

Greece has proposed an EU-wide mechanism for hedging against steep gas price fluctuations to help households tackle rising energy prices across the union. Gas prices have surged so far this year as world economies are recovering from the coronavirus pandemic and global demand is picking up much faster than supply. EU leaders will discuss this week whether the situation requires a coordinated response. The mechanism proposed by Greece could draw funds from advance payments of carbon emission allowances that would be allocated to EU countries based on their heating and power consumption and on their gross domestic product per capita. It also includes auctioning of additional allowances of carbon emissions through the EU's emissions trading system, which would produce extra revenues for EU countries to help them fund compensating schemes for consumers in the winter season. Greece reasons that the unprecedented spike in gas prices, and by extension in electricity prices, is a major challenge for all EU member states that cannot be dealt with, solely, at national level. It said European consumers could face an additional energy cost of 100 billion euros in the upcoming winter. The head of the European Commission Ursula von der Leyen said that EU leaders will discuss the idea of setting up an EU strategic gas reserve and the decoupling of electricity prices from gas prices later in October.