

Presidència

Ms Ursula von der Leyen
President of the European Commission
Rue de la Loi /Wetstraat 200
1049 Brussels - Belgium

C/c: Commissioner Thierry Breton
Commissioner Kadri Simon

Barcelona, March 10, 2022

Sehr geehrte Frau Präsidentin,

In this grave hour for Europe, I am writing to you as president of PIMEC, the largest employers' organisation in Spain, with over 140,000 enterprises and a full member of SME United, the European SME confederation.

As we all know, the invasion of Ukraine is boosting gas prices and leading to an unprecedented escalation in electricity costs across Europe. In a recent survey of our members which we attach to this letter, we have **confirmed that 16% of SMEs in Catalonia are on the verge of bankruptcy** due to prohibitive energy costs, thus placing **320,000 jobs at risk**.

Gas prices in the current energy markets play a key role, particularly in Spain, where the European Semester reports have in the past highlighted the problem of **"overcompensation to certain utilities, such as nuclear and large hydro power generators"**. In our last survey we have estimated the **overcompensation of Spanish utilities in 76.6 billion € at current gas prices**, which means windfall profits for those companies, but unaffordable costs for SMEs, many of them going out of business sooner than later.

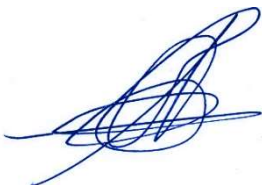
Overall, a **gas price of 350 €/MWh implies a per capita extra cost of 2,184 €**, as you may read in the attached report. This represents roughly **10% of the annual disposable income** of an average Spaniard, money that could otherwise be spent on local products and services that encourage economic recovery and social cohesion.

In our view, the current burden of energy costs on consumers, particularly on small business, is unacceptable and contrary to your objective of achieving **"an economy that works for people"**, as stated in your Agenda for Europe at the onset of your mandate. The recently published Communication **"REPower EU"** is a step in the **right direction but insufficient**.

We strongly believe that **Regulation (EU) 2019/943 needs to be immediately amended to phase out the marginal price rule**. Until deep reforms are undertaken, a **price cap of 180 €/MWh** should be applied on the European electricity markets, as it was the case in the MIBEL (Spain & Portugal market) a few months ago.

Our Energy Committee is ready to discuss our proposals in detail with the services of the European Commission as soon as possible, as our SMEs do not have much time left.

Mit freundlichen ermuternden Grüßen,



Antoni Cañete Martos
President of PIMEC