



To: **Ms Ursula von der Leyen**
President of the European Commission

Mr António Costa
President of the European Council

Cc: **Ms Teresa Ribera Rodríguez**
Executive Vice-President for Clean, Just and Competitive Transition

Mr Dan Jørgensen
Commissioner for Energy and Housing

Ms Maria Luís Albuquerque
Commissioner for Financial Services and the Savings and Investments Union

Subject: Europe's Response to High Energy Prices – Concerns Regarding a Natural Gas Price Cap

Brussels, 16 March 2026

Dear President von der Leyen,
Dear President Costa,

Ahead of the European Summit of 19–20 March, we, the co-signatories, are writing on behalf of a broad coalition representing companies across the entire energy value chain, including electricity and gas producers, suppliers to households and industry, market operators, liquidity providers and financial institutions that facilitate essential risk management within in our energy markets.

We fully support the Union's efforts to secure affordable energy for households and industries, and share the Commission's ambition to strengthen Europe's industrial competitiveness while advancing the clean energy transition.

We are writing regarding the recent mentions by the Commission of a potential introduction of a price cap in response to the ongoing geopolitical crisis in the Middle East. While we appreciate the complexity of the current landscape, we respectfully submit that such an intervention could compromise Europe's energy security, disrupt the functioning of its energy markets and carry significant risks to financial stability, without delivering sustainable price relief for consumers.

Risk to Europe's Energy Security

Clear and credible price signals are essential to maintain Europe's ability to secure natural gas and LNG volumes that would otherwise flow to Asia. Europe's ability to secure natural gas, and particularly LNG, depends on a clear and credible price signal. Gas is traded globally, and cargoes move flexibly towards markets offering competitive returns. Over the past decade, the European gas benchmark TTF has earned the trust of suppliers worldwide as a reliable, market-based reference price. This trust has been essential in attracting LNG to Europe at critical moments.

We believe that introducing a price cap would undermine that confidence and weaken Europe's position in attracting global supply. If wholesale prices were artificially constrained below global market levels, LNG cargoes would likely be diverted to other regions, risking short-term supply disruptions and long-term damage to Europe's reputation as a dependable trading partner. Weakening the price signal now could have consequences well beyond the current period of high prices.

The loss of efficient hedging instruments will increase consumer prices

Energy derivatives markets play a vital role in protecting both energy producers and consumers against volatile market conditions. These markets function effectively only when prices reflect true supply and demand fundamentals. By decoupling derivatives prices from physical market realities, a cap prevents companies from effectively offsetting their real price risk. This forces market participants to withdraw from the market to avoid unmanageable losses, leaving them unprotected when prices spike. Ultimately, the resulting lack of liquidity and increased risk premiums drive up costs for the entire value chain, perversely increasing the financial burden on the very consumers the measure intends to protect.

Limited Effectiveness in Addressing Structural Drivers

Energy markets and gas prices today are, fortunately, far removed from the challenging situation we experienced in 2022. During the energy crisis, the temporary Market Correction Mechanism (MCM) did not ultimately activate because due to unexpectedly mild weather gas prices fell back to well below the trigger conditions before it came into force. As a result, the market avoided the risks that the ECB, ESMA and ACER explicitly highlighted as reasons to oppose a gas price cap, including increased volatility, higher margin calls and a shift of trading into less regulated markets. These concerns remain fully relevant today.

The Way Forward

For the reasons outlined above, we respectfully urge the Commission to maintain the integrity of Europe's market-based price formation. We firmly believe that any necessary intervention to alleviate the burden on consumers must be decoupled from the price formation process itself. Any such measures should safeguard security of supply and foster the hedging instruments we need to protect consumers and producers from volatile market conditions.

We stand ready to support the Commission and Member States in identifying solutions that genuinely improve affordability while safeguarding market integrity. Our associations and members remain at your disposal to discuss these issues further as Europe prepares for the March Summit.

Yours faithfully,

AFME - Association for Financial Markets in Europe

CMCE - Commodity Markets Council Europe

EACH - European Association of CCP Clearing Houses

Energy Traders Europe - Association of energy traders in the European energy market

EPTA - European Principal Traders Association

Eurogas - Association for Gaseous Energies in Europe

Europex - Association of European Energy Exchanges in Europe

FESE - Federation of European Securities Exchanges

FIA - Global trade organisation for the futures, options and centrally cleared derivatives markets

IOGP Europe - International Association of Oil & Gas Producers

ISDA - International Swaps and Derivatives Association