

To:

Ms. Kadri Simson
European Commissioner for Energy
European Commission

Subject: Concerns Regarding High Electricity Prices in Southeast Europe and Necessary Measures

Dear Commissioner Simson,

We, the undersigned Ministers of Energy of Greece, Romania, and Bulgaria, are writing to express our growing concerns regarding the persistently high electricity prices in Southeast Europe (SEE). The extreme price volatility observed during the summer of 2024 has placed significant strain on our economies, threatening both energy security and market stability across the region.

Accompanying this letter is a **joint non-paper** developed by our three countries, along with a **Memo from our respective Transmission System Operators (TSOs)**, which outlines the main drivers behind these elevated prices. These documents detail the severe impacts of constrained interconnectivity, regional supply-demand imbalances, and the geopolitical situation, particularly in relation to the ongoing conflict in Ukraine.

Key issues highlighted in our analysis include:

1. **Inadequate Interconnection Capacity:** The shortage of cross-border interconnectors is preventing efficient electricity flows into the SEE region during critical times, exacerbating price spikes, especially during peak evening hours when renewable generation diminishes. Developing these missing interconnection links—whether PCI or non-PCI projects—is crucial to alleviate congestion and harmonize prices across borders.
2. **Fragmented Energy Markets:** Limited integration of our regional electricity markets with the broader EU system has resulted in significant price divergence, with disparities often exceeding 50-100 €/MWh. To restore market cohesion and improve price stability, it is essential to accelerate investment in infrastructure and integrate our markets more closely with the EU's Day-Ahead Market (DAM).

3. **Reduced Flexible Generation Capacity:** The availability of flexible generation sources, particularly hydroelectric power, has been constrained due to prolonged droughts, leading to a higher dependency on coal and gas-fired plants. This situation highlights the urgent need for investments in flexible and clean generation capacities.
4. **Geopolitical Factors and Supply Security:** The reversal of traditional electricity flows due to Ukraine becoming a net importer from the SEE region has further stressed the system, placing additional pressure on supply and driving up prices.

Given these challenges, we believe **both short-term and long-term measures are necessary to address the situation:**

- **Short-term measures:** Immediate steps should be considered, such as the **taxation of inframarginal electricity producers and traders revenues**. This would help address windfall profits gained by producers benefiting from the current price environment without reflecting the real cost of generation. The revenue generated from such taxation could be redistributed to alleviate the burden on consumers and stabilize the market in the short term.

Further, new products should be developed by the exchange operators tailored to the demand (such as for ex. Long-term evening peak, variable base product, etc.).

Strengthened cooperation between the national Regulators on market monitoring.

- **Long-term measures:** We urge the European Commission to prioritize the development of essential interconnection infrastructure in Southeast Europe, including non-PCI projects. This would close the existing gaps in cross-border capacity and facilitate smoother electricity flows. In addition, improving market coupling for non-EU SEE countries is necessary to integrate the region more effectively into the EU energy market, reduce price spikes, and improve competition.

Our key requests for the European Commission include:

1. **Prioritizing interconnector development** in Southeast Europe, including non-PCI projects, to close the infrastructure gap that isolates the region from the wider EU market.
2. **Enhancing cross-border capacity** to increase flexibility and alleviate price disparities, particularly during peak demand periods.
3. **Implementing short-term financial measures** like taxation of inframarginal producer revenues to stabilize the market and provide relief to consumers.
4. **Strengthening market coupling** and regional cooperation to foster price harmonization and improve energy security across Southeast Europe.

We believe coordinated action at the EU level is essential to address these challenges and ensure energy market resilience in the region. Our countries remain committed to working closely with the European Commission to implement these critical measures and promote a more secure, efficient, and affordable energy future.

We look forward to your guidance and support in addressing these urgent matters.

Yours sincerely,

Vladimir Malinov	Sebastian - Ioan Burduja	Theodoros Skylakakis
		
Minister of Energy	Minister of Energy	Minister of Environment & Energy
Republic of Bulgaria	Romania	Hellenic Republic

Attachments:

1. Joint Non-Paper by Greece, Romania, and Bulgaria on Southeast Europe Electricity Prices
2. Memo from the Transmission System Operators of Greece, Romania, and Bulgaria