Press release

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CER

The Voice of European Railways

Measures needed to protect railways from skyrocketing electricity prices

In many European countries, railways are the biggest single consumer of electricity as 80% of train-kilometres are run on electric energy, a growing portion of which comes from renewable sources. Railways are therefore heavily impacted by the ongoing energy price hike. In view of the Energy Council on 30 September the Community of European Railway and Infrastructure Companies (CER) stresses the need to avoid a paradoxical situation where fossil-fuel-reliant transport modes gain a competitive advantage over more sustainable, electric-based transport modes such as railways. On the contrary, railways' energy efficiency must become a key tool to increase EU energy resilience. CER calls for Member States to consider introducing special measures for Services of General Economic Interest with a guaranteed supply of energy and price caps on electricity for rail.

Despite its energy efficiency, the financial viability of railways is at stake due to the recent price hike of electricity. According to a CER survey on electricity prices, railway companies are paying up to 420€ per megawatt hour (MWh) in 2022. On average the electricity price has at least tripled compared to 2021, with several countries experiencing a more than 10-fold increase. Railway companies currently struggle to plan for 2023 as many energy contracts need to be re-negotiated and the price is now forecast in some cases to exceed 500€/MWh. As a result, rail costs continue to increase significantly.

CER puts forward a number of concrete proposals to all EU Ministers. Firstly, and as identified by the International Energy Agency[1], railways must be included in a strategic toolkit for saving energy. Member States should pursue a holistic approach in introducing demand reduction targets and promote the energy-efficiency-first principle in prioritising the sector for energy consumption.

The European Commission proposal on capping the price of low-cost electricity such as wind, solar, and nuclear is a good step, but the €180/MWh ceiling is considerably higher than the electricity price before the crisis. The price cap should therefore be lowered. Finally, Member States should take into consideration rail's high exposure in the electricity market when allocating the surplus revenues resulting from the application of the cap.

CER Executive Director Alberto Mazzola said: "*It would be paradoxical if no measures are taken to protect railways from skyrocketing electricity prices. All efforts made by the sector to abandon fossil fuels would vanish and traffic would shift to more polluting modes of transport as diesel prices are subject to a much lower increase. On this basis, railways as an energy-efficient, ever more sustainable mode of transport must be protected with adequate energy at affordable prices through a lower price cap*".

[1] https://www.iea.org/reports/playing-my-part/

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About CER

The Community of European Railway and Infrastructure Companies (CER) brings together around 70 railway undertakings, their national associations as well as infrastructure managers and vehicle leasing companies. The membership is made up of long-established bodies, new entrants and both private and public enterprises, representing 79% of the rail network length, 77% of the rail freight business and about 90% of rail passenger operations in EU, EFTA and EU accession countries. CER represents the interests of its members towards EU policymakers and transport stakeholders, advocating rail as the backbone of a competitive and sustainable transport system in Europe. For more information, visit www.cer.be or follow us on Twitter @CER_railways or LinkedIn.