex has also announced a cap on the price of gas until April 2022. Both measures were then strengthened on 21 October, augmenting the number of beneficiaries of the voucher (to everyone earning less than €2.000 per month net – around 38 million people), and extending the price cap to the end of

2022. A fuel-voucher and a reduction of the electricity tax rate are also being discussed. Reuters reports that French Economy and Finance Minister Bruno Le Maire said that the payouts to more than 38 million people would cost €3.8 billion, paid mostly this year.
On 9 December 2021, the French government began discussions on changes to the formula used to compute tariffs of the country's main electricity supplier *Électricité de France* (EDF), reducing the market link in the formula. The new measure follows Prime Minister Jean Castex's promise to limit the increase in regulated tariffs to 4% for the whole of 2022.
Moreover, Reuters reports that the executive is also planning to increase the volume of electricity that EDF is obliged to sell to its competitors by 50% as part of the Arenh system (a regulated access to historic nuclear electricity), which ensures a preferential purchase price for alternative producers, from the second half of 2022.
As of 7 January 2022, discussions are ongoing, while current measures are beginning to look insufficient to contain increases to 4% over the winter.
By 31 January 2022 the estimated cost for the state has been €8bn, while EDF, forced to lower the cost of electricity by charging below the market rate (to contain the increase to 4%), warned its investors that it would take an estimated €8.4bn financial hit from French energy price cap. Some other estimates put the government spending to contain high energy prices as high as €15.5 billion since the fall of 2021.

Germany

On 23 September 2021, Reuters reported that "a spokesperson for the economy ministry said on 22 September that Germany does not see a need for government intervention to counter rising gas prices”. However this position was then reconsidered a few weeks later, when the government announced a reduction on the Erneuerbare-Energien-Gesetz (EEG) surcharge – a levy on the price of electricity – from 6.5 to 3.72 cents on the wholesale price per kilowatt-hour of electricity. The measure, costing €3.3 billion, became effective on 1 January 2022 and will be financed by the federal budget and higher CO2 pricing.

On 9 January 2022, the new coalition government announced targeted measures to help vulnerable households cover their heating bills in full, while the minister for environment and consumer protection, Steffi Lemke, told Reuters she will “clamp down on suppliers who try to profiteer from contract expiries, competitor insolvencies and people moving house”.

The state has also offered a €130m package of one-time grants to low-income households, which will be paid over the summer when households receive their bills from energy suppliers.

At the start of February 2022, multiple politicians, within and outside the coalition government, started calling for a further reduction of the EEG surcharge before 2023, which would relieve households by an average of €300.

Electricity prices for German households are the highest in the European Union. Reuters indicates that some 4.2 million German households will see their electricity bills rise by an average 63.7% in 2022 while 3.6 million face gas bills 62.3% higher than in 2021 as suppliers pass on record wholesale costs.

Greece

Plans were announced on 14 September 2021 to offer subsidies on the electricity bills of to the majority of Greek households and small businesses by the end of the year and were then expanded in mid-October. The value of the subsidy was initially €9 for the first 300 kilowatt-hours (KWh) consumed per month and was later increased to €18 for low voltage consumers and €24 for the beneficiaries of the social household tariff. On January 7 2022, the subsidy for households was then raised to €42 for the first 300KWh and €65/MWh for businesses (regardless of size, sector and voltage level). For households included in the Social Housing Tariff (CTO) the subsidy will amount to 180 €/MWh, ie 90% of the increase. The government-owned Public Power Corporation also expanded its existing discount policy to fully cover the price rise for the average household with a consumption of up to 600 kWh per month.

At the same, heating allowances caps and inclusion criteria have been expanded and the government estimates that the number of beneficiaries will exceed 1 million, compared to 700,000 in 2020.

For January 2022, natural gas will also be subsidised for both households and firms at €20/MWh and €30/MWh respectively. VAT subsidies have also been implemented for both groups.

Some of the funding to shield consumers up to December 2021 were funded through the Special Support Fund for the energy transition, with at least €150 million diverted from the increased revenue from the Carbon Emissions Trading Rights System for Greece in 2021. However, the total cost of the measures is around €500 million, while the cost of the January 2022 package (for the month of January alone) is estimated to be €400 million.

Finally, Environment and Energy Minister Kostas Skrekas announced that €100 million from the Recovery and Resilience Fund for the construction of photovoltaic stations by municipal energy communities will be used to provide power to vulnerable households.

Hungary

Prices for households are regulated below cost and on 11 November the government announced that it will also put a price-ceiling of €1.30 per litre on petrol and diesel. The cap will last for three months.

Ireland

Electricity prices for Irish households were the fourth-highest in the EU in the first half of 2021, rising to number one when taxes are stripped out. Presenting the Irish budget for 2022 on 12 October, Finance Minister, Paschal Donohoe, introduced a 30% tax rebate on vouched expenses for heat and electricity. Other measures include spending for €202 million from carbon tax revenue in residential and community retrofit schemes (over 22,000 home energy upgrades in total). More than half of the funding will be for free upgrades for low-income households at risk of energy poverty. A new low-cost loan scheme for residential retrofitting will also be introduced.
On 14 December 2021, the government approved a €210 million scheme to credit all domestic electricity customers with €100 in 2022. Approximately 2.1 million account holders will benefit from the scheme for a one-off, exceptional payment.

Italy

On 27 September, Italy approved short-term measures worth short of €3 billion to offset the expected rise in retail power prices until the end of 2021.
The funding is split into €2 billion to eliminate general system charges in the electricity sector and €480 million to reduce general charges on gas bills. The system charges on electricity bills will be offset with €700 million from the proceeds of CO_2 auctions and €1.3 billion from the National Fund of Energy and Environmental Services.

VAT on the use of natural gas will drop to 5% on supplies for "civil and industrial uses". The measure applies from the last quarter of 2021 (October to December). VAT on gas bills is now at 10% and 22% depending on consumption. Italy is also set to strengthen the 'social bonus' on bills for families in economic difficulty and with serious illnesses, for which €450 million will be allocated. The facilities will be redetermined by the energy authority for the last quarter of 2021 to "minimise increases in supply costs".

For around 6 million small businesses (with low-voltage users up to 16.5kW) and around 29 million domestic customers, the rates relating to general system charges are set at zero for the last quarter of 2021.
New measures will likely be introduced early next year, bringing the total cost of containing energy prices for the government to around €5 billion.
On 9 December 2021, the Italian government agreed to supplement the €2.8 billion spending already planned for 2022 with an additional billion.
On December 18 2021, the government outlined how it will spend the funds for 2022: €1.8 billion will be used to eliminate system

charges for electricity users (households and micro-businesses with power needs up to 16.5 kilowatts). A further €480 million has been earmarked to cancel the charges on gas bills for all users. Then, as in September, there will be a reduction in VAT to 5% for both civil and industrial uses, with an estimated revenue loss of €608 million . Finally, €912 million will be used to increase the social bonus (the discount on bills for economically disadvantaged families or those with serious health conditions) in order to compensate for new increases. The Italian government also introduced the possibility for consumers to pay their energy bills in multiple instalments for the whole of 2022.

On January 12 2022, the Italian Minister of Industry announced a forthcoming increase in corporate taxes on energy companies that have benefited from surging power prices. This comes days after Matteo Salvini, the head of the Minister of Industry's political party, called for a deficit-hike of at least €30 billion .

Overall, state support for struggling households is expected to reach €8.5bn through March 2022.

On 21 January 2022, the Council of Ministers announced new measures (up €1.7 billion) against high bills. These are on top of the planned €3.8 billion and bring the total to €5.5 billion for the first quarter of 2022 alone. The extra measures are more targeted to support the business world with a 20% tax credit for all energy-intensive companies experiencing a 30% price increase with respect to 2019. Some of the extra funding will be financed through a windfall profit tax from February to the end of 2022 on solar, wind, hydro and geothermal electricity producers.

Latvia

In Latvia, around 150,000 of the most vulnerable households, including those with a disabled member and large families, will receive between €15 and €20 per month from November until at least the end of 2022 to pay their electricity or gas bills.

Lithuania

On 14 October, the Lithuanian government announced that it will delay the final stages for liberalising the energy market, due to the possible disruptions caused by the spike in energy prices. Moreover, the increase in heating and gas prices will be spread to consumers over 5 years.

Finally, the extension of heating-aid for the poorest 110,000 households is also under discussion.

The Lithuanian Parliament has also passed new legislation enabling more people to apply for heating subsidies.

Luxembourg

Luxembourg Energy Minister Claude Turmes says he continues to monitor the evolution of energy prices closely and to inform the Council of the Government.

On 1 January 2022 the government increased its cost-of-living allowance by €200 to better protect vulnerable households from rising energy prices.

Netherlands

The government reduced the energy tax for households and businesses for 2022. This will cost €2.7 billion for the compensation of households and €0.5 billion for the compensation of companies. The cabinet is also making €150 million available to support vulnerable households with a high energy bill and/or poorly insulated homes through insulation-improving measures. The system will be managed at the municipality level.

Norway

The coalition of the Labour Party and the Centre Party on 10 January 2022 announced that a subsidy for household electricity consumption will increase an estimated €893 million. Reuters reports that the government will pay 80% of the portion of power bills above prices of 0.70 *krone* per kilowatt hour (KWh), up from 55% in the plan devised last month. Previous measures amounted to €501 million, taking the overall cost to €1.39 billion.

Poland

On 22 October 2021, Climate Minister Michał Kurtyka submitted a bill aimed at shielding the most vulnerable 20% of households from the recent spike in energy prices. The measure will be implemented by extending for 6 months the number of beneficiaries of energy bills allowances and increasing their value.

A similar measure was designed for the agricultural sector.

At the end of November 2021, the government announced a package of tax breaks and contributions for the vulnerable worth more than €2 billion.

On 11 January 2022, Polish Prime Minister Mateusz Morawiecki detailed his second “anti-inflation shield”: VAT on food, gas and fertilizers goes to 0%, while that on petrol and diesel to 8% and that on heating at 5%, for six months.

Portugal

In late September 2021, the minister of environment and climate action Matos Fernandes has announced a reduction of at least 30% in the tariff for access to networks for industrialists.

The minister also granted the elimination of the extra "fee of production" under the Special Renewable Regime (PRE) to the value of €250 million, as well as the extra cost removal of the Power Purchase Agreement (CAE) for the Pego coal-fired power plant, generating annual savings of €100 million.

Additional measures include the revocation of the interruptibility mechanism, by which factories reduce or suspend their energy consumption when the electricity system fails to meet demand in exchange for financial compensation and the full allocation of revenues from the sale of CO_2 licenses, at an estimated value of €270 million (against the previously planned €150 million), to the Environmental Fund.

Finally, in the package there is also the 'buffer' for the consignment of revenues arising from the "extraordinary contribution" of the energy sector, estimated at €110 million, bringing the total amount to €680 million, which guarantees a reduction in network access tariffs of 13%.

On 15 Oct 2021, the Portuguese national regulatory authority announced its proposal for electricity tariffs for 2022, in which it incorporates the measures announced by the government, following which it is worth noting that network tariffs will decrease more than 50% for households and 94% for industrials. It also announced that the regulated tariff for household consumers will decrease 3,4%, or 0,2% if compared with the 2021 average tariff.

Romania

On 7 September 2021, the Romanian Parliament passed a law to shield vulnerable consumers from the energy price increases from 1 November 2021, with subsidies to be used for home-heating assistance, energy consumption, energy-efficient house equipment and the purchase of products and services improving the energy performance of buildings or connection to the energy network.

On 4 October, the Minister of Energy, Virgil Popescu, announced compensation for both electricity and gas bills. The measures are expected to last from 1 November 2021 to 31 March 2022 and affect approximately 6 million families or 85% of the Romanian population.

In addition to households, compensation will given to public and private hospitals, schools, nurseries, NGOs and public social service providers.

On 31 October, the Romanian Parliament voted in favour of the bill to implement the above measure and to levy a windfall tax on producers (on revenues exceeding €91/MWh) to finance them.

On 11 January 2022, the government announced a new protection scheme for household consumers with a monthly consumption of up to 300 kWh, including a VAT reduction to 5%, as well as compensation for the green certificate and the cogeneration bonus for consumption. The government is also developing a support scheme for natural gas. These new measures will be introduced by the beginning of April.

Spain

On 24 June 2021, the Spanish Government adopted a Royal Decree Law 12/2021 including a series of tax and market measures to address price increases, among them it was included the reduction of VAT rate from 21% to 10% for customers with less than 10 kW of contracted power until 31 December 2021 and the temporary suspension of the generation tax (7%) until 30 September 2021.

On 3 August 2021, the Spanish Government adopted a Bill setting up CO2 clawback to non-CO2 emitting generation installed before 2003 (mainly to hydro and nuclear producers, as well as renewables without any regulated schemes); implying that energy companies should deduct their market revenues in relation to the CO2 prices and in the understanding that companies incomes have been increased due to the rising CO2 prices.

On 14 September 2021, Spain passed a new Royal decree which establishes a temporary deduction of market revenues for non-CO2 emitting power plants with the aim of reducing customers bills. The figure is calculated as a proportion of the excess of natural gas prices over a base gas price set at 20 €/MWh and the total amount of this deduction initially foreseen was around €2.6 billion. This measure is set to last from 15 September 2021 until 31 March 2022.
Other measures included in this Royal Decree Law are, the future implementation of a new type of long-term power purchase auction to be held alongside the auctions of the wholesale market. Moreover, the excise duty rate on electricity was reduced from 5.11% to 0.5% until the end of 2021, the suspension of the generation tax (corresponding to 7%) is being extended until the end of the year and VAT is being frozen at 10% for modest energy-consumption households. In addition, it introduces a cap on gas price reviews for the regulated tariff of

natural gas, known as the “last resort tariff” (TUR) for customers that have annual consumption of less than 50 MWh and are not in the liberalised market. Furthermore, the RDL increases from €1,1 to €2 billion the amount of revenues from CO2 emission allowance auctions to finance levies in the electricity bill.

On 26 October, a new Royal Decree Law 23/2021 was adopted increasing the social bonus to vulnerable consumers from the current 25% to 60% and from 40% to 70% in the case of the severely vulnerable – until 31 March 2022. Moreover, the budget for the thermal social bonus is doubled in 2021, rising to €202.5 million (the Council of Ministers announced an increase in the heating social bonus) up to 90 euros on average (35 in the warmest areas and 124 in the coldest) to help vulnerable families to face the escalation of electricity and gas. This last Royal Decree Law also introduces some exemptions to the application of the temporary reduction of market revenues for non-CO2 emitting power plants.

Sweden

On 13 January 2022, the Swedish Finance Minister Mikkel Damberg announce the allotment of €590 million to to help the households most affected by soaring electricity prices. Those who consume more than 2,000 kWh per month (1.8 million households) will receive compensation of €195 a month for December, January and February.

United Kingdom

To grant the correct functioning of the “supplier of last resort” system, by which the country’ regulator Ofgem allocates customers of failed firms to new providers, the government is considering offering state loans to energy companies that take on customers from firms that go bust due to soaring wholesale natural gas prices. However, there will be "no rewards for failure or mismanagement, and smaller energy firms will not be given bailouts" Business Secretary Kwasi Kwarteng said on 20 September.

The country's energy regulator Ofgem has raised the cap on the most widely used tariffs by 12-13% from October, after a previous increase in April, due to high wholesale costs. Some fear that Ofgem could apply a further increase in April 2022, bringing the price cap to £1,995, after a row of bankruptcies of energy firms occurred in the country.

The government is also bailing out key CO2 manufacturers to avoid disruptions in the supply chain of food and is also considering intervening in the national carbon market in December if prices remain high.

Finally, the government designed a £500 million fund to help the most vulnerable people pay their energy bills, particularly heating bills, but also to cover food and clothing expenses. This is in addition to the Warm Home Discount scheme by which medium and large energy suppliers support people who are living in fuel poverty or a fuel poverty risk group and the Winter Fuel Payment (an allowance between £100 and £300 to help households pay their heating bills).

On 3 February 2022, the Chancellor Rishi Sunak announced £350 for the vast majority of households to help pay rising energy bills. The measure will cover just over half of the £693 increase in the price cap on the cost of energy for households after 1 April 2022.

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