



POWER TO THE PEOPLE



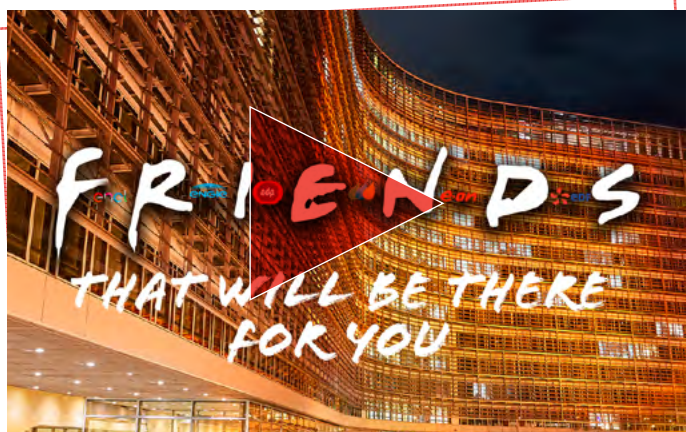
A FRAUDULENT ENERGY MARKET

The energy model in Europe has been defined by decades of liberalisation and privatisation. The marginalist pricing model allows big energy companies to sell cheap renewable energy at the price of expensive fossil fuels such as gas and coal, giving rise to fluctuations and speculation with all kinds of windfall profits. If this were happening in any other market it would be called fraud (imagine paying for a packet of rice or pasta at the price of caviar or champagne).

This does not happen by chance. This is the result of a deliberate design of a model geared to make the rich richer, hampering the urgent energy transition from dirty fossil fuels to clean energy, while working class families across Europe foot the bill.

The energy market, and the skyrocketing profits made by the energy giants in Europe are kept in place by a well oiled system of revolving doors between energy companies, fossil fuel companies, regulatory agencies and political forces at national and European level.

According to Fossil Free Politics, between 2015 and 2021 six fossil fuel giants (Shell, BP, Total, Equinor, ENI and Galp) and five of their lobby groups were involved in 71 revolving door cases and spent over €170 million on lobbying European institutions.

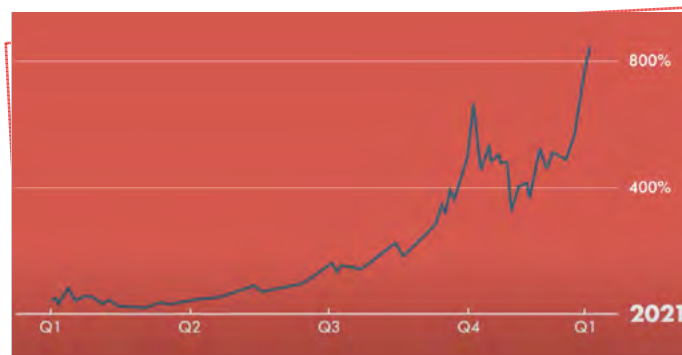


Electricity prices in Europe are regulated by Directive (EU) 2019/944 on common rules for the internal market for electricity. The electricity pricing system works on a common "pay as you clear", or "marginal" model where all electricity producers – from fossil fuels to wind and solar – bid into the market and offer energy according to their production costs. The bidding starts from the cheapest resources – the renewables – and finishes with the most expensive – usually gas. Since most countries still rely on fossil fuels to meet all their power demands, the final price of electricity is often set by the price of coal or gas. If gas becomes more expensive, electricity bills inevitably go up, even if clean, cheaper sources also contribute to the total energy supply.

BILLIONS OF PROFITS

While people in Europe struggle to make ends meet and pay unprecedented bills to heat and light their home, European energy companies have hit the jackpot. According to new analysis by Global Witness, European gas companies made profits of at least €4bn during the first 6 months of 2021. Europe's largest energy company, Shell, recorded its highest quarterly profits in eight years with the energy giant's 2021 profits (\$20bn) representing a 193% increase on 2020.

These figures stand in stark contrast with the situation for millions of people across Europe who live in energy poverty and precarity, and who are not able to adequately heat and light their home. Close to 80 million people in the EU were late or unable to pay their utility bills in 2019. This has exponentially increased during the Covid-19 pandemic as people are stuck in inefficient houses.



wholesale gas prices have increased by 800% over the course of 2021



CAMPAIGN DEMANDS

The energy crisis unfolding across the continent exemplifies the failure of neoliberal reforms which have shaped the energy market over the last 40 years. The misguided assumption underlying these policies is the recurrent treatment of energy as a commodity. This in turn results in energy poverty being understood as nothing more than a personal burden to be borne. On the contrary, energy poverty is first and foremost a political failure, which requires an adequate political response tackling the root causes of injustice while ensuring a fair and sustainable future for all.

As European institutions negotiate critical legislation such as the taxonomy for sustainable activities, the Fit for 55 package and the Renovation Wave, The Left in the European Parliament's "Power to the People" campaign sets out clear and urgent demands:

- **Power to the People** - Europe needs democratic control of energy, breaking the oligopolies of energy giants while accelerating a socially just climate transition
- **Change the Market** - the way the energy market works represents a fraud designed to allow big corporations to make astronomical profits on the backs of people and families across Europe. This needs to change.
- **No Climate Justice without Social Justice** - The transition from fossil fuels to renewables cannot be an excuse to maintain the power of big corporations, it must lead to a new model in which people and planet, not the market, are at the core of policy solutions.
- **Energy is a Right** - People should not be put in a position where they have to choose between heating their homes or eating. The first short-term measure that needs to be taken is a ban on disconnection.



WHAT OUR MEPS SAY



MEP Cornelia Ernst
Die Linke, Germany

"Rising gas prices makes ongoing long-term contracts less profitable for gas suppliers. In an effort to protect their profits, gas suppliers in Germany are ruthlessly terminating long-term contracts with approximately 400,000 customers, who are then forced to sign more expensive contracts with new providers, often paying more than double their previous bill. What kind of system do we live in that puts profits before people? Energy is a public good and belongs in public ownership".



MEP Marisa Matias
Bloco de Esquerda, Portugal

"In recent decades we have witnessed way too many cases of revolving doors between politics and energy companies, while today we are facing skyrocketing energy prices with total impunity for the companies setting them. Access to energy is a fundamental and basic right. Only a publicly managed model can guarantee this right for people while respecting the planet. The fundamental question is: does the European Union really want to act or does it prefer to continue pretending?".



MEP Sira Rego
Izquierda Unida, Spain

"The Council and Commission continue to turn their backs on the working class, and are hell bent on defending the marginalist market model. This model generates windfall benefits for large energy companies, artificially inflates prices, and hampers the integration of renewable energies, essential for the fight against climate change. Council and Commission know that reforming the energy market is necessary and possible, but they do not want to. They will have to explain whose interests they are serving".



ACCESS TO ENERGY IS A RIGHT.

All around Europe people are standing up for their right to clean and affordable energy. The European Commission cannot keep defending the interests of a few powerful corporations. European leaders need to side with the demands and hopes of people and families for a fair, just and sustainable energy model.

Our planet, workers and families deserve an energy model that works for them, and not to boost profits of energy corporations!

Join the campaign Power to the People!
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