



Climate Action Network (CAN) Europe is Europe's leading NGO coalition fighting dangerous climate change. With 200

2 March 2026

The EU needs to address the root causes of high electricity prices

To: Teresa Ribera, Executive Vice-President for Clean, Just and Competitive Transition

Wopke Hoekstra, Commissioner for Climate, Net Zero & Clean Growth

Dan Jørgensen, Commissioner for Energy and Housing

Dear Executive Vice-President, dear Commissioners,

Ahead of the 6th March orientation debate on energy prices and in preparation for the upcoming Energy Council and European Council meetings, Climate Action Network (CAN) Europe would like to share its perspective regarding recent calls to revisit key instruments impacting electricity prices, in particular the merit order mechanism under the Electricity Market Design (EMD) and the EU Emissions Trading System (ETS).

We fully recognise the urgency of addressing high electricity prices and their social and economic impacts. However, reforming the core architecture of the EMD or weakening the ETS would neither tackle the root causes of price volatility nor provide sustainable relief to consumers. On the contrary, such changes risk undermining investor confidence, delaying the transition to renewable energy, and ultimately increasing costs.

The merit order ensures that the cheapest available generation is dispatched first, thereby [minimising overall system costs and supporting cross-border trade](#). Fossil gas-fired power plants, often the marginal price-setters, continue to drive wholesale electricity prices in many countries. As long as fossil fuels continue to set the marginal price, electricity prices will reflect fossil fuel price volatility. Reforming the merit order would not eliminate this structural link; it would merely obscure price signals and deter investment in clean generation and flexibility, as well as creating regulatory uncertainty and risking increasing electricity prices. By contrast, rapidly scaling up wind and solar can reduce the influence of fossil fuels on electricity prices, helps bring down wholesale prices, and ultimately decouples electricity costs from gas price volatility - [as illustrated by Spain in the first half of 2025](#).

Similarly, proposals by some Member States to suspend or fundamentally reform the ETS - including compensating thermal power plants or exempting gas-fired plants from purchasing CO₂ allowances - would directly violate the polluter-pays principle and fundamentally distort the carbon price signal that underpins the ETS. Such measures would provide only limited and temporary relief, while weakening incentives to invest in renewables, efficiency, and flexibility. They would also reduce ETS revenues available which provide critical resources to Member States and which must be used to drive genuine industrial transformation, fund structural solutions and support vulnerable households to ensure the transition remains fair

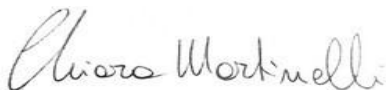
and socially sustainable. Rolling back carbon pricing risks undermining investment certainty and would prolong Europe's dependence on volatile fossil international markets.

Rather than altering the foundations of the internal electricity market and the EU's climate policy, we urge the Commission to focus on supporting Member States in accelerating renewable deployment, strengthening grids and interconnections, scaling up storage and demand response, reforming taxation structures, and strategically using ETS revenues to protect consumers and massively invest in decarbonising and improving circular economy. In particular, it is crucial that the Commission swiftly publishes clear recommendations to Member States on reducing taxes and levies on electricity and monitor their action. Rebalancing taxation away from electricity and towards fossil fuels is one of the most immediate and effective ways to lower consumer bills while strengthening electrification and decarbonisation objectives.

High electricity prices are a symptom of the EU's fossil fuel dependence. The solution lies in accelerating the transition to a renewable based, efficient, flexible, affordable and secure energy system for a climate neutral Europe, not weakening the instruments that make it possible.

We trust the Commission will provide strong leadership in the upcoming debates and safeguard the stability, integrity, and predictability of Europe's energy and climate framework.

Yours sincerely,

A handwritten signature in cursive script, reading "Chiara Martinelli".

Chiara Martinelli

Director, Climate Action Network (CAN) Europe