The Institutional Ingredients of Polycrisis Management: Unpacking European Council's Handling of the Energy Crisis

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Abstract

This article analyses how the European Council and the institutional infrastructure that supports it have been managing the early stages of the energy crisis. This was the time when the European Council, as the “control room” of EU crisis management, was unable to come up with any solutions to high energy prices. It makes a methodological and empirical contribution to the debate on how the European Council system manages (poly)crises. Methodologically, we introduce the method of embedded process tracing to study EU crisis management from within. Embedded process tracing combines mainstream causal process tracing techniques with elements from interpretivist approaches, to deal with context dependency, case heterogeneity, and empirical density. Empirically, we offer a process-management analysis of the first nine months of the energy crisis. We delineate the roles of various actors and institutions: the president of the European Council, the Council Secretariat, the Commission president, and the Commission Services. We unpack the crucial ingredients of polycrisis management: how to get and keep an issue on the agenda, how to shape and steer European-Council-level debates and conclusions, and how to ensure a proper follow-up by the Commission and the Council. Finally, we re-assess the image of the malfunctioning control room and show the causal relevance of the European Council’s early performance.

Keywords

energy crisis; EU institutions; European Council; polycrisis; process management

Issue

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1. Introduction

This article analyses how the European Council (EUCO) and the institutional infrastructure that supports it (the EUCO system) have been dealing with the energy crisis. It makes a methodological and empirical contribution to the current debate on how the EU deals with major or “polycrises” (Bressanelli & Natali, in press; Zeitlin et al., 2019). Methodologically, we introduce the method of embedded process tracing (EPT) to unpack the processual dimension of EUCO crisis management. Empirically, we demonstrate the use of EPT by reconstructing how the EUCO system dealt with the energy crisis, from October 2021 to June 2022. This was the period when the EUCO system was not (yet) able to deliver any tangible solutions to the problem of high energy prices.

Intuitively, it might seem strange to analyse the EUCO system when nothing is coming out of it. Yet, we contend that for acquiring a deeper understanding of how the EUCO system functions, these first nine months are very revealing. They allow us to go beyond the conventional narrative in which the EUCO tasks, the Commission develops the solutions and the Council (of Ministers) negotiates over the details. EPT uncovers and unpacks crucial elements of process management that post-hoc, outcome-oriented analyses of the EU crisis management would have (dis)missed.
Our analytical focus is on one specific part of the system, which is process management at the highest level. European crises are “Chefsache” (matters for the bosses). When a crisis hits, the heads of state or government, united in the EU, will be forced to take ownership. The EUCO represents the “control room” of EU crisis management (Smeets & Beach, 2022, Appendix 3; Van Middelaar, 2019, p. 191). However, the job does not just fall to the EUCO itself. During previous crises, a significant part of the job was delegated to specific actors within other EU institutions (the “machine room”). The process of coming up with and negotiating the details of crisis solutions involves the broader EUCO system, which includes the president of the European Council (PEC) and his cabinet, the European Commission (president, cabinets, designated services), designated units of the Council Secretariat, and a select number of representatives from the member states (sherpas, Coreper II ambassadors, Antici).

Our empirical focus is on the early stages when the EUCO system was seemingly malfunctioning. By the summer of 2022, European leaders had engaged in six difficult debates on high energy (specifically gas, consequently electricity) prices. Meanwhile, designated civil servants within the Commission services and Council Secretariat were unable to produce policy solutions that would “fix” or “cap” these high energy prices. To be sure, the EUCO’s responses to major crises have often been portrayed as “failing” or “sub-optimal” by outsiders (Jones et al., 2021). However, this time, insiders agreed with the assessment. At the time, process managers from all three sides (PEC, Commission, Council Secretariat) did not consider these first nine months very useful. Leaders’ debates were unstructured and at times uncomfortable, and conclusions were wide-ranging. Solutions only came in the second half of 2022, at which point the EUCO as such played a minor role.

This article demonstrates how EPT can be used to refine our theoretical understanding of EU crisis management. We ask whether and to what extent the EUCO system was indeed malfunctioning, or if there was not another, at the time unclear, rationale for these repetitive clashes about capping energy prices. In the next section, we introduce EPT and explain how it combines mainstream process tracing (PT) with elements from interpretivist approaches. Section 3 uses EPT to unpack the EUCO system’s handling of the energy prices debates. In Section 4, we show how EPT can be used for hypothesis generation and theory refinement, using the theoretical framework of new institutional leadership (NIL) as a case in point.

2. Analytical Framework and Methodological Design

This article provides a methodological contribution to a (so far) primarily theoretical debate about how the EU deals with major crises. This section starts by briefly characterizing (the debate about) EU crisis management.

We then introduce EPT and explain how combines mainstream causal PT techniques with elements from interpretivist approaches, to deal with context dependency, case heterogeneity, and empirical density. Finally, we explain how EPT, as an abductive research design, can be used for hypothesis generation and theory refinement.

2.1. EU(CO) Crisis Management: A Snapshot of the Debate

For more than a decade, the EU has been stumbling from one crisis to the next. After the financial and eurozone crisis came the migration crisis, Brexit, and soon afterwards the Covid-19 pandemic, the Ukraine war, and the energy crisis. The accumulation of crises led to the image of an EU in “polycrisis,” a view that was initially propagated by candidate Commission president, Jean-Claude Juncker (Juncker, 2014; Mérand, 2021, p. 3). The concept was taken over by the academic community, where polycrisis came to refer to a situation of multiple, simultaneous crises that threaten to fracture the EU policy space and paralyze decision-making (Zeitlin et al., 2019). Crisis was perceived as “the new normal” in EU decision-making (Dinan et al., 2017; Haughton, 2016). Instead of being demarcated episodes, this “crisisification” seemed to pervade more and more aspects and areas of EU decision-making (Kreuder-Sonnenschein, 2018; Rhinard, 2019).

One of the most notable consequences of this constant or polycrisis was the rise of the EUCO. The European leaders came to play a prominent role in shaping and steering EU policy responses to, but also beyond, the immediate crises (Smeets & Beach, 2022; Van Middelaar, 2019). This led to a recalibration—according to some a “re-intergovernmentalisation”—of EU decision-making (Bickerton et al., 2015; Puetter, 2014). The European Commission, Council, and European Parliament had to reassess their role and position vis-à-vis the EUCO (Bocquillon & Dobbels, 2014; Bressanelli & Chełotti, 2016). As the EUCO summits took the spotlight, other institutions were initially perceived to be in decline (Nugent & Rhinard, 2016). However, it quickly became clear that the EUCO’s reach and grasp over the EU system was rather shallow. Effective crisis management required an effective interplay between the institutions, in which the EUCO nominally called the shots, but much of the heavy lifting was still done by the Commission and the Council (Kassim, 2023; Kassim & Tholoni, 2020).

With the Brexit crisis, this EUCO system seemed to have found its modus operandi (Ludlow, 2017; Schuette, 2021). The EUCO itself provided the guidelines, while the Commission developed the solutions and managed the day-to-day negotiations, which the Council oversaw. During the Covid-19 crisis, the three EU institutions again worked together quite efficiently to produce a quick and far-reaching policy response in the shape of the €750 billion Recovery and Resilience Facility (Boin &
In spite of harsh clashes between political leaders, the EUCO system as a whole was able to deliver (Smets & Beach, 2023, p. 381). In terms of process management, this provided a template for dealing with the next major crisis: the energy crisis.

2.2. A Methodological Contribution to the Theoretical Debate

In the wake of these successive crises, a rich literature has sought to explain how the EU responded to each individual crisis (for an overview, see Hupkens et al., in press). The crises have been studied extensively from the prism of European integration theories, which often link crisis responses to further steps in EU integration (Ferrara & Kriesi, 2022). There have also been comparative evaluations of how the EU performed across crises (Börzel & Risse, 2018; Genschel & Jachtenfuchs, 2018; Smets & Zaun, 2021). However, such comparative analyses face a number of challenges, due to the limited number of cases/crises ("small N"), the big differences between these crises (case heterogeneity) and the empirical depth that is required for such reconstructions, which makes it harder to generalize across cases. Another methodological problem in EU crisis and integration studies is the (inadvertent) selection of the dependent variable, meaning the eventual outcome. Most studies seek to explain how the EU system produced a specific crisis response, for instance, the European Stability Mechanism in response to the eurozone crisis or the Recovery and Resilience Facility in response to the Covid-19 pandemic (see, e.g., Dinan et al., 2017).

This article suggests a process-oriented alternative to such post-hoc and outcome-oriented analyses of EU crisis management. EPT offers a methodological approach that can be used to unpack and refine existing theorizing. In this article, we use the NIL framework as an example. The NIL framework was based on a series of empirical analyses of EUCO crisis management, during the eurozone crisis, migration crisis, and Brexit and Covid-19 crisis (Smets & Beach, 2022, 2023). NIL intends to capture the dynamics within the inter-institutional triangle of EUCO (PEC and cabinet), Commission (president, cabinets, services), and Council (Secretariat) and delineate the roles that the three institutions are supposed to play within the EUCO system.

The article uses EPT to unpack one specific element of the NIL framework, which is the designated role of the EUCO as the control room. In the NIL framework, the role of the control room was reduced to mandating, monitoring, and endorsing the work that was being done in the machine room. Put differently, according to NIL, EUCO involvement worked best if it was limited and targeted. The EUCO’s role in the early stages of the energy crisis was notably different and from a theoretical perspective thus rather puzzling. The leaders played a very active, personal role in shaping and steering the EU’s response to high energy prices. The EUCO thereby seemed to be repeating mistakes from the handling of the eurozone and migration crisis, by trying to deal with politically contentious and technically complex matters directly at its level (Bastasin, 2014). To people who were directly involved in process management, these dynamics were all too familiar, yet even they had difficulty accounting for the logic (authors’ interviews, October–November 2021). However, instead of simply dismissing this as an inability to learn from past mistakes, we will use EPT to update the NIL framework.

2.3. Introducing Embedded Process Tracing

EPT constitutes a refinement of the generic PT methods (Beach & Pedersen, 2019) in which the researcher becomes "embedded" in the operational (causal) logic and evidential record of a social system. EPT can, but does not have to, take the form of a physical embedding in that system, as we know from ethnographic fieldwork, although the latter certainly helps. The embedding is not necessarily about personally experiencing the action, but rather about grasping the logic of the social situation from a real-time and insider perspective. Instead of becoming insiders themselves, EPT researchers can also work with direct participants in the process, to acquire an insider understanding. EPT does presume profound familiarity with the field, to be able to understand the significance of the (inter)actions that are taking place within the system. However, EPT does not seek the deep immersion into practices and life-worlds that we know from ethnography.

The real-time element is crucial, as will become clear from our analysis of the EUCO systems handling of the energy crisis. Even the closest insiders have difficulties reconstructing processes post hoc and tend towards hindsight rationalizations and legitimizations for how things played out eventually. To prevent this, EPT includes the initial, "fog-of-war" stage of the process, when participants were struggling to make sense of developments and were unable to oversee the process. However, EPT does not end with "reconstituting" such participants’ experiences and interpretations, but with the researcher attributing causal leverage to some of their interpretations and actions.

2.4. Mainstream Process Tracing: Causal Process Inferences

PT is a methodology for doing within-case, causal analyses. It provides an alternative to variance-based approaches, which require causal processes to be relatively homogeneous, meaning that the same cause(s) can be expected to have the same effect(s) across cases, thus providing a basis for comparisons and generalization. PT is designed to attribute causality in singular, typically quite heterogenous, cases that need to be studied in depth. The central element of PT is an explicit,
**ex-ante** specification of these causal processes or mechanisms as (theorized) “systems of interlocking parts that transmit causal forces from X to Y” (Beach & Pedersen, 2019, p. 29).

The problem with mainstream PT techniques is that they work well once the researcher knows which elements (actors, activities, linkages) to look for in the process. However, causal mechanisms might work very differently or have very different effects in individual cases. In some instances, it might even be that the mechanism is operating, but it is nevertheless unable to produce the foreseen outcome for idiosyncratic reasons. For the preceding stage of identifying these causal elements and constructing the causal mechanism, mainstream PT offers less guidance. It is here that PT can benefit from incorporating specific elements from interpretivist and ethnographic approaches.

### 2.5. Interpretivist Approaches: Contextualized, Heterogenous, Empirically Dense Explanations

PT and interpretivist/ethnographic approaches have much in common, particularly in how they seek to analyse contextualized social processes, as actions of and interactions between sense-making actors and their effects (Falleti & Lynch, 2009; Robinson, 2017). This explains recent attempts to integrate the two approaches under various labels like social PT, interpretivist PT, or practice tracing (Adler-Nissen, 2016; Norman, 2021; Pouliot, 2014).

PT and interpretivist/ethnographic approaches share three things in particular. First, their analyses are heavily contextualized, meaning that case-specificities matter for whether and how a process or mechanism works out. Second, their analyses almost inevitably are heterogenous. After all, it is because a specific process is non-routine that an in-depth process-level analysis is required. Third, their analyses are empirically dense, requiring the identification of all key actors, actions and interactions through which an outcome was produced. Taken together these features mean that, in order to say something meaningful, causal mechanisms need to be particularized or “tailored to the case.” This particularization is different from the operationalization used in theory-testing approaches because it is informed not primarily by theory, but rather by initial empirics.

### 2.6. Embedded Process Tracing as an Abductive Research Design

EPT seeks to combine the “experience-near” (dense, contextualized) observations of interpretivism and ethnography with the “experience-distant” (general, parsimonious) causal claims of process tracers. It is here that EPT departs from “deep” interpretivist approaches, which tend to qualify, or even negate, this distinction. First, EPT steers clear from the fundamental, constitutive questions that interpretivists and ethnographers put central stage. Such approaches generally shy away from causal vocabulary altogether, instead favouring constitutive accounts of the practices within a social setting (Adler-Nissen, 2016; Pouliot, 2014). These methodologies require a deep immersion into the social field, to reconstruct processes of “meaning-giving” by the inhabitants of those “life-worlds” (Guzzini, 2017). As a result, ethnographic accounts and practice theory tend to overemphasize the latent, the unnoticed, and sometimes even the trivial. The methodological focus is on the positionality and reflexivity of the researcher, their impact on the field and their abilities to provide an unbiased reconstruction of these practices.

Second, EPT differs from “deep” interpretivist approaches that move away from methodological individualism (Bevir & Blakely, 2018). Instead, these opt for a “methodological situationalist” perspective in which social systems are reified through habitual practices. Such scholars usually work from an inductive approach that puts perceptions, narratives, and social practices centre stage at an analytical level. Radical interpretivists even doubt whether a clear distinction between the perceptions of participants and the analytical claims of the researcher can be made. For EPT, on the other hand, practices without discernible consequences are causally irrelevant.

EPT uses an abductive—or hypotheses-generating—research design, which requires a back-and-forth between theory and empirics (Tavory & Timmermans, 2014). This back-and-forth approach perhaps gives the impression of reversed engineering, setting up a theoretical model on the basis of a case, which is subsequently applied to the same case. Because abductive approaches start from singular causation, they require a more extensive (close to comprehensive) engagement with all relevant actors and actions in the process, otherwise, the explanation would be considered unsatisfactory. Such a theory about the process (or “process theory”) is designed for a singular case by the researcher, as part of the research process. An abductive design brings this “creational activity” into the realm of scientific enquiry, and provides practical guidance for researchers. It is the empirics from initial fieldwork that inform which causal elements are present and how they work out in that particular case. It is because such process theories are particularized (tailored to the case) that we cannot consider the subsequent analysis a test.

### 3. Empirical Analysis

In this section we will use EPT to unpack the EUCO system’s seemingly ineffective handling of the early stages of the energy crisis, thus allowing us to go beyond post-hoc, outcome-oriented analyses. We unpack the puzzle into a set of process management questions: Why did energy prices keep appearing on the agenda? Why were the ensuing debates so messy? Why were the conclusions so unfocused? And why was there no follow-up?

The first part of the analytical puzzle is how an issue, that is not (yet) an urgent crisis, makes it onto the agenda of the EU Commission. In most post-hoc, outcome-oriented analyses of EU crisis decision-making, the answer is self-evident: The severity of the crisis necessitates the involvement of the leaders. A real-time, insider analysis teaches us that the decision to talk about energy prices was not as clear-cut and obvious as it might appear with hindsight.

By the summer of 2021, the issue of rising energy prices had been raised a number of times already. The issue was owned at the time by three Visegrad leaders (Orbán, Babiš, Morawiecki) who sought to link high energy prices to the Fit for 55 package (the set of legislative proposals that form the basis of the European Green Deal), and the extension of the Emission Trading Scheme in particular. This was not a discussion that the PEC, the Commission president, and a number of important leaders were keen on having. After a brief plenary elaboration by Commission President Von der Leyen, the matter typically was defused and energy prices never made it into the EUCO conclusions.

In the autumn, energy prices continued to rise, but this development was linked by experts within the Commission and many member states to the pick-up of global economies after the Covid-19 crisis. The Spanish prime minister, Sánchez, saw things differently. Sánchez had specific concerns with the “marginal pricing” or “merit-order” model, which allowed prices to clear at the rate of the most expensive energy source at a particular point in time. While initially meant to foster the uptake of renewables in national energy mixes, in Spain the model was currently working the other way around with gas setting the price of comparatively cheap renewables.

In preparatory sherpa consultations with the PEC cabinet, Spain let it be known that their prime minister would want to raise the issue at the October Summit (authors’ interviews, PEC and Council Secretariat). At this point, the preparatory process was already well underway. This process starts more than one month before the actual summit and runs from the Annotated Draft Agenda to guidelines to various versions of the draft conclusions, all of which are extensively discussed at Coreper II level and with the sherpas (personal advisors to the leaders).

Proper discussions between leaders require technical input from the Commission. In the short run, the Commission was only able to produce “a toolbox for [short-term] action and support” (European Commission, 2021). The focus was on helping businesses and households deal with the current, sharp spike (European Commission, 2021), but the toolbox steered clear of fundamental interventions in energy markets and prices. In preparatory Coreper II debates, member states expressed their hesitance about discussing such a technically complex issue at the leader level.

The PEC nevertheless decided in favour of Sánchez and provided the Spanish prime minister with a platform to voice his concerns about energy prices and market design. However, the ensuing debate did not go Sánchez’s way. The general sentiment amongst the leaders was that problems were temporary and that appropriate measures were already being developed by the Commission. The October 2021 conclusions duly reflected this: The EU Commission had “addressed the recent spike in energy prices” and noted that “the toolbox presented by the Commission...contains useful measures for the short and longer term” (EUCO, 2021a, pp. 11–12, emphasis added). With this, the EU Commission sought to revert the matter to the machine room, specifically the Transport, Telecommunications and Energy (TTE) Council of 26 October (EUCO, 2021a, p. 14). While many of the leaders would have preferred to leave the matter with the ministers, the PEC granted Sánchez a second victory, which was a promise to revert to the issue in December (EUCO, 2021a, p. 14).

The TTE Council meeting of 26 October “exchanged views” on the Commission’s toolbox. Ministers generally supported the Commission’s analysis of the causes of the hike in energy prices, and “looked forward to receiving further analyses and assessments” (Council of the European Union, 2021, p. 3). This seemed to defuse energy prices as Chefsache. Preliminary assessments by EU agencies (Agency for the Cooperation of Energy Regulators [ACER], European Securities and Markets Authority) in November and December confirmed the view of energy prices as a temporary spike/problem.

While it was clear that energy prices had to be included on the agenda of the December summit, the process managers tried to limit this debate to a stock-taking exercise. Machine room activity went down to a minimum. There was only one sentence in the draft conclusions mentioning that: “The high level of energy prices...remain[s] a matter of concern” (EUCO, 2021b, p. 9). However, there were no extensive preparatory discussions on energy prices and markets at the Coreper or sherpa level. Instead, the December 2021 summit got derailed by the three Visegrad leaders, who again sought to link high energy prices to the extension of the Emission Trading Scheme, and wanted to pick a fight with the Commission on whether gas and nuclear energy had to be included in the EU’s green taxonomy for sustainable finance. In the end, the three leaders even forced the PEC to withdraw his conclusions on energy prices. For the second time, it seemed that energy prices were about to be dropped off the EUCO’s agenda. The EUCO invited “the Council to keep the situation under review and will revert as appropriate” (EUCO, 2021b, p. 12).

3.2. The Messy Debates of March (February–March 2022)

The second analytical puzzle is: If energy prices nevertheless continued to feature on the EUCO’s agenda,
why were the ensuing debates and conclusions so messy? In most post-hoc, outcome-oriented analyses, the answer is again self-evident: the political stakes ran so high that big clashes between the leaders were unavoidable. The EPT analysis reveals that this “mess” was not so much the result of inevitable political clashes, but rather resulted from anticipation errors and process management failures.

At the very least, EPT begs the question: If these political clashes were unavoidable, why were they not better prepared and managed? After all, it is the job of the machine room to identify a potential landing zone for the leaders. If they cannot find such a landing zone, like for instance on nuclear or migration policy, it is generally best to keep the file away from the leaders. The EUCO does not want to involve itself in matters in which it cannot provide a meaningful contribution.

This was also the prevailing opinion in the first months of 2022 when it was considered unlikely that energy prices would again be discussed by the leaders. By then, the Russian invasion of Ukraine on 24 February had completely changed the energy outlook. The focus was on energy security now, not on markets and prices (authors’ interviews, March–April 2022; EUCO, 2022e). High energy, and specifically gas, prices were initially perceived as inevitable, as was the increased use of other fossil fuels (coal, oil), or otherwise controversial energy sources (nuclear). If higher prices were indeed inevitable, it would be in nobody’s interest to have an open discussion about them at the leader level (authors’ interviews, March–April 2022).

The first real opportunity for the EUCO to discuss the new energy outlook was at the informal summit in Versailles on 10–11 March. The Commission and the French Presidency envisioned a strategic discussion on reducing energy dependencies (and other strategic dependencies). The Commission’s first REPowerEU Communication of 8 March sought to channel the debate away from energy markets and prices, towards an enhancement of the Commission’s green transition plan, which focused on increased energy efficiency and increased use of renewable energy (European Commission, 2022a). However, the proponents of price-capping measures did not buy into this narrative. Higher targets for renewables and efficiency would lower energy prices in the medium to long term but would have little effect in the short term.

Versailles itself was an informal, and very French affair. The PEC cabinet and Council Secretariat were not in control of process management. It is difficult for the process managers when such informal meetings have to end with negotiated statements. This will result in drafting sessions, in which each leader is inclined to get his or her own priorities noted. The process managers could not prevent the inclusion of paragraph 19 in which the EUCO was again tasked “to urgently address...the impact of increased energy prices on citizens and businesses...at the next meeting of the EUCO on 24–25 March 2022” (EUCO, 2022d, para. 19). With this, energy prices were back on the agenda for the next EUCO meeting.

Process management in the run-up to the second EUCO summit in March again proved challenging but for different reasons. Mostly, it revealed the EUCO system’s huge dependence on input from the Commission. Due to the timing of the two summits, the process managers at the PEC cabinet and Council Secretariat had less than two weeks to prepare proper discussions between the leaders. The Commission had announced that it would come with a second communication on 22 March, but due to internal divisions, this had to be delayed to 23 March, which meant that the Commission’s input would go directly to the leaders (European Commission, 2022c). Without a Commission plan, it was difficult for the PEC cabinet and Council Secretariat to formulate the draft conclusions, and for Coreper II to channel the leaders’ debate. One could say that the leaders were flying blind into the 24–25 March summit.

To insiders and outside observers, the 24–25 March EUCO summit on energy epitomizes system failure. Two different streams fed into the leaders’ debate. Through the sherpa channel, Spain had managed to upload many of its preferred short- (EUCO, 2022c, para. 16a), medium- (EUCO, 2022c, para. 16b) and long-term (EUCO, 2022c, para. 16c) ideas for solutions, that were to be developed by the EU. Next to this, there was the Commission’s late input, which effectively served as a “buffet table” for leaders to pick and choose from.

The result was very long and confusing discussions, mostly pushed for by Spain, Italy, and France, in which the leaders themselves went into the technical details of market functioning and regulation. The Italian Prime Minister Draghi was now the primary advocate of any sort of price caps. Those who were less keen on market interventions, the German Chancellor Scholz and Dutch Prime Minister Rutte decided to copy-paste preferred parts of the Commission’s text. Once a leader has provided direct input to a draft, no process manager will dare to touch that text. Paragraph 16b perfectly illustrates this period of maximal confusion:

The European Council...tasks the Council and the Commission, as a matter of urgency, to reach out to the energy stakeholders, and to discuss, if and how, the short-term options as presented by the Commission (direct support to consumers through vouchers, tax rebates or through an “aggregator model/single buyer,” state aid, taxation (excises and VAT), price caps, regulatory measures such as contracts for differences) would contribute to reducing the gas price and addressing its contagion effect on electricity markets, taking into account national circumstances. (EUCO, 2022c, para. 16b)

Even more telling from a process management perspective, was the paragraph that followed in which the EUCO appeared to be tasking the Commission. The EUCO:
Calls on the Commission to submit proposals that effectively address the problem of excessive electricity prices while preserving the integrity of the Single Market, maintaining incentives for the green transition, preserving the security of supply and avoiding disproportionate budgetary costs. (EUCO, 2022c, para. 16c)

This was clearly an impossible mandate to lower prices while avoiding any kind of negative repercussions, in terms of market disturbances, risks in energy supply, increased use of coal or oil, and doing all this in a budget-neutral way. It was obvious that something had to give, but the EUCO in March could not yet provide guidance on what that something was.

3.3. The Failures and Limitations of Process Management (May–June 2022)

If March had been messy, the next question is: Why did things not get better in the months that followed? This links up with the fourth process management puzzle, which is central to the NIL framework: Why was there no effective follow-up? After all, this was certainly not the first time that the EUCO’s debates and instructions were wide-ranging and ambiguous. The question is why was the machine room not able to take up some of these ideas and translate them into feasible solutions?

In most post-hoc, outcome-oriented analyses, the answer is straightforward: The development of such solutions simply takes time. The EPT analysis does not dispute this claim but seeks to account for the why and how behind it. Moreover, the EPT analysis shows that the development of such solutions was certainly not a done deal. Rather than being preordained, initially, it looked like the price cap discussion had been settled in favour of those who were against it.

While preparing for the special summit of 30–31 May, it was clear that without concrete proposals on the table, it would not make sense for the leaders to revisit the matter. The process managers at the PEC cabinet and Council Secretariat were set to avoid a rerun of March and were therefore eagerly awaiting price-capping proposals from the Commission. However, through informal channels, it became clear that the Commission had put its faith in different types of solutions, primarily demand reduction and the joint purchasing of gas (authors’ interviews, May–July 2022). This “non-interventionist” view within the Commission was strengthened when the ACER presented its final report which stated that “current electricity market design is not to blame for the energy crisis” (ACER, 2022, p. 2).

Aware of these Commission hesitations, the process managers at the PEC cabinet and Council Secretariat then (again) sought to channel the debate away from price caps, and towards tackling long-term energy dependency. Draft conclusions were kept short, basically repeating what had already been agreed in March (authors’ interviews, June 2022; EUCO, 2022f). On 18 May the Commission followed up with its REPowerEU Communication, which again focused on increased energy efficiency and increased use of renewable energy sources, but which offered little to address current, high energy prices and market disruptions (European Commission, 2022b).

The EUCO debate on energy on Monday 30 May went largely according to the script, with the leaders focussing on long-term solutions instead of short-term prices and market disruptions. However, on Tuesday, the leaders were back to haggling over price caps. Since Spain and Portugal had already received their temporary exemptions allowing them to lower electricity prices, the lead was with Italy, Malta, Greece, and Belgium. Meanwhile, Polish Prime Minister Morawiecki and Czech Prime Minister Fiala let it be known that they would burn more coal if they needed to. This put the Commission’s narrative of reducing energy dependence through the green transition at risk.

The EUCO debate of May was just as long and the conclusions were just as confusing as they had been in March. Leaders were again provided with too many opportunities to upload their preferred options and ideas into the conclusions. One of the many ideas was “temporary import price caps where appropriate,” to be explored by the Commission (EUCO, 2022f, para. 27a). This reflected one of the few things that the main protagonists Draghi and Von der Leyen could agree on, which was a targeted price cap on Russian gas. Due to the leaders’ interventions, the impossible mandate to the machine room (European Commission) of March was even extended:

The European Council takes note of the ACER report and invites the Commission to swiftly pursue work on the optimisation of the functioning of the European electricity market—including the effect of gas prices on it—so that it is better prepared to withstand future excessive price volatility, delivers affordable electricity and fully fits a decarbonised energy system, while preserving the integrity of the Single Market, maintaining incentives for the green transition, preserving the security of supply and avoiding disproportionate budgetary costs. (EUCO, 2022f, para. 30, emphasis added)

Instead of providing feasible guidance, the EUCO again passed on the hot potato. The Commission’s input, which had indicated that energy markets were not the problem and price caps were not a feasible solution, was used by the EUCO to double down the work on energy market design and reduce excessive price volatility, while still making sure that there were no negative repercussions. The Commission made it clear that it would not be able to provide such input, certainly not before the Summer.

By June, the EUCO debate shifted to the financial dimension of the energy crisis, the bleak economic...
outlook and financial compensation to cushion high energy prices. In the run-up to their summit of 23–24 June 2022, many leaders let it be known through their sherpas that they were not eager to have yet another discussion about energy markets and prices. Nothing was said about price caps in the draft conclusions. At the EUCO Summit, Commission President von der Leyen had to counter harsh criticism from Italian Prime Minister Draghi for allowing energy prices to spiral out of control. However, Draghi, in the end, had to settle for an iteration of the “import price cap where appropriate” phrase in the final conclusions (EUCO, 2022b, para. 24). With this, the EUCO’s debate on energy prices again seemed to be over (authors’ interviews, June–July 2022).

4. Conclusion: “It’s the Process, Schuman”

With the benefit of hindsight, we of course know that the debate about energy prices was far from over. The main reason for this was external. The price spike in August 2022, when gas (Title Transfer Facility futures) prices reached a peak of more than €300 on Friday 26 August, exceeded the worst expectations even within the Commission. As a result, the dynamics would be very different after the summer. In the final four months of 2022, the EUCO system functioned very effectively, with the three institutions doing exactly what they were supposed to do. At their October 2022 summit, the EUCO (finally) provided guidance to the Commission and Council on the kind of price-capping measures it had in mind (EUCO, 2022a). On 22 November, the Commission (finally) delivered a proposal for a price cap, or Market Correction Mechanism (MCM; European Commission, 2022d). Then, the TTE Council (finally) could get to work on negotiating the details. After the EUCO of 15 December had provided its formal blessing, the TTE Council of 19 December could close the final deal (Council of the European Union, 2022).

The only problem is that, from an analytical perspective, we learn very little about how the EUCO system actually functions, if we only look at these final four months. In this conclusion, we show how the EPT analysis of the first nine months allows us to refine the NIL framework, and by extension other post-hoc, outcome-oriented analyses of EU crisis management.

The first process management element that should be added is the constant battles over agenda inclusion. The EPT analysis showed that, even in a crisis situation, agenda inclusion is by no means self-evident. Furthermore, it revealed a crucial distinction between getting and keeping an issue on the agenda. The PEC is often an easy scapegoat when issues appear on the agenda on which the EUCO system is subsequently not able to deliver. The EPT analysis revealed the PEC’s scope and limitations for setting the agenda. With regard to putting energy prices on the agenda, we doubt whether the PEC had much choice. If specific leaders insist on talking about something, as Spanish Prime Minister Sánchez did on energy prices, it is very difficult for the PEC to say no. However, when it comes to keeping energy prices on the agenda, we can justly wonder why the PEC and some leaders were eager to keep discussing the issue at their level, while there was no solution on the horizon.

The next elements of process management that should be added to our analytical understanding, concern the shaping and steering of leaders’ debates, and how these debates are transposed into the EUCO conclusions. Most post-hoc, outcome-oriented analyses would portray the repeated, uncomfortable political clashes on energy prices as both necessary and inevitable. EPT, instead, highlights the scope and limitations of the PEC cabinet and Council Secretariat for keeping the process in check. The process managers were, in fact, trying to channel the debate away from energy prices and markets, because they were well aware that these could not result in effective debates or conclusions. While they largely succeeded at the preparatory levels, the leaders themselves could not be held in check. The EPT analysis reveals that while the preparatory drafting process is elaborate and intense, this process tends to get derailed at the final stages when the Commission presents its input and leaders personally start to upload their preferences into the text. This explains the long and winding EUCO conclusions of March and May 2022 in particular.

The final element of process management that refines the NIL framework and our analytical understanding of EU crisis management, in general, is the many contingencies in matching machine room supply with control room demand. A conventional, post-hoc, outcome-oriented, narrative of EUCO crisis management would portray the MCM as the logical and sensible, eventual outcome, thereby missing a number of crucial aspects. It misses the fact that price caps were in the process of being removed from the agenda, in favour of other solutions: demand reduction and joint purchasing. The conventional view furthermore ascribes too much rationality to the proponents of price caps (Sánchez and Draghi) for knowing all along that price caps were both a possibility and a necessity.

The main contingency was that these other solutions took time to set up and prove their effectiveness. In the meantime, which means in the second half of 2022, an energy price cap had become a dire political necessity. What happened next was that Commission President von der Leyen chose to acknowledge this political reality and “forced” her services (Directorate-General for Energy and Directorate-General for Financial Stability, Financial Services and Capital Markets Union) to develop and deliver this price cap in any form that was considered feasible. We stress that the MCM that the Commission services eventually came up with is technically not even a price cap. It is a financial device that temporarily makes the futures price for gas into a tracker of the international market reference price. It was primarily meant to send a signal.
This unpacking of real-time process-level dynamics allows us to reassess the overarching question: Was the control room really malfunctioning? Or was there an, at the time and by insiders, unforeseen purpose to these uncomfortable debates and long conclusions? We contend that these debates were in the end causally relevant, albeit not in producing outcomes, but rather in terms of propelling the process. After all, major or “polycrises” are defined by a clash between what is politically necessary and what is technically possible.

By June 2022, it looked as if the political necessity had faded. The interventions by the Spanish Prime Minister Sánchez and Italian Prime Minister Draghi were therefore perceived as largely ineffective. We now know that their significance lay in the fact that they kept the idea of a price cap alive, at the times (December, March, May, June) when it was dying out. This meant that when a window of opportunity opened up, caused by the price peak in August, the system was already poised to deliver. Ironically enough, the MCM came into existence at a time when other solutions were proving their effectiveness and the technical necessity was fading (Cooper et al., 2022; “Moving past the price cap,” 2022). Rather than portraying the MCM as the ultimate answer to the energy crisis, it epitomizes EUCO crisis management as a continuous process of clashes and continuations.

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Conflict of Interests

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Supplementary Material

Supplementary material for this article is available online in the format provided by the authors (unedited).

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