EUROPEAN METALS

“The Availability, Affordability and Adequacy of Energy for Mining and Metals”

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Electricity prices in Europe for industry

The energy crisis of 2021-2022 led to a widespread disruption in global and European energy markets.

This also impacted electricity prices in the EU, as higher gas prices drove electricity prices upwards.

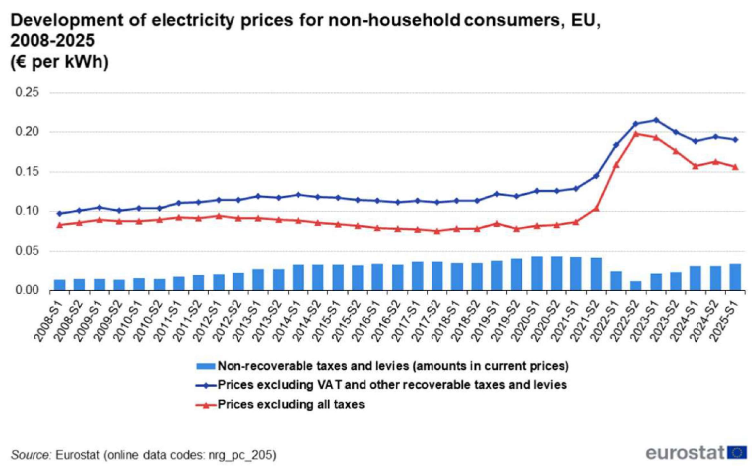
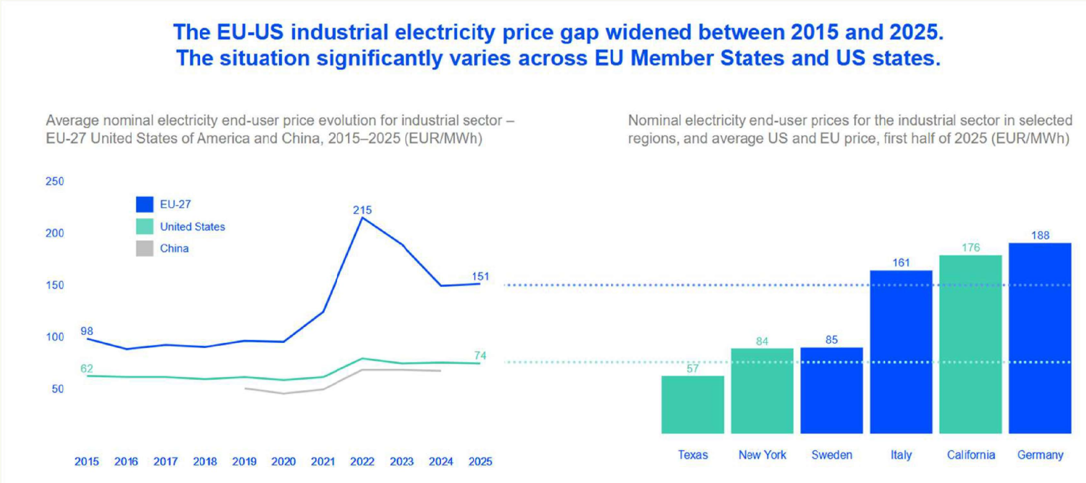


Figure 7: Development of electricity prices for non-household consumers, 2008-2025
Source: Eurostat (nrg_pc_205)

Industrial electricity prices: a larger average gap

Energy is a key driver of the competitive gap of EU vs other regions. It worsened as a result of the crisis.

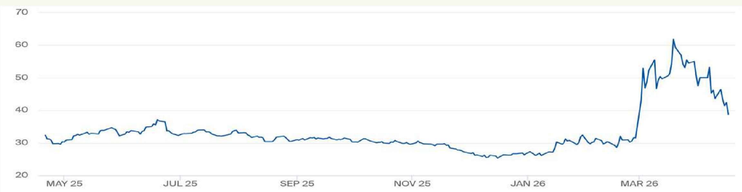


Source: ACER calculations based on Eurostat data for the EU (nrg_pc_205), U.S. Energy Information Administration (EIA) data for the US. Average yearly exchange rate taken from the European Central Bank.
Note 1: For the EU-27 average and for Germany, Italy, and Sweden, Eurostat's 70,000–149,999 MWh consumption band is used, which represents large industrial consumers.

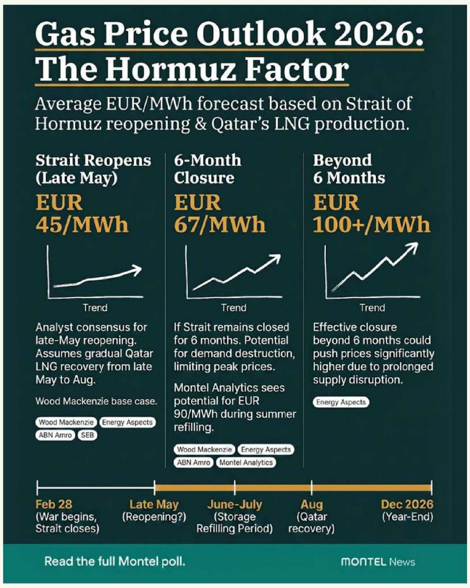
Iran crisis and the closure of the Strait of Hormuz

Natural gas price dynamics

- TTF gas reached **EUR 42.42 per MWh** on 16 April, up 33% from EUR 31.96 on 27 February.
- On 19 March, the attacks on Qatar's primary LNG export hub had driven the market to a three-year high of nearly EUR 60 per MWh.
- Around 20% of global LNG passes through the Strait of Hormuz. And QatarEnergy's LNG facilities normally account for around 18%-20% of global LNG output.
- Qatar supplies a smaller share of LNG to Europe than the US but is still significant (around 8% of EU LNG imports).
- EU gas storage are lower than usual in the EU, averaging 28%. They will need to be replenished over the summer at potentially higher prices.



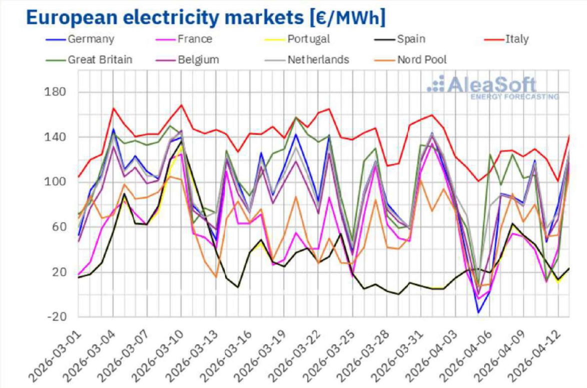
Dutch TTF Natural Gas prices (last update on 17 April) Source: Intercontinental Exchange



Iran crisis and the closure of the Strait of Hormuz

Electricity price dynamics

- European power prices climbed sharply during the first week of March, with most major electricity markets in Europe recording weekly averages **above €80/MWh**.
- Rising natural gas prices linked to geopolitical tensions in the Middle East played a major role in the increase.
- The electricity situation in Europe is now defined by a precarious "wait-and-see" volatility. Prices remain fundamentally high and sensitive to daily headlines from the Middle East.

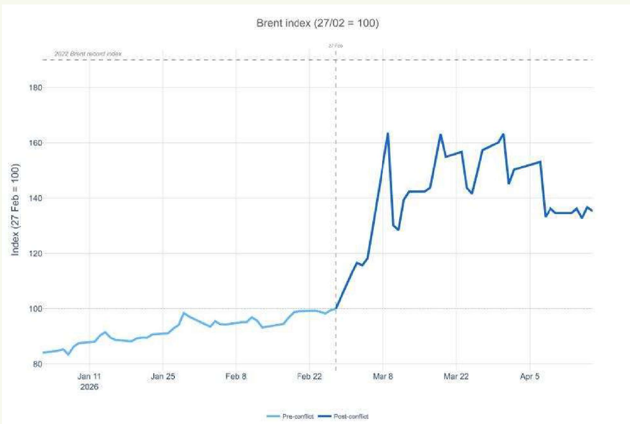


Source: European Gas Hub

Iran crisis and the closure of the Strait of Hormuz

Oil price dynamics

- Brent, the EU benchmark, reached USD 98 a barrel on Friday 17 April, **up 35%** since the start of the war.
- EU retail diesel averaged EUR 2.1 per litre on 16 April, **up 27%** cumulatively since the start of the war.
- Announcements of new and revised national measures have increased sharply in the EU.
- At the EU level, no coordinated fiscal response has been announced.
- Oil suppliers to EU: USA, Norway, Kazakhstan, Libya, Iraq, Nigeria, Saudi Arabia
- EU is most exposed on diesel and jet fuel; for gasoline, EU is net exporter



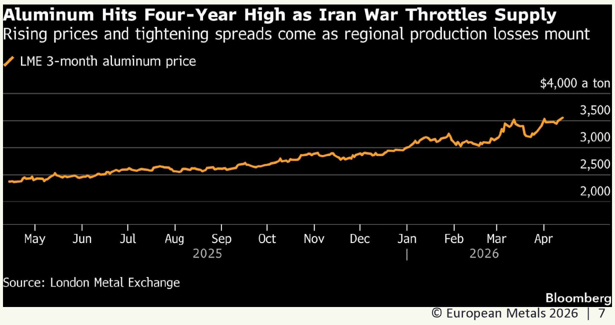
Source: Interntational Road Transport Union

Iran crisis and the closure of the Strait of Hormuz

Other commodities

- The closure of the Strait of Hormuz threatens global supply chains far beyond energy, impacting fertilizers, plastics, and industrial inputs, including non-ferrous metals.

- As regards aluminum, the situation escalated on 28 March when Iranian missile strikes hit Emirates Global Aluminium's (EGA) Al-Taweelah plant in the UAE and Alba's plant in Bahrain. The two plants account for half of Mideast Gulf capacity, or 4.6% of global capacity, at 3.2mn t/yr.
- The attacks saw London Metal Exchange (LME) aluminium prices soar to their highest since Russian invaded Ukraine in February 2022.



EU Commission analysis

- **No immediate risks to EU security of supply** thanks to the EU diversification of LNG and oil resources in the past years and limited dependence on imports from the Gulf area. Nevertheless, ensuring supply security for the 2026-2027 winter is the key challenge.
  - On 23 March, Energy Commissioner Dan Jørgensen called on EU countries to lower the filling target for their gas facilities to just 80% of capacity and start gas filling season "as early as possible" to offer market certainty.
  - On 30 Energy, Commissioner Dan Jørgensen urged Member States to consider demand-saving measures.
- Focus on coordinating EU response to prevent competitive bidding between countries for the refilling of gas storages leading to upward pressure on prices.

- The crisis will lead to **increased costs for industries and households** as "the consequences of the crisis for energy markets won't be short-lived".
- Short-term strategy: The Commission will present **a toolbox of measures** to support Members States in shielding households and businesses. Any support measures should be targeted, temporary and not go against EU's long term strategy.
- EU long-term strategy: Learn lessons from previous crises and address Europe's dependence on imported fossil fuels by developing **homegrown clean energy, electrification, modernized interconnections and energy efficiency**.

AccelerateEU communication - draft

- Due to be published on 22 April, to be discussed by EU Leaders at the informal European Council meeting (23 April)

Increasing coordination between Member States

- Coordination of national actions on gas storage filling and of possible oil stocks releases
- Member States are encouraged to make use of flexibility in gas storage filling (up to 10%)
- The Commission will promote coordinated EU outreach to oil and gas suppliers and partner countries with similar energy import profiles

Protecting consumers from price peaks

- Assessment from the Commission on a case-by-case basis on **targeted and time-limited national price support measures** such as price interventions, income support schemes, support schemes for energy-intensive industries and taxation of windfall profits
- **Temporary State Aid Framework** outlining emergency measures to support the most exposed economic sectors (see next slide)

Decreasing and replacing oil and gas consumption

- Presentation of a catalogue of efficient energy savings and system efficiency measures as well as measures to replace fossil fuels by homegrown clean energy
- Promotion of social leasing schemes for clean and efficient technologies
- Targeted review of the production criteria for renewable hydrogen

Promoting electrification and clean, homegrown gases

- **Publication of an Electrification Action Plan**, incl. an ambitious electrification target (Q2 2026)
- **Adoption of legal proposals for action on network charges and taxation** (May 2026)
- Acceleration of the negotiations of the EU Grids Package
- Strict monitoring of the implementation of existing relevant EU legislation

Boosting investments

- The Commission will assist Member States to make maximum use and reallocate where Member States wish existing EU funding
- The Commission will assist Member States who wish to explore allocating revenues from the EU ETS for targeted measures that accelerate electrification investments and for investments that help reduce electricity prices

Temporary Iran Crisis Energy Framework - draft

- Due to be published **by end of April**.
- This framework would apply until 31 December 2026.

Allows temporary price support for undertakings active in primary production of agricultural or fisheries products, in road transport, and providing intra-EU short sea shipping services.

Amends Section 4.5 of CISAF (Clean Industrial State Aid Framework) allowing temporary electricity price relief for energy-intensive users :

- the Commission will allow Member States aid schemes **to cumulate aid granted with section 4.5 CISAF with aid granted under the ETS Guidelines** up to a maximum of 50% for the same eligible consumption
- the Commission will allow Member States aid schemes to cover at most **a reduction by [70%] of the yearly average wholesale market price** in the bidding zone in which the beneficiary is connected *(compared to a reduction by 50% in the initial CISAF)*.
  - But all other CISAF conditions remain, namely the limitation to 50% of the annual electricity consumption and to 50€/MWh, and 50 % of the aid should still go to investments that contribute to reducing the costs of the electricity system.

Provides the possibility for Member States to subsidise the fuel cost of gas-fired electricity generation, recalling that the Commission would assess such schemes on a case-by-case basis, based on strict conditions.

What the European NFMs sector needs ?

- Access to abundant, globally competitive decarbonised electricity: 50EUR/MWh as a maximum of total electricity costs for industry
- Improved affordability of long-term contract frameworks, starting with addressing the cost and risk of matching variable RES production with baseload industrial consumption profiles
- Limit all additional costs resulting from electricity surcharges and levies to 0,5 % of the gross value added ('GVA') for electro-intensive industries exposed to international competition
- Introduction of a cap on network tariffs for energy-intensive industries
- Support for the restart and expansion of already-electrified industrial capacity
- A balanced and truly technology neutral energy policy

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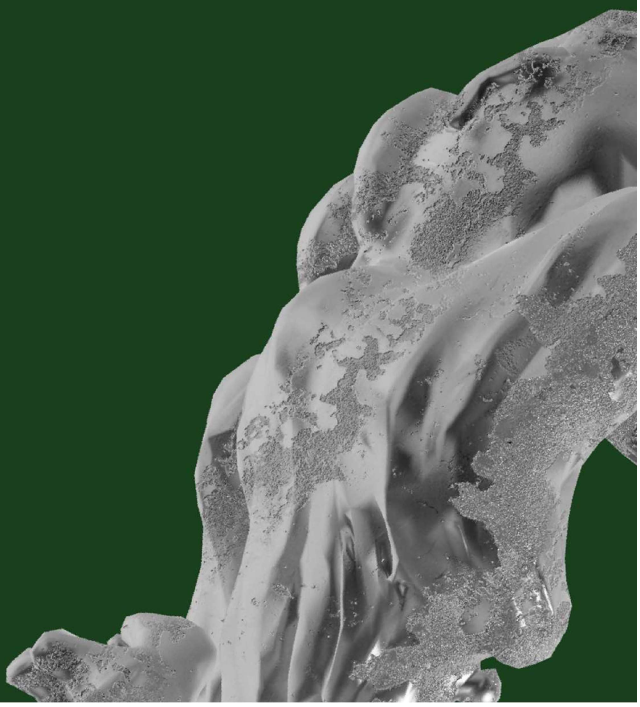
Thank you!



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