ACER
European Union Agency for the Cooperation of Energy Regulators

# BACKGROUND DOCUMENTS

## of the 130th ACER Board of Regulators Meeting

## 5 March 2025

| | Agenda point | Direct link |
|---|---|---|
| European Commission's update on the Clean Industrial Deal: A joint roadmap for competitiveness and decarbonisation. | 3.1 | - |
| European Commission's update on the Action Plan for Affordable Energy | 3.1 | - |
| ACER Recommendation on the Demand Response Network Code | 4.1 | Link |
| ACER Decision on a proposal from Nominated Electricity Market Operators (NEMOs) to amend the single intraday coupling (SIDC) products methodology | 4.2 | Link |
| ACER Report on Electricity Transmission and Distribution Tariff Methodologies in Europe 2025 | 4.3 | Link |
| ACER Market Monitoring Reports: key developments in gas & electricity | 4.4 | Link |
| ACER Report on Regional Coordination Centres' reporting obligations in 2023 | 5.1 | Link |
| ACER ITC Monitoring Report 2023 | 5.2 | Link |

*Below are the documents that are not available for download from ACER's website:*

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# COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

## The Clean Industrial Deal: A joint roadmap for competitiveness and decarbonisation

## 1. Introduction

**Europe's industrial base is central to our identity and essential for our competitiveness.** Our continent has a rich industrial heritage. For decades, our industries have been at the forefront of technological progress. They fuelled economic growth and sustained our social model. They now need a promising future, and Europe – with its many strengths – is the right place. It has the talents, the entrepreneurs, business owners, workers and consumers. It has the ability to drive innovation and shape global progress. And it has a strong social market economy underpinned by a predictable legal environment. There is no resilient economy without a robust industrial component.

**However, Europe is grappling with rising geopolitical tensions, slow economic growth and technological competition.** In this new era, it is clear that a competitiveness and decarbonisation strategy is also a security imperative. The EU must urgently address three challenges at once: a climate crisis and its consequences, competitiveness concerns and economic resilience. As the Draghi report[1] and the Competitiveness Compass[2] highlight, decarbonisation policies are a powerful driver of growth when they are well integrated with industrial, competition, economic and trade policies. Our industries, particularly those facing high energy prices and fierce global competition, are facing existential challenges. We risk being outpaced by other major powers in terms of productivity growth. This calls for urgent action.

**This is why Europe needs a transformational business plan**. The Clean Industrial Deal brings together climate action and competitiveness under one overarching growth strategy. It is a commitment to accelerate decarbonisation, reindustrialisation and innovation, all at the same time and across the entire continent, also reinforcing Europe's resilience. It must present European industry with a stronger business case for large climate neutral investments in energy intensive industries and clean tech.

**We aim to increase sustainable and resilient production in Europe**. Europe has set out an ambitious framework to become a decarbonised economy by 2050. It will stay the course, including through the intermediate 2040 target of 90% net greenhouse gas emissions reduction. This framework can drive competitiveness, as it gives certainty and predictability to companies and investors alike. This will be achieved by nurturing competitive manufacturers who drive decarbonisation through innovation, create quality jobs and contribute to our open strategic autonomy, fully respecting and applying the principle of technological neutrality for Member States as appropriate.

**The focus will be mainly on two closely linked sectors.** Firstly **energy-intensive industries,** which require urgent support to decarbonise, electrify, as well as confront high energy costs, unfair global competition and complex regulations, harming their competitiveness. Secondly **the clean-tech sector**, which is at the heart of future competitiveness and necessary for industrial transformation, circularity and decarbonisation. It is indispensable to act for both to reach our climate neutrality targets, absorb emissions and maintain water resilience and ensure

[1] https://commission.europa.eu/topics/eu-competitiveness/draghi-report_en#paragraph_47059
[2] COM (2025) 30

we can produce the technologies of the future made in EU, and retain our ability to be solutions providers.

**Circularity will be a priority.** It is the key to maximising the EU's limited resources, reducing dependencies and enhancing resilience. It reduces waste, lowers production costs, lowers CO2 emissions and creates a more sustainable industrial model that benefits the environment and enhances economic competitiveness. The ambition of the Clean Industrial Deal is to make the EU the world leader on circular economy by 2030.

**For a thriving new European industrial ecosystem of growth and prosperity, it is essential to move beyond traditional silo solutions and look at the entire value chain.** There are six business drivers: (1) affordable energy, (2) lead markets, (3) financing, (4) circularity and access to materials, (5) global markets and international partnerships and (6) skills. These should be complemented by actions on horizontal enablers necessary for a competitive economy: cutting red tape, fully exploiting the scale of the Single Market including through gradual integration of candidate countries, boosting digitalisation, accelerating the deployment of innovation, promoting quality jobs and better coordinating policies at EU and national level.

**The Clean Industrial Deal confirms the EU's dedication to its climate goals by offering clear business incentives for industry to decarbonise within Europe**. Europe's industrial base is central to our prosperity and essential for our competitiveness. The measures it proposes are the result of the active engagement of industry leaders, social partners and civil society through the Antwerp Declaration for a European Industrial Deal and the Clean Transition Dialogues[3]. Our proposals are directly tailored to their needs. **At this pivotal moment for European industry**, the Clean Industrial Deal aims to open a new chapter of European industrial history defined by growth, resilience, and leadership on the world stage.

## 2. Access to affordable energy

As average energy prices in Europe are higher than those of our trading partners, securing affordable energy is a key condition for the competitiveness of our industry, especially for energy-intensive sectors. **Access to affordable energy is therefore a cornerstone of the Clean Industrial Deal.**

Europe's dependence on imported fossil fuels is the main cause of these higher, and more volatile, energy prices. This situation has been exacerbated by the recent energy crisis and the weaponisation of gas supply by Russia. The current geopolitical and market uncertainty drive up investment costs which are passed on to consumers.

In addition, more structural inefficiencies in the electricity system raise energy costs and have an impact on the energy bills of European industries. Insufficient interconnections and grid infrastructure, as well as limited energy system integration and flexibility hinder the further integration of cheaper decarbonised energy sources and limit the EU's resilience against threats. Digitalisation, including AI driven smart grids and IoT-based energy monitoring, will be key to ensure energy systems integration, supporting real-time grid management, improving demand-side flexibility, and enabling predictive maintenance for critical infrastructure. **The EU must advance towards electrification and a fully integrated single market for energy.**

[3] COM (2024)163 final

To reduce energy costs in the EU, we need to accelerate electrification, and the transition to clean, domestically generated energy, complete our internal energy market with physical interconnections, and use energy more efficiently. We need to deliver on a genuine Energy Union that benefits all. To do so, an **Action Plan for Affordable Energy**[4] is adopted today. It includes measures to lower energy bills for industries, businesses and households in the short term, while speeding up necessary structural reforms.

With the cooperation of Member States and the private sector, the Action Plan will have a transformative effect, respecting the principle of technology neutrality. The bulk of the Action Plan will be delivered already in 2025. Passing on the benefits of cheaper energy to end users will support the industry's business case to invest in electrification and decarbonisation. Investors also want certainty. The National Energy and Climate Plans are essential tools to ensure EU target achievements and to support strategic investment. Moreover, Member States' national strategies to achieve the 2030 climate and energy goals should be translated without delay into concrete action.

In the Action Plan, three flagships are particularly relevant to industry: (1) lowering energy bills, (2) accelerating the roll-out of clean energy and electrification, with completed interconnections and grids, as well as clean manufacturing, and (3) ensuring well-functioning gas markets.

### 2.1. Lowering energy bills

**Lowering the cost of electricity supply starts with fully implementing the reforms introduced in the recently adopted Electricity Market Design**[5] **as well as with promoting energy efficiency.** A fast increase of Power-Purchase Agreements (PPAs), including cross-border PPAs, and Contracts for Difference (CfDs) is key to making clean energy production more attractive for industrial users and final energy bills less dependent on volatile fossil fuels in short term markets.

More can be done to support the uptake of PPAs. **The Commission is launching today, with the European Investment Bank (EIB), a pilot programme for corporate Power Purchase Agreements** (PPAs) for an indicative amount of EUR 500 million. Under this pilot, the EIB will counter-guarantee part of the PPAs undertaken by companies, preferably SMEs and midcaps as well as energy intensive industries, for the long-term purchase of electricity generation. In line with the approach in the Electricity Market Design, the Commission will engage with the EIB to promote PPAs in a technologically neutral way. The **EIB will also introduce a 'Grids manufacturing package'** for the European supply chain to provide counter-guarantees to manufacturers of grid components, with an indicative amount of at least EUR 1.5 billion. This package will provide these businesses with needed certainty to ramp-up production. The EIB Group will continue to boost the pace of energy investments, as it did recently under REPowerEU.

**The Commission will simplify State aid rules by June 2025** to accelerate the roll-out of renewable energy, deploy industrial decarbonisation and ensure sufficient capacity of clean tech manufacturing in Europe[6]. Fully recognising the Member States' right to decide on the

[4] COM (2025) 79 final
[5] Directive (EU) 2024/1711; Regulation (EU) 2024/1747
[6] See section 4.3 for more details

energy mix, the Commission will assess the State aid for nuclear supply chains and technologies in line with the Treaty and with respect to technological neutrality. **The Commission will provide guidance to Member States on how to design contracts for difference**, including their potential **combination with PPAs,** in line with State aid rules. This will be paired with the adoption by the Commission of new **rules on cross-border forward capacity allocation** by 2026. These rules will further empower large industrial consumers to secure the electricity production they need to operate. This will also contribute to developing forward markets and make for a more secure long-term supply of electricity. Furthermore, the Commission will seek Member States' views on a clean flexibility instrument based on PPAs and industry committing to consume clean electricity, while designing it in a way that sufficiently limits the risks of competition distortions and subsidy races in the Single Market, as required by State aid rules.

Industrial consumers have a great potential to adjust demand to the supply of cheap clean energy, consuming more when prices are low and less when they are high. Providing products tailored to the needs of different industrial and other consumers could enable industries, on a voluntary base, to make immediate savings from their energy bills. The Commission will develop by Q4 2025 **guidance to Member States and retailers on promoting remuneration of flexibility in retail contracts**.

As a first step, Member States should urgently conclude the negotiations on the Energy Taxation Directive[7] to make the tax framework more conducive to electrification and not incentivise the use of fossil fuels. To provide short-term relief to industry, in particular energy-intensive industry investing in decarbonisation, Member States should also lower taxation levels on electricity and eliminate levies that finance policies unrelated to energy. The Energy Taxation Directive allows to decrease electricity taxation down to zero for energy intensive industries. In that regard, the **Commission will issue** a recommendation on how to effectively lower taxation levels **in a cost-effective way.** On network charges, the Commission will put forward a **recommendation and guidance on a harmonised design of tariff methodologies** for network charges, and considering their effectiveness, propose new legislation.

An efficient network system ensures that energy flows from where it is produced to where it is needed, ensuring that everyone benefits from energy at the best cost. The Commission will put forward a **European Grid Package** to, among others, simplify Trans-European Networks for Energy, ensure cross-border integrated planning and delivery of projects, especially on interconnectors, streamline permitting, enhance distribution grid planning, boost digitalisation and innovation as well as increase visibility and prioritisation of manufacturing supply needs, also building on actions from the Grid Action Plan.

As natural gas is overall expected to remain the main price-setter for electricity in the next years in the EU, the Commission stands ready to support Member States when designing State aid measures. These would allow Member States to address extreme price spikes and exceptional price environments and to decouple the translation of high gas prices into electricity prices, based on proven models in emergency situations.

[7] COM/2021/563 final

### 2.2. Accelerating the roll-out of clean energy and manufacturing

Energy-intensive industries need a steady and secure supply of clean and affordable energy. **Cutting permitting times for the deployment of grid, energy storage and renewables projects is essential**. However, so far only seven Member States notified full transposition of the more streamlined permitting rules in the new Renewable Energy Directive. The effect on deployment in those countries has been clear and positive. All Member States should make the most of this opportunity, as this will bring more cheap electricity to the system. The Commission will, as an immediate deliverable, support Member States in transposition and implementation of existing energy permitting legislation. It will share best practices and recommendations and launch an implementation dialogue on energy permitting.

Lengthy permit-granting procedures are also a major concern for energy-intensive industries that want to electrify. This is why the Commission, in the upcoming **Industrial Decarbonisation Accelerator Act, will propose concrete measures to address permitting bottlenecks related to industrial access to energy and industrial decarbonisation**, while maintaining environmental safeguards and protecting human health. These measures will build on experience acquired through the Emergency regulation on permitting[8], the Renewable Energy Directive[9], the TEN-E Regulation[10], the Critical Raw Material Act[11] and the Net Zero Industry Act (NZIA)[12]. For certain pre-defined acceleration areas, and in cases of overriding public interest, this can be eased by measures such as tacit approvals for certain administrative decisions in the permitting process where this principle exists in the national legal system and one-stop shops for developers.

Digitalisation plays an important role in the permitting process. It can speed up procedures and give greater timing predictability. The Commission will further incentivise the use of data spaces, EU space-based data and services and AI to ensure that different data sets, including geological, spatial, natural ecosystem mapping or emissions data is easily accessible by the national authorities facilitating the decision-making.

### 2.3. Ensuring well-functioning gas markets that deliver

**The price of imported natural gas has a direct impact on both EU gas and electricity prices.** To reduce price volatility and speculation, markets must function properly. Full regulatory oversight and close cooperation between energy and financial regulators is required to prevent market manipulation and close any possible loopholes related to lack of transparency, asymmetry of information and risk of market concentration.

Earlier this month, the Commission set up a **Gas Market Task Force to comprehensively scrutinise the EU natural gas markets** and, where necessary, take actions to ensure their optimal market functioning and prevent commercial practices distorting market-based pricing, learning from the lessons of the energy crisis. The Commission will launch a broad stakeholder consultation to assess the need for further legislative changes to ensure full and seamless

[8] Council Regulation (EU) 2022/2577
[9] Directive (EU) 2023/2413
[10] Regulation (EU) 2022/869
[11] Regulation (EU) 2024/1252
[12] Regulation (EU) 2024/1735

regulatory oversight, align and strengthen energy and financial market rules (MiFID/REMIT[13]), and reduce the administrative burden on companies trading on financial markets for energy (single reporting). It will cover various aspects of the regulatory setup[14], the joint supervisory approach by energy and financial regulators and the creation of a joint harmonised database of all relevant market-data with full access to all regulators. It will deliver a report by Q4 2025.

In addition, better coordination among Member States and more flexible filling trajectories, with the support of the Commission, can help to reduce system stress and avoid market distortions linked to **gas storage refilling,** supporting refilling at better purchasing conditions and security of supply.

| Flagship actions - Access to affordable energy and infrastructure | Timeline |
|---|---|
| Action Plan on Affordable Energy | Q1 2025 |
| EIB pilot offering financial guarantees for PPA offtakers, with a focus on SMEs and energy-intensive industry | Q2 2025 |
| Legislative proposal on the extension of the Gas Storage Regulation | Q1 2025 |
| Clean Industrial Deal State aid framework | Q2 2025 |
| Recommendation on network charges | Q2 2025 |
| Industrial Decarbonisation Accelerator Act:<br>• Speed-up permitting for industrial access to energy and industrial decarbonisation | Q4 2025 |
| Recommendation on energy taxation | Q4 2025 |
| Guidance on CfD design, including on combining CfDs and PPAs | Q4 2025 |
| Guidance on promoting remuneration of flexibility in retail contracts | Q4 2025 |
| European Grids Package | Q1 2026 |
| KPI – Increase economy-wide electrification rate from 21.3% today to 32% in 2030[15]<br>KPI - Annually install 100 GW of renewable electricity capacity up to 2030[16]. | |

[13] Regulation (EU) 2011/1227; Directive (EU) 2014/65

[14] Including the parameters governing the application of the so-called ancillary activity exemption, the rules on circuit breakers and position limits, the requirements applying to trading venues and market participants, as well as certain aspects of the functioning of spot markets (e.g., the application of requirements similar to those of the financial rulebook to spot energy exchanges).

[15] Eurostat data, presented in SWD (2025) 11 final.

[16] Eurostat:
https://ec.europa.eu/eurostat/databrowser/view/nrg_inf_epc__custom_15272393/default/table?lang=en

## 3. Lead markets: boosting clean supply and demand

**Building a business case for decarbonised products also requires concrete measures on the demand side**. Businesses will only make the necessary investments if they are sure there is a market for their products.

The Clean Industrial Deal will put the conditions in place for this demand to emerge. Creating lead markets for European clean technologies and products will better position the EU as a global leader in the clean transition. It also increases its competitiveness in key clean sectors, offering guarantees for sustainable manufacturing of clean products and for employment. Lead markets drive economies of scale, reduce costs, and make sustainable alternatives more accessible to consumers and businesses alike. This increased demand incentivises industries to accelerate their transition to cleaner and more circular production methods, reinforcing both environmental and economic benefits.

The new measures complement the roll-out of the EU's long-standing objective to create a market for captured carbon. The implementation of the Industrial Carbon Management Strategy[17], will build the business case for these permanent carbon removals to compensate for residual emissions from hard to abate sectors, including in the context of the review of the ETS Directive[18] in 2026. Measures will be developed to acknowledge the use of captured carbon in a wider range of products, and prevent double counting of embodied carbon emissions, should waste incineration be included in the EU Emission Trading System (ETS). In addition, the Commission will support the acceleration of the development and deployment of small modular reactors (SMRs).

### 3.1. Non-price criteria in public procurement and incentives for private purchases

**Public procurement policies are a powerful instrument** to help overcome barriers to market entry and to support sustainable and resilient industrial ecosystems, jobs and value creation in the EU. Targeted mandates and non-price criteria for sustainability, resilience as well as EU content requirements in line with the Union's international legal commitments can align national spending with the EU's broader decarbonisation and competitiveness agenda, ensuring that public spending benefits, innovation, sustainability, prosperity and creation of high-quality jobs. This would also be a clear incentive for manufacturers to ramp up sustainable and resilient production.

**The Industrial Decarbonisation Accelerator Act will introduce resilience and sustainability criteria to foster clean European supply for energy-intensive sectors**. These criteria (e.g. clean, resilient, circular, cybersecure) will strengthen demand for EU-made clean products, building on the experience of the Net Zero Industry Act for clean tech, promoting innovation as well as EU environmental and social standards and ensure a level playing field. This could widen the application of non-price criteria to the EU budget, national support programmes as well as public and private procurement benefitting energy-intensive industries[19].

**Beyond this short-term signal, the Commission will make a proposal to revise the Public Procurement Framework in 2026.** This will allow for sustainability, resilience and European preference criteria in EU public procurement for strategic sectors. The revision will consolidate

[17] COM (2024) 62 final: This will require Member States to recognise capture projects as strategic in the context of the Net Zero Industry Act's implementation and oil and gas companies to deliver the 50 million tonnes of CO2 storage capacity by 2030.
[18] Directive (EU) 2023/959
[19] See Industrial Decarbonisation Bank.

and clarify the interactions between public procurement provisions across different pieces of legislation, to simplify application by contracting authorities. All levels of administration, from national to local, should be able to use them. These criteria will also be extended to incentivise private procurement, through measures such as life cycle-based CO2 emission performance standards.

Private procurement has the potential to shape demand significantly. As is already the case in other regions of the world, and recommended in the Draghi report, the Commission will assess how to include requirements and non-price criteria in relevant product legislation, such as low-carbon steel, renewables or sustainable battery cells for cars and corporate fleets as well as building codes. There must be a clear link between incentives for decarbonisation and circularity efforts by industry. Product labelling for industrial products, accompanied by the right incentives, is a powerful tool to speed-up the transition to decarbonised manufacturing and ensure that the manufacturers can reap the "green premium" and generate a return on their decarbonisation investments. Linking this label to public procurement, will encourage manufacturers to use it.

**The Industrial Decarbonisation Accelerator Act will develop a voluntary label on the carbon intensity of industrial products,** while avoiding duplication, based on a simple methodology with ETS data and building on the CBAM methodology. This should be the basis for further engagement with international work on measuring carbon intensity. In the interest of speed, the Commission will start with steel in 2025. This will be based on existing reporting from industry. A label for cement will be created under the Construction Products Regulation[20], and a standardisation request will shortly be lodged. Such labels will allow industrial producers to distinguish the carbon intensity of their industrial production and to benefit from targeted incentives, e.g. for clean steel. They could also be used by Member States to design tax incentives and other support schemes in line with State aid rules.

In parallel, the Commission will continue working on **developing comprehensive life-cycle assessments**, building on the Industrial Decarbonisation Accelerator Act's voluntary label where relevant. Labels will equally benefit consumers to see the carbon footprint of relevant products thanks to existing legislation (e.g. Ecodesign for Sustainable Products Regulation[21], Construction Products Regulation and sectoral legislation such as batteries or buildings).

Strengthening these decarbonisation incentives also requires addressing the proliferation of different carbon accounting methodologies in the EU and internationally, which are a cause for confusion for EU companies leading the development of cleaner products. The Commission will work to **simplify and harmonise carbon accounting methodologies** and identify by Q4 2025 priority areas and possible avenues for simplification, harmonisation and robust verification.

### 3.2. Promote the uptake of renewable and low-carbon hydrogen

Hydrogen has a central role to play in decarbonising our EU energy system, in particular in the hard to abate sectors where electrification is not yet a viable option. A clear regulatory framework is essential. **The Commission will therefore adopt in Q1 2025 the delegated act on low carbon hydrogen**, to clarify the rules for producing low carbon hydrogen in a pragmatic way, providing certainty to investors.

[20] Regulation (EU) 305/2011
[21] Regulation (EU) 2024/1781

To de-risk and accelerate the uptake of hydrogen production in the EU, the Commission will launch a third call under the Hydrogen Bank in Q3 2025 with a budget of up to EUR 1 billion and encourage Member States to use the auctions-as-a-service platform provided by the Commission, for example by facilitating the use of unspent EU funds.

Moreover, the launch of the Hydrogen Mechanism under the European Hydrogen Bank in Q2 2025 will mobilise and connect offtakers and suppliers, linking participants with financing and de-risking instruments to facilitate aggregation of offtakers' demand for hydrogen and hydrogen-derived fuels in hard-to-decarbonise industrial sectors and transport, e.g. in the maritime and aviation sectors.

To prepare the review of the delegated act on renewable fuels of non-biological origin, the Commission is launching a study to assess the effectiveness of the hydrogen framework and identify possible barriers to the upscaling of renewable hydrogen. The Commission also continuously supports stakeholders in the certification process, notably with a regularly updated online Q&A.

| Flagship actions - Lead markets: boosting clean supply and demand | Timeline |
|---|---|
| Delegated act on low carbon hydrogen, providing regulatory certainty to producers of low carbon hydrogen | Q1 2025 |
| Industrial Decarbonisation Accelerator Act:<br>• Establish a low-carbon product label<br>• Apply sustainability, resilience and minimum EU content requirement in public and private procurement in strategic sectors to ensure lead markets for low-carbon products | Q4 2025 |
| Communication and legislative proposal on greening corporate fleets | 2025/2026 |
| Revision of Public Procurement Directives to mainstream the use of non-price criteria | Q4 2026 |
| KPI – Reach 40% of domestically produced key components of clean tech products on the EU market[22]<br>KPI - Decrease external vulnerabilities for Clean Industrial Deal products as measured by the External Vulnerability Index from 0.19 today. (EXVI)[23]. | |

## 4. Public and private investments

**The clean transition of our economy will require major investments.** The EU needs to increase its annual investments in energy, industrial innovation and scale up and transport system by around EUR 480 billion compared to the previous decade[24]. Mobilising and

[22] Regulation (EU) 2024/1735 Art. 42

[23] The European Commission's External Vulnerability Index (EXVI) will be reported on in the Annual Single Market Competitiveness Report. It is a tool that assesses the EU's vulnerability to external economic shocks. Using granular trade data, EXVI evaluates dependencies, competitive positions, and economic exposure to support informed policy decisions and promote industrial resilience. EXVI tracks progress towards the EU's Clean Industrial Deal goals, aiming to reduce vulnerabilities in key sectors. 0 = low vulnerability, 1 = high vulnerability.

[24] SWD (2023) 68 final – Between 2021 and 2030.

leveraging private capital is key. This requires long-term regulatory stability, public incentives for decarbonisation and effective policy coordination.

Building on the experience of the EU budget, which contributes to climate-relevant measures supporting the European Green Deal in this financing period, the next Multi-annual Financial Framework (MFF) will also be a key enabler for the clean transition. The planned **Competitiveness Fund** will offer strong support to innovative industry for sustainable investment in the next MFF and a one-stop-shop simplified access to EU fundings. It will focus on projects with European added value, such as clean tech, while also supporting industrial decarbonisation. EU funding will provide significant further investments in the infrastructure and connectivity required to complete the Energy Union. The Commission will adopt a strategy on a **Savings and Investment Union** to enable mobilising capital for private investment. This will position Europe as the leading destination for investments in industrial decarbonisation and clean tech.

Today**, EU industry requires immediate access to capital. To provide short-term relief the Clean Industrial Deal will mobilise over EUR 100 billion to improve the business case for EU-made clean manufacturing**, including an additional EUR 1 billion in guarantees under the current MFF.

The Commission will act to (1) strengthen EU-level funding, (2) leverage private investment and (3) enhance the effectiveness of State aid in support to the Clean Industrial Deal's objectives as well as that of other national support schemes.

### 4.1. Strengthening EU level funding

**The Innovation Fund has proven to be a reliable tool for EU industries to finance industrial decarbonisation and clean tech manufacturing projects.** To increase its impact, additional financing options should be made available to scale up support for the Innovation Fund selected projects that have received a Sovereignty Seal under the STEP Regulation[25]. The Commission will explore ways to facilitate this, including through enhanced synergies between existing funding instruments, in order to maximise the financing of Innovation Fund STEP seal projects across regions in the EU. In parallel, the Commission will seek to further align funding criteria for the Innovation Fund and national financing which will accelerate State aid approval for Member States wanting to support projects with a STEP seal. This will clarify the process and give Member States an incentive to allocate more national resources.

**In addition, the Commission will propose an Industrial Decarbonisation Bank aiming for EUR 100 billion in funding based on funds in the Innovation Fund, additional revenues resulting from parts of the ETS as well as the revision of InvestEU**. To ensure that the Union invests in the innovation and technologies that will shape our economy and drive our transitions the Bank will be placed within the governance of the future Competitiveness Fund. Prior to the revision of the ETS Directive in 2026, the Commission will **launch in 2025 a pilot with a EUR 1 billion auction on the decarbonisation of key industrial processes across various sectors** supporting industrial decarbonisation and electrification, using a combination of existing resources under the Innovation Fund and auctions-as-a-service.

[25] Regulation (EU) 2024/795

The Industrial Decarbonisation Bank will maximise emission reduction. It will use ETS allowances reserved for this purpose as part of the architecture of the EU ETS to support projects with carbon emission reduction as a metric to enable technology-neutral support across industrial sectors, including through carbon contracts for difference. It will be designed to ensure a competitive selection and a fair distribution of support across Member States. It will complement the ETS price signal and help bridge the funding gap in both capital and operational expenditures.

The Commission plans to commit EUR 6 billion from the Innovation Fund in 2025, including for clean tech, battery manufacturing, the Hydrogen Bank and industrial decarbonisation. The Commission also invites Member States to make more use of grants- and auctions-as-a service as a proven model to pool EU and national resources in a harmonised and State aid compatible competitive selection. Germany, Austria, Lithuania, and Spain have spearheaded efforts in this respect by unlocking additional funding for RFNBO hydrogen projects.

More generally, the Commission will safeguard the EU's strategic interests by increasingly focusing relevant calls on the industrial decarbonisation needs, making greater use of resilience criteria in competitive calls or restricting the participation of third countries in sensitive research projects.

Research and Innovation (R&I) is a key enabler for promoting the next generation of clean tech, clean energy and decarbonised manufacturing in the EU. The Commission will launch a flagship **Horizon Europe call** of ca. EUR 600 million under the 2026-2027 work programme to support fit-for-deployment projects. This will aim at fostering synergies between the Framework Programme for R&I and the Innovation Fund, creating a pipeline of projects from R&I to deployment. In addition, to support fusion as an innovative, decarbonised energy source for the future, a fusion strategy will be proposed, including the creation of Public-Private Partnerships (PPPs) to accelerate commercialisation.

### 4.2. Leveraging private investment

InvestEU is currently the main EU-level tool to leverage private funding. Operated in cooperation with the EIB Group, international financial institutions and national promotional banks, it has mobilised over EUR 280 billion of additional funding into the EU economy.

**The Commission is putting forward an amendment of the InvestEU Regulation to increase InvestEU's risk bearing capacity**. This proposal will simplify and provide for the re-use of surpluses from the European Fund for Strategic Investments as well as reflows from legacy financial instruments and facilitate equity support. This proposal will **mobilise** around **EUR** 50 billion additional financing and investment in key EU policy priorities, such as modernisation of industrial processes, manufacturing and deployment of clean tech, financing for energy infrastructure projects, clean mobility solutions or waste reduction and recycling, until the end of the current MFF. Existing guarantee instruments under InvestEU will also be used by the EIB Group, in part in connection with a Clean Tech Guarantee Facility. To further increase funding in areas covered by the Clean Industrial Deal, interested Member States are encouraged to swiftly transfer their resources, to the InvestEU Member State compartment.

**The Commission will also work with the EIB Group** on new initiatives in favour of the sectors specifically targeted by the Clean Industrial Deal, to be supported as appropriate by InvestEU. The EIB Group is one of the largest providers of climate funding and can play a significant role to secure additional private funding. As announced in the Competitiveness

Compass, the Commission will work with the EIB Group and private investors to deploy a TechEU investment programme to help bridge the financing gap to support disruptive innovation, strengthen Europe's industrial capacity and scale-up companies which invest in innovative technologies such as AI, clean tech, critical raw materials, energy storage, quantum computing, semiconductors, life sciences, and neurotechnology. The EIB will continue to develop new approaches to support European companies investing in the clean transition. Examples may include incentive mechanisms for decarbonisation achievements

### 4.3. Clean Industrial Deal State Aid Framework and other support and facilitation

National level support, including State aid support and tax incentives, plays a crucial role in decarbonisation and circularity efforts by providing financial backing and reducing barriers to investment. These measures not only strengthen the economic viability of sustainable projects but also leverage private sector participation.

**The new Clean Industrial Deal State Aid Framework will enable necessary and proportionate State aid that crowds in private investment.** It will do so by providing Member States with a longer planning horizon of 5 years and businesses with more investment predictability for projects contributing to the objectives of the Clean Industrial Deal. The new Framework will make a fundamental contribution to the simplification of State aid rules to further Clean Industrial Deal objectives while preserving the level playing field and European cohesion.

**Simplified and flexible rules** will allow quick approval of State aid measures for decarbonisation, notably where they have undergone a European selection process, and clean tech projects, while avoiding undue competition distortions in the Single Market. The Framework will introduce "off-the-shelf" options for Member States to easily demonstrate compatibility as well as a wider use of simplified methods to set aid amounts instead of complex individual assessments, building on the experience of the Temporary Crisis and Transition Framework. It will also allow separate support schemes for specific technologies such as wind and solar, and further facilitate support to non-fossil flexibility measures and capacity mechanisms accelerating the decarbonisation of the energy system. Support for additional manufacturing of clean-tech products, such as batteries and renewable technologies, will also be allowed by updating the rules for investments in certain strategic net-zero equipment manufacturing capacity.

The simplification of existing State aid rules is essential. The upcoming **review of the General Block Exemption Regulation** will significantly reduce the bureaucratic burden for both undertakings and Member States and facilitate necessary support for industry, while preserving the integrity of the Single Market. In parallel, **the Commission is evaluating the Guarantee Notice**, to assess if it is still a sufficiently clear and predictable framework for granting state guarantees. State guarantees can be an effective support instrument that leverages private financing while being a lesser burden on public resources than support through direct grants. **The Commission will also work closely with the Member States to speed-up the design of new IPCEIs,** to strengthen the efficiency of the tool to support industrial decarbonisation and the clean tech manufacturing in the EU. It will offer a new support hub to accelerate getting IPCEI projects off the ground. The Commission will also work with the EIB to develop a **one-stop shop** to provide grant application and financial structuring advice.

Beyond the State aid rules, the Commission also stands ready to provide informal guidance to companies on **the compatibility of cooperation projects contributing to the achievement of EU priorities** with antitrust rules in particular those related to innovation, decarbonisation and economic security in the EU. Furthermore, the guidelines for assessing mergers will be revised to ensure that the impact of mergers on the affordability of sustainable products and on clean innovation, or on creating efficiencies that bring sustainable benefits, but also on innovation, resilience, and the investment intensity of competition in certain strategic sectors are better integrated in the competition analysis.

Finally, tax policies are a key incentive to reach the objectives of the Clean Industrial Deal. They should not give fossil fuels an advantage over clean energy. **The Commission will recommend to Member States that their corporate tax systems support a clean business case.** Measures could include **shorter depreciation periods** for clean technology assets, allowing businesses to quickly write off costs and benefit from tax incentives that offset high initial investments, and the use of **tax credits** for businesses in strategic sectors for the clean transition, to make it more financially attractive to invest in decarbonised practices. To the extent such measures involve State aid, the new State aid framework will integrate these instruments in its compatibility rules. These tax related measures will be paired with further **actions to scale down and phase out fossil fuel subsidies**, e.g. in the context of the European Semester 2025**.** To facilitate growth and investment in new innovative companies the Commission will propose a 28th legal regime, which will simplify applicable rules.

| Flagship actions – Public and private investment | Timeline |
|---|---|
| Increase InvestEU's risk bearing capacity | Q1 2025 |
| IPCEI Design Support Hub | 2025 |
| Clean Industrial Deal State aid framework | Q2 2025 |
| Recommendation to Member States to adopt tax incentives to support the Clean Industrial Deal | Q2 2025 |
| Flagship call under Horizon Europe | Q4 2025 |
| Pilot auction under the Innovation Fund | 2025 |
| Industrial Decarbonisation Bank | Q2 2026 |
| TechEU investment programme on scale-ups with the EIB Group and private sector | 2026 |
| KPI: Increase the total volume of investment supporting industrial transition from EUR 52.7 billion[26] | |

[26] https://investeu.europa.eu/investeu-programme/investeu-fund/investeu-indicators_en#key-indicators-selection

## 5. Powering the circular economy: a secure access to materials and resources

Europe should be more strategic about procuring raw and secondary materials to drastically reduce our exposure to unreliable suppliers and prevent supply disruptions. More than before, circularity should be a driver for innovation.

By placing circularity at the core of our decarbonisation strategy, the EU not only improves the affordability and accessibility of essential materials but also reduces our dependencies as materials are reused, remanufactured, recycled, and kept within the economy for longer. The European remanufacturing market's circular potential is projected to grow from its current value of EUR 31 billion to EUR 100 billion by 2030, creating 500,000 new jobs. This will make Europe's industrial production more sustainable, speed-up decarbonisation and enhance resource security.

### 5.1. Fast implementation of the Critical Raw Materials Act

To secure access to critical raw materials essential to our twin transitions and for which the EU is heavily dependent on a limited number of third country suppliers, the Commission will **prioritise the implementation of the Critical Raw Materials Act**. This will include the recognition of a first list of Strategic Projects in March 2025 to ensure diversification of supplies across the entire value chain as well as facilitating access to public and private financial support for these projects.

Building on its experience with AggregateEU, the Commission will create a platform for demand aggregation and a matchmaking mechanism for strategic raw materials. As a second step, complementary to the Critical Raw Materials Act and in line with the recommendations of the Draghi report, the Commission will set up a dedicated **EU Critical Raw Material Centre** to jointly purchase raw materials on behalf of interested companies and in cooperation with the Member States. Other tasks could relate to coordinating strategic stockpiles, supply chain monitoring, designing financial products to invest in upstream supply in the EU and third countries.

### 5.2. Circular Economy

**EU industry is a front runner in circularity**. But these efforts are currently hampered by the absence of scale and a single market for waste, secondary raw materials, reusable materials and lead markets. To address this gap, the Commission will continue to engage with stakeholders to identify actions and measures that would allow transformational steps towards circularity. The EU also needs to make sure that products containing valuable and scarce materials are (re-)used efficiently and for as long as possible before they become waste, including through the full roll-out of Ecodesign requirements on important product groups.

**The Commission will adopt a Circular Economy Act in 2026**, which will accelerate the circular transition, building on our single market. The Act will enable the free movement of circular products, secondary raw materials and waste, foster a higher supply of high quality recyclates and stimulate demand for secondary materials and circular products while bringing down feedstock costs. One of the measures in the Act is a revision of existing rules on e-waste,

to ensure that they are simpler, fit-for-purpose and recover the critical raw materials they contain. It will harmonise "end of waste" criteria to facilitate the transition from waste to valuable secondary raw materials, simplify, digitalise and expand in a targeted manner extended producer responsibility, and boost demand through criteria for public procurement. It will provide incentives to increase the use of metal scrap and mandatory digitalisation of demolition permits and pre-demolition audits. To move away from fossil materials, it is vital to mandate the use of new raw material sources like recycled and bio-based materials to substitute, for example, virgin fossil materials in plastics. The measures of the Act will be complementary to and facilitate the rolling out of the **Ecodesign for Sustainable Product Regulation**. The work plan under this Regulation will be adopted in April 2025.

To increase circularity and the recycling capacity in the EU, including achieving the 25% recycling target as set out in the Critical Raw Materials Act, the Commission will consider additional measures to make recycling of critical raw materials waste within the Union more attractive than their export. The Commission will also work on measures to incentivise diversion from landfill towards re-use and recycling through more effective separate collection. In doing so, the Commission will also take into account whether third countries have put in place export restrictions measures on critical raw material. At the same time, the EU will cooperate with third countries that want to develop partnerships on circular economy in this domain. Export fees could also be assessed and considered, which could then be used to finance investment in recycling capacity.

As the European battery recycling industry is faced with a critical situation of a shortage of black mass, which is exported to third countries despite its economic and environmental importance for the European battery ecosystem. Bearing in mind its hazardous properties, **the Commission will adopt specific measures regarding black mass.**

We must not only dismantle regulatory barriers but also facilitate the significant scaling up of investments to supply the secondary raw materials that industrial manufacturing needs. Cooperation between Member States and interested economic actors will be fostered through **Trans-Regional Circularity Hubs** to promote smart specialisation and economies of scale for recycling. The Hubs will identify strategic projects based on proposals by groups of Member States and/or industrial actors, enabling the pooling of diverse regional streams. This approach will ensure a sufficient scale, allowing the installations to achieve the necessary size to operate continuously. They will build on the experience of Strategic Projects under the Critical Raw Materials Act and apply similar approaches to the technical and biological materials on which our industries depend. Furthermore, the Commission will actively assist Member States in the design of a potential new IPCEI on circular advanced materials for clean technologies.

In addition, the Commission will launch a fact-finding exercise to gather input from market participants on how European companies currently procure and recycle the most important raw materials and assess whether more cooperation between industry players is needed. This could be supported by providing informal guidance on how cooperation in the recycling of raw materials can be most effective in line with EU competition rules.

Furthermore, the Commission will review the rules on the **second-hand scheme contained in the VAT Directive**[27], as part of a green VAT initiative to address the issue of embedded VAT in second-hand products. Finally, to ensure an effective circular transition, work will have to be done in close partnership with all stakeholders. To this end the Commission will launch a Clean Industrial Dialogue on Circularity to support the preparation of the Circular Economy Act and identify areas where further efforts are needed.

The example of fertilisers illustrates the potential of the Clean Industrial Deal across sectors. It showcases circularity agenda as a security agenda. The domestic production of fertilisers, including of low-carbon fertilisers and fertilisers from recycled nutrients, reduces dependencies on fertiliser imports and emissions, promotes circular business models, and should reduce input prices for farmers.

| Flagship actions – Powering the circular economy: a secure access to materials and resources | Timeline |
|---|---|
| First list of Strategic Projects under the Critical Raw Materials Act | Q1 2025 |
| Ecodesign Work Plan adoption | Q2 2025 |
| EU Critical Raw Materials Centre for joint purchases and management of strategic stockpiles | Q4 2026 |
| Circular Economy Act | Q4 2026 |
| Green VAT initiative | Q4 2026 |
| Trans-Regional Circularity Hubs | Q4 2026 |
| KPI: Increase circular material use rate from 11.8% today to 24%[28] by 2030[29] | |

## 6. Global markets and international partnerships

**Achieving the objectives of the new Clean Industrial Deal is closely linked to our ability to act internationally**. The EU cannot realise its clean industrialisation objectives without partnerships on the global stage. Many of the critical raw materials that are essential for the green transition and for EU resilience and security need to be sourced from outside the EU. At the same time, moving towards sustainable, diversified and resilient industrial value chains is also an interest shared by our partners. Our economic success also depends on open, rules-based trade and access to third markets for goods and capital.

Today, the world's major economies are vying for access to markets, critical raw materials, new technologies and global trade routes in the race to climate neutrality and to develop or acquire

[27] Council Directive 2006/112/EC.
[28] COM (2020) 98 final – A new Circular Economy Action Plan.
[29] Reported in the Annual Single Market and competitiveness Report (2025 edition link).

strategic technologies first. Furthermore, industry faces unfair global competition notably due to the export of domestic overcapacities from other countries at highly discounted prices. We have entered an era of global geoeconomic competition with the necessity to protect the global level playing field and ensure that the EU market does not serve as a backfilling export destination for excess global capacity.

### 6.1. Clean Trade and Investment Partnerships

According to the International Energy Agency, the global market for clean energy technology will be worth USD 2 trillion in 2035. To achieve climate neutrality in a competitive manner, it is essential that European companies, investors and workers secure the largest possible share of this opportunity.

The EU's vast network of trade agreements ensures that European companies have better access to third markets and essential inputs. It is therefore crucial that the EU continues to **sign, conclude and fully implement pending Free Trade Agreements (FTAs)** and takes forward ongoing negotiations for new FTAs. **Clean Trade and Investment Partnerships (CTIPs) will complement these agreements** through a faster, more flexible, and more targeted approach, tailored to the concrete business interests of the EU and its partners. The CTIPs will therefore be designed to better align the EU's external action with the EU's industrial policy objectives considering businesses' opportunities and needs. Their focus will be on better managing strategic dependencies and securing the EU's position in crucial global value chains, by diversifying our supply chains and securing better access to raw materials, clean energy as well as clean tech. They will also foster cooperation on energy technology and policies for the clean transition, and support decarbonisation efforts in partners countries. In this sense, catering to EU and partners' businesses' needs and interests will be crucial to design effective CTIPs and ensuring proper offtake of the trade and investment opportunities created by them.

The CTIPs will bring together rules, regulatory cooperation as well as investment to develop strategic clean value chains with partners. Firstly, investments will be mobilised by identifying concrete projects combining private and public finance, through Global Gateway investment delivered in a Team Europe approach. Secondly, rules will contribute to a conducive environment for clean investment and business opportunities for EU companies to operate on an equal footing in foreign markets. Thirdly, regulatory cooperation will support partners in deploying in particular clean tech, electrification, circularity, decarbonisation standards as well as carbon pricing. The result will be credible and attractive partnerships promoting clean tech investments that ultimately also speed up the global transition. The Commission aims to launch the first CTIP in March.

Under the new Pact for the Mediterranean, an ambitious Trans-Mediterranean Energy and Clean Tech Cooperation initiative will stimulate large scale public and private investments in renewable energy. Furthermore, our diplomacy will continue to support partner countries in engaging in the green transition in the context of ambitious climate and environmental policies and Nationally Determined Contributions under the Paris Agreement. The EU should adopt a strategic approach to energy cooperation focusing on three key areas: diplomacy, technical assistance and economics, joining up efforts with Member States at country level.

### 6.2. Improving the Carbon Border Adjustment Mechanism

The Carbon Border Adjustment Mechanism (CBAM) ensures that the EU's industry emissions abatement efforts are not undermined by carbon intensive imports of goods produced outside of the EU and incentivises decarbonisation and carbon pricing globally. Yet, data collected to date indicate that a limited number of importers account for more than 99% of greenhouse gas emissions embedded in imported goods. The Commission is proposing to substantially simplify CBAM, reducing administrative burden on industries and their supply chains while continuing to incentivise global carbon pricing. This is a first but necessary step to making the CBAM more effective.

In the second half of 2025, the Commission will also present a **comprehensive CBAM review report**. It will assess the scope of the CBAM extension to additional EU ETS sectors and downstream products. The report will also assess the inclusion of indirect emissions across all CBAM sectors considering the indirect costs of electricity for EU producers. The report will set out a strategy to tackle possible circumvention risks. At this occasion, the Commission will also review how to address the problem of carbon leakage of goods exported to third countries. This review will be followed by a legislative proposal in first half 2026.

In parallel, through technical assistance and regulatory cooperation the EU will continue to further support partner countries' decarbonisation efforts. Through the recently launched International Carbon Markets and Carbon Pricing Diplomacy Task Force, it will also promote the development of carbon pricing and carbon markets worldwide, by supporting partner countries to develop effective carbon pricing policies and robust approaches to international carbon markets.

### 6.3. Promoting and protecting: Ensuring a level-playing field for the EU industry

**The EU needs to remain an attractive place to do business,** while ensuring that foreign investments, especially in strategic sectors, contribute to economic growth while not impairing Europe's economic security. The Commission will propose, in close consultation with industry stakeholders and Member States, measures to ensure that **foreign investments in the EU better contribute to the long-term competitiveness of EU industry**, its technological edge and economic resilience, as well as the creation of quality jobs in the EU. For instance, for projects that involve foreign investment, especially when involving public financing, Member States could collectively consider conditions such as ownership of the equipment, EU sourced inputs, EU-based staff recruitment, the need for joint ventures or intellectual property transfers, starting with some strategic sectors, such as for example, the automotive or renewable manufacturing.

At the same time, it is crucial to ensure that foreign investments do not undermine Europe's security and public order. With the ongoing review of the EU Foreign Direct Investment (FDI)Screening Regulation[30], the Council and the European Parliament have an opportunity to further strengthen EU's investment screening framework by reducing the differences between national screening mechanisms, introduce resilience requirements, and aligning their approaches and policies therefore minimising the risk of "forum shopping".

[30] Regulation (EU) 2019/452

**The Commission will adopt guidelines by January 2026 on key concepts underpinning the Foreign Subsidies Regulation[31] (FSR)**, such as how the Commission will assess distortive effects of foreign subsidies. The guidelines will also clarify in which circumstances the Commission may decide to review mergers under foreign subsidy rules that do not meet thresholds but pose a risk to the level playing field in the single market. The Commission will make use of FSR ex officio investigations in strategic sectors.

In line with its objective of competitiveness, resilience and sustainability, the Commission will consider adjusting tariffs within bound levels, including to the maximum levels as necessary, relying on exceptions e.g. for environmental protection.

**The Commission will also continue to make fast and efficient use of Trade Defence Instruments (TDIs), such as anti-dumping or anti-subsidy duties where necessary**. To protect our industries from unfair competition and ensure that our market does not serve as an export destination for state-induced excess global capacity we will sharpen existing Trade Defence Instruments, including through shortening investigation timelines or making greater use of ex officio procedures. The Commission will also reflect, together with Member States and stakeholders, if further instruments are necessary to complete and reform the TDI toolbox.

As protectionist measures are multiplying across the globe, there is a risk that **global overcapacities** will be redirected to the EU market. The Commission will address overcapacities by intensifying our international and multilateral cooperation and focusing on detecting and addressing root causes of non-market-oriented measures, including subsidies resulting in distortions in key industries and trade patterns for critical goods and technologies. The EU will seek closer engagement within the G7 in this regard and exchange information to make sure autonomous responses and collective actions are well coordinated and effective.

| Flagship actions – Global markets and international partnerships | Timeline |
|---|---|
| Launch negotiations for the first Clean Trade and Investment Partnership | Q1 2025 |
| Simplification of the Carbon Border Adjustment Mechanism (CBAM) | Q1 2025 |
| Comprehensive CBAM review assessing the feasibility of extending the CBAM scope to other EU ETS sectors at risk of carbon leakage, to downstream sectors and to indirect emissions and support to exporters, closing loopholes | Q3 2025 |
| Trans-mediterranean Energy and Clean tech cooperation initiative | Q4 2025 |
| Legislative proposal on an extension of CBAM | Q1 2026 |
| Guidelines on Foreign Subsidies Regulation | Q1 2026 |

[31] Regulation (EU) 2022/2560

## 7. Skills and quality jobs for social fairness and a just transition

**Every person, community, and business should benefit from the clean transition.** The Clean Industrial Deal therefore commits to a just transition that delivers quality jobs and empowers people, building on their skills, while promoting social cohesion and equity across all regions. Our industry needs a skilled workforce and must offer quality jobs to attract top talent. Keeping workers and local communities at the centre of the industrial transformation, harnessing talents and further building up needed skills is essential for a successful clean transition. At the same time, the clean and digital transition also means shifts in the workforce and new requirements for skills.

### 7.1. Support for Skills

**Industry needs better access to skills. The Commission will lay out a Union of Skills** as an overarching skills strategy to give people the skills they need to make the most of their potential, and to ensure that employers can access the expertise they need for a vibrant and competitive economy. It will also review the EU support models for sectorial skills initiatives (including the Academies, Pact for Skills, Alliance for Apprenticeships, Centres of Vocational excellence) to streamline the framework for sectoral skills reinforcement in strategic industries linked to the Clean Industrial Deal, with a reinforced support by up to EUR 90 million from Erasmus+.

The Union of Skills will enhance our skills intelligence and focus on, among others, investment, adult and lifelong learning, vocational education and training, higher education, skills retention and recognition as well as attracting and integrating qualified talents from third countries, including through the future EU Talent Pool. To tackle the challenges of skills recognition, the Commission will consider further action for streamlined and simplified processes as well as digitalisation tools. A **Skills Portability Initiative** will facilitate that a skill acquired in one country is recognised in another.

### 7.2. Supporting workers in the transition

**We need our industry to remain an attractive workplace.** The **Quality Jobs Roadmap**, to be prepared together with social partners, will support Member States and industry in providing decent working conditions, high standards for health and safety, access to training and ensuring fair job transitions for workers and self-employed, and collective bargaining, with a view to attracting talent and contributing to the competitiveness of European industries.

**The Quality Jobs Roadmap will provide support to workers in transitions.** In this context the Commission will discuss with social partners a framework to support restructuring processes at EU and Member States level. The framework will be focused on just transition, on anticipation of change, quicker intervention when there is a threat of restructuring, and an improved information and consultation framework.

Investments should combine income protection and active labour market policies (ALMPs) to support workers during the transition, including job placement services, training and reskilling opportunities, and entrepreneurial support, including support for vulnerable groups.

The discussion will also extend to the functioning of the European Globalisation Fund, to see how it can contribute more. To inform the work in this area, **the Commission will create a European Fair Transition Observatory**. It will strengthen the evidence base on fairness aspects of the green transition, develop standardised indicators, collect best practices and facilitate data sharing to measure impacts and outcomes related to employment, quality job creation and job-to-job transitions, workforce reskilling, investment needs, social protection and access to essential services[32] as well as ensure a transparent dialogue with social partners, regional and local authorities, civil society and other stakeholders on just transition aspects.

The Commission will explore ways to improve the delivery of the Just Transition Fund (JTF) drawing on lessons learned and identifying best practices to inform the design of future instruments under the next MFF. In addition, the Commission will adopt the European Affordable Housing Plan to address, amongst others, workforce mobility to workplaces in metropolitan areas.

The use of social conditionalities in public funding ensures that workers benefit from the support provided to industry, including to promote collective bargaining. This approach aligns with the EU's broader objectives of fostering social fairness alongside economic growth. Enhanced competitiveness must build upon existing social achievements and the EU's social model to achieve an inclusive and fair green transition.

The Union will further support labour and social standards to ensure that the transition is fair and equitable for all, including in the context of the Commission's forthcoming evaluation of the legislative framework on public procurement.

Also, as part of the review of the General Block Exemption Regulation, the Commission will assess if and how State aid rules can be updated to provide better incentives for industry to invest in upskilling, reskilling, quality jobs and recruitment of workers for a just transition. The Commission will assess if the use of **training and skills conditionalities** for public funding supporting the anticipation and management of change and the industrial transition can be increased. Furthermore, competition policy plays a crucial role in protecting citizens' rights against excessive power, including in the digital realm, ensuring that new players operate fairly and do not concentrate economic and strategic power unduly.

Social leasing for clean products to ensure that all Europeans benefit from the clean transition, without adverse distributional effects and to help stimulate demand for clean products, the Commission will develop a **Guidance to Member States on social leasing for zero-emission vehicles, heat pumps, and other clean products**, providing financial assistance to citizens to access these clean products, eligible also in the context of the Social Climate Fund.

| Flagship actions – Skills and quality jobs for social fairness | Timeline |
|---|---|
| Union of Skills | Q1 2025 |

[32] In line with the Council Recommendation on ensuring a fair transition towards climate neutrality, 2022/C 243/04, 16 June 2022, and the EU Quality Framework for Anticipation of Change and Restructuring, COM/2013/0882 final, 13 December 2013

| | |
|---|---|
| Quality Jobs Roadmap | Q4 2025 |
| Guidance on social leasing for clean products | 2025 |
| European Fair Transition Observatory | Q1 2026 |
| Skills Portability Initiative | 2026 |
| Review of State aid GBER rules for social enterprises and recruitment of disadvantaged workers | Q4 2027 |
| KPI: Reducing the number of occupations requiring specific skills or knowledge for the green transition where at least five Member States reported a shortage. In 2024, there were 27 such occupations[33]. | |

## 8. Implementing the Clean Industrial Deal across sectors

**The Clean Industrial Deal will serve as a framework for engaging in a dialogue with industries, with attention for the SMEs, to develop sectoral transition pathways.** These will enable informed investment decisions and facilitate the mobilisation of more capital towards the transition, ultimately accelerating progress towards a cleaner and more competitive industrial future.

To tailor action to the specific needs of individual sectors, work is ongoing on several sector specific plans in 2025, followed by other sectors as appropriate:

The **Industrial Action Plan for an Automotive Sector** will be adopted on 5 March, building on the ongoing strategic dialogue. The action plan will address the needs of the automotive value chain, with a strong focus on innovation in future technologies and capabilities.

A **steel and metals action plan**, based on the Strategic Dialogue that will be launched on 4 March, will propose concrete actions for both ferrous and non-ferrous metals industries, as well as steel and metals – the backbone of EU industry for centuries – are essential for the clean and digital transitions.

A **Chemicals Industry Package**, set for adoption in late 2025, will recognise the strategic role of the chemicals sector as "industry of industries" and of critical molecules. It will propose targeted initiatives to enhance the sector's competitiveness, modernisation as well as support production and innovation in Europe.

A **Sustainable Transport Investment Plan** will outline short-and medium-term measures to prioritise support to specific renewable and low-carbon fuels for aviation and waterborne transport, on which many energy-intensive industrial sectors rely. It will also accelerate the

[33] As reported by the European Labour Authority, based on data from EURES National Coordination Offices. Skills and knowledge requirements align with the ESCO taxonomy on skills for the green transition, with examples analysed using the green intensity index for European Skills Competences and Occupations (ESCO).

rollout of recharging infrastructure. New rules facilitating aid for a shift towards sustainable land transport modes will enable the rail sector to embrace the clean and digital transition.

The Commission will also propose a **Bioeconomy Strategy**, to improve resource efficiency and to tap the significant growth potential of bio-based materials substituting fossil-based materials, and related industries. This can also further reduce dependencies on imported raw materials. The new bioeconomy sectoral plan will lay down priorities for manufacturing and using biomaterials, and for retaining them as long as possible in the economy. The European Ocean Pact will promote innovation in blue clean tech, offshore renewables and circular economy practices.

## 9. Conclusion

Putting decarbonisation and circularity at the heart of our economic policy is the only way for the EU to keep up with resource rich competitors. The Clean Industrial Deal is the strategy to do this. EU's net greenhouse gas emissions are now 37% below 1990 levels, while GDP grew by 68% during the same period. This progress underscores decarbonisation as a driver of economic growth and prosperity, opening new avenues for Europeans.

The EU holds all the necessary tools, but their true strength comes from being strategically aligned and used cohesively towards shared objectives. A key aspect of our strategy is retaining young talent, creating opportunities that inspire and engage the next generation. Our approach includes a coherent external and internal dimension, adapting our strengths to today's geopolitical reality where global markets and accessibility to resources have evolved. This requires ensuring a level playing field without compromising the high environmental and social standards our society demands.

**But a strategy is only as good as its effective implementation.** This requires robust measuring, monitoring and dialogue and coordinated action at EU scale for investments and scaling up. The Commission will closely monitor progress in its Annual Single Market Competitiveness Report towards decarbonisation and competitiveness objectives, gradually adding new KPIs as set out in this document. It will also reinforce coordination across its organisation to provide strategic steer, monitor progress, and engage in dialogue with local authorities and stakeholders.

Cooperation and alignment with the Member States are essential. The Commission will also work together with the co-legislators to implement the actions outlined in this communication. The initial focus of the discussions will be the identification of urgent decarbonisation priorities and industrial clusters.

We invite industry to exercise bottom-up leadership and targeted alignment to deliver tangible results that could be scalable at European level.

Together, the actions of this joint roadmap for decarbonisation and competitiveness for European industry will ensure that there is a sustainable future for manufacturing in Europe – economically, environmentally and socially.

EUROPEAN
COMMISSION

Brussels, 26.2.2025
COM(2025) 79 final

# COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

## Action Plan for Affordable Energy

## Unlocking the true value of our Energy Union to secure affordable, efficient and clean energy for all Europeans

# 1. INTRODUCTION

Our energy market fuels our economy, supports our society and connects our communities. Together, we have built resilient grids, decoupled our economic growth from our greenhouse gas emissions, reduced our dependencies and shown leadership in the global energy transition. The EU managed the recent energy crisis thanks to the rapid deployment of clean energy, the diversification of supply, the availability of energy interconnections critical to its security and the solidarity demonstrated across Member States.

However, there is a **clear and urgent need to strengthen our Energy Union**. High energy costs are hurting our **citizens**: energy poverty affects more than 46 million Europeans, with a disproportionate impact on vulnerable groups.[1] For **industries**, retail electricity prices have almost doubled: for a medium-sized industrial consumer, prices in 2023 remained 97% above their 2014-2020 average.[2] The **gap in energy prices** between the EU and our main competitors is growing,[3] with the risk that new investments favour countries outside Europe and that existing industries relocate, leading to a potential drain of critical industries that drive the EU's economy and resilience and create quality jobs.[4] The current situation undermines the EU's **global standing** and international **competitiveness**.[5]

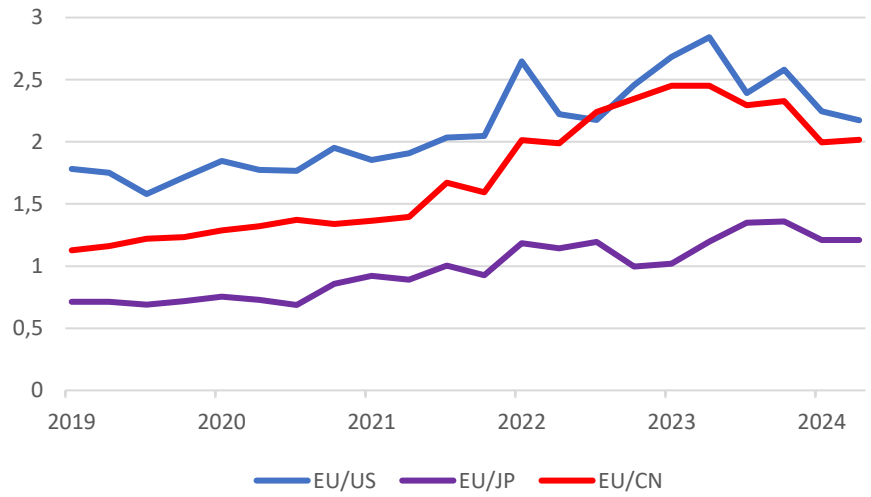


**Figure 1**. Ratios of industrial retail electricity prices in global markets (*European Commission estimations*)
(A ratio of more than 1 means that EU prices are higher than those of the corresponding non-EU country)

Therefore, the Commission is launching an ambitious programme to support our citizens, businesses and industry by driving growth and investment and promoting decarbonisation efforts.

[1] Eurostat data base (*Online data code: ilc_mdes01*)
[2] Study on energy prices and costs – Evaluating impacts on households and industry – 2024 edition; Trinomics, 2025
[3] See Figure 1. EU electricity retail prices for industry were in Q2 2024 2.2 times those in the US, twice those in China and 1.2 times higher than in Japan (historically lower).
[4] Employment in the renewable energy sector reached about 1.8 million in the EU in 2023. Renewable energy and jobs: Annual review 2024; IRENA in collaboration with ILO, 2024
[5] The future of European competitiveness, part B, Figure 2; Mario Draghi, September 2024. Widening divergence of retail prices across the EU, from less than EUR 100/MWh (PT, FI, SE) to over EUR 250/MWh (CY, HU, NL).

The **Competitiveness Compass for the EU**[6] will guide the work in the coming five years to reignite economic dynamism in Europe. The **Clean Industrial Deal, our growth and prosperity strategy bringing together climate and competitiveness,** is a central component of this work. Supporting the Clean Industrial Deal, the **Action Plan for Affordable Energy** will focus on decreasing energy costs for citizens, businesses, industry and communities across the EU, considering the needs of all people, including vulnerable groups.

This action plan presents measures to **lower energy bills in the short term**, while **accelerating the implementation of much-needed cost-saving structural reforms** and **strengthening our energy systems to mitigate future price shocks**. With the full engagement of Member States and all relevant stakeholders, these **eight actions** for affordable energy will reduce energy costs and help build a genuine **Energy Union** that delivers competitiveness, security, decarbonisation and a just transition, passing on to end users the benefits of cheaper energy.

## 2. WHAT IS DRIVING UP ENERGY COSTS IN THE EU

Energy bills are determined by a **combination of factors**: energy supply costs linked to the overall level of consumption, network costs, and excise levies and taxation. In turn, energy supply costs depend on wholesale prices, driven by diverse factors like supply and demand conditions, energy mix, interconnections, competition, weather and geopolitical realities as well as retail competition among suppliers. These factors explain the **structural challenges** of the EU energy system.

First, Europe's reliance on **imported fossil fuels** causes energy price volatility and higher supply costs, while making the EU more vulnerable to external pressure and global market uncertainty. While demand for natural gas declined by 18% between August 2022 and May 2024,[7] the EU remains exposed to global fossil-fuel price fluctuations, with 90% of its natural gas demand covered by imports.[8] The consequences of excessive supply dependence were evident during the recent energy crisis. Russia's weaponisation of its gas exports led to supply uncertainties and sharp price spikes. In 2022, the **EU's fossil-fuel energy import bill reached EUR 604 billion**, after a historic low of EUR 163 billion in 2020.[9] With a substantial share (28.9%) of the EU's average electricity generation mix still based on fossil fuels,[10] and transport largely fuelled by oil products, fossil-fuel import costs have **a significant impact on consumers' energy bills** (see Figure 2).

[6] A Competitiveness Compass for the EU (*COM(2025) 30 final*)
[7] Impact Assessment Report for Europe's 2040 climate target (*SWD(2024) 63 final*, Annex 8 (part 3/5), section 1.2.3)
[8] Eurostat natural gas statistics. Europe imported 273 bcm in 2024, compared to 334 bcm in 2022.
[9] Report on energy prices and costs in Europe (*COM(2024) 136 final*); European Commission, March 2024
[10] European electricity review 2025; EMBER, January 2025

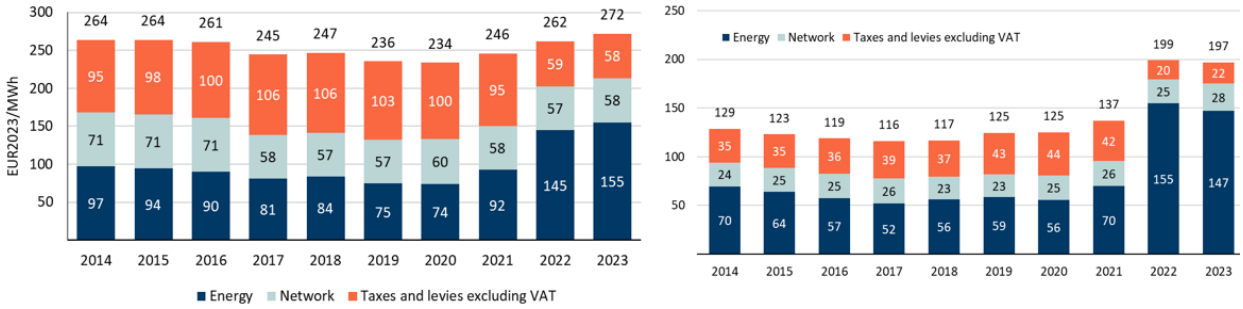


**Figure 2**. EU electricity bills for households (DD band, left) and industry (ID band, right) in real 2023 prices[11]

Second, **inefficiencies and lack of full integration in the electricity system** also impact energy bills. Europe has the most integrated grid globally, but more needs to be achieved as regards **interconnections, grid infrastructure, energy system integration and system flexibility** to boost the integration of cheaper and cleaner energy sources. **Lengthy permitting procedures** for clean energy and grid projects further hinder progress. Current estimates are that by 2030, around half of the EU's cross-border electricity new capacity needs will not be addressed,[12] holding back the complete integration of our energy market.

Finally, **increasing system costs** covered by network charges and taxes and levies further drive up electricity prices and constitute a substantial part of the bill, which may further increase as our networks will need considerable investments in the coming years.

## 3. BUILDING A GENUINE ENERGY UNION TO DELIVER MORE AFFORDABLE ENERGY

*EU energy policy at a crossroads*

Energy is a building block and a driving force of our Union. However, although we have built a strongly interconnected energy market, we do not yet have a **genuine Energy Union**. We are at a critical turning point for the European Union. The **challenges facing us are clear and urgent**. Our energy costs remain comparatively high, **putting Europe** at **a real risk of deindustrialisation** and posing a critical threat on our economy.

**The cost of inaction is higher than the cost of action**. Stalling halfway on the path to decarbonisation places a burden on our economies and our industrial capacity. For example, in 2023, the curtailment of renewable energy in Germany alone cost over EUR 3 billion, with the benefits of the production of this cheap energy being lost for consumers and businesses. Furthermore, as the electricity system grows in complexity, so do the costs: costs for managing grid congestion, mainly from re-dispatching, reached a peak of EUR 5.2 billion in 2022[13] and could rise to EUR 26 billion by 2030.[14] The most effective way to manage these costs is through shared and strategic European investment while ensuring technological neutrality.

The cost of failing to complete the transition is compounded by the **cost of not taking full advantage of our single market** and its potential to reduce prices. For example, Southeast

[11] Eurostat, *nrg_pc_204_c* and *nrg_pc_205_c*, 17 February 2025
[12] Electricity Infrastructure Monitoring Report 2024; ACER, December 2024
[13] Network tariffs may significantly increase overtime by 60% by 2050 compared to 2022; Transmission capacities for cross-zonal trade of electricity and congestion management; ACER, July 2024
[14] Redispatch and Congestion Management; Joint Research Centre, May 2024

Europe experienced price spikes during evening hours last summer averaging at over EUR 250/MWh, among others driven by lack of cross-border capacity and insufficient flexibility that could have been eased by a more interconnected energy system.

*Powering the Clean Industrial Deal through a robust Energy Union*

**If the challenges are clear, so is the role of our Energy Union to address them.** The energy crisis revealed where **we need to continue strengthening our infrastructure and deepening EU energy market integration.**

We have already taken major steps. With the REPowerEU Plan, we have made our energy system more resilient by boosting energy efficiency, rolling out clean generation and diversifying our supplies. Progress has been evident. Newly installed wind and solar capacities reached record levels of 78 GW in 2024 and heat pump sales hit 3 million units both in 2022 and 2023. In 2024, renewables generated a new all-time high of 48% of electricity in the EU, increasing from 45% in 2023 and 41% in 2022. **Our efforts have paid off**: since the spring of 2023, gas prices have come down considerably. In the coming weeks, the Commission will also give an additional push towards the full implementation of REPowerEU to completely end Russian energy imports. Still, to deliver lasting long-term solutions, we must not roll back but continue moving forward. We need to finally achieve a genuine Energy Union through **three main enablers**.

First, we need **a fully integrated energy market**, supported by an **interconnected and digitalised network** and a cohesive **regulatory and governance** regime. The Internal Energy Market and the integration of European electricity markets already benefit consumers by around EUR 34 billion every year.[15] **Further integration could increase these benefits to up to EUR 40-43 billion per year** by 2030.[16] We will need massive grid upgrades, and this should be done in the most cost-efficient way: wider use of grid enhancing technologies, and flexible use of the system could save up to 35% in conventional grid expansion costs. Regional cooperation across Europe, underpinned by better interconnectivity and closer coordination,[17] can reduce the need for flexibility investments by up to 20%.[18]

Second, we need a **decarbonised energy system**, driven by a substantial scale-up of **clean energy and electrification**, with **energy efficiency** at its centre. The world is moving faster than ever towards clean energy. Global spending on clean energy hit a record of EUR 1.9 trillion last year. For every euro invested in fossil fuels, two euros are invested in renewable energy. We will deliver decarbonisation, because decarbonisation delivers not only clean energy, but also quality jobs, growth and energy security. In addition, reducing the share of fossil fuels in the European energy system would further shield consumers from market volatility.

Third, with natural gas still remaining a part of Europe's energy consumption, we need a **more transparent and competitive well-functioning gas market,** while continuing diversification and demand reduction efforts. The EU remains exposed to volatile movements of international gas prices. We need to make sure that gas is traded on fair terms, and we need

[15] ACER's final assessment of the EU wholesale electricity market design; ACER, April 2022
[16] Integrating the EU energy market to foster growth and resilience; IMF, January 2025. Realising the benefits of European market integration; Baker et al., 2018; Benefits of an integrated European energy market; Booz et al., 2013
[17] Redispatch and Congestion Management; Joint Research Centre, May 2024
[18] Power system flexibility in the Penta region; Trinomics and Artelys, March 2023

to leverage our collective strength. As an example, the demand aggregation mechanism has matched 42 billion cubic metres since 2023, which is 13% of the EU gas consumption during that period.

In short, **only by accelerating investments** in clean energy and infrastructure, ensuring rapid acceleration of electrification, increasing energy efficiency and bringing transparency and fairness to gas markets **can we make energy affordable**. That is why **Europe needs this Action Plan:** to deliver a fast and firm response that lowers energy costs in the immediate term, to future-proof the energy system, to attract investments and to ensure delivery. In this respect, streamlining our regulatory framework and reducing administrative burdens can help businesses by providing visibility and simplicity for the deployment of clean technologies. Concerted action and engagement of European leaders at the highest political level is essential to deliver on this transformative Action Plan.

**Without the energy transition, the EU's fossil fuel import bill in 2025 would be EUR 45 billion higher** than in 2019, representing an estimated **0.25% of the EU's GDP**.

The implementation of this Action Plan will enable the **EU to fast track the benefits of the clean transition. This will translate into a drop in the EU's fossil fuel import bill year after year towards EUR 130 billion of savings per year by 2030**, representing an estimated **0.65% of the GDP by 2030**.[19] Such savings from reducing fossil fuel use can be roughly broken down **along three lines**: (i) increasing **electrification** and **energy efficiency**, which in turn decreases total fossil fuel demand (25%), and (ii) **replacing persistent fossil-fuel demand** in electricity generation with clean energy (50%), supported by (iii) **sufficient grid capacity**, **smart grid infrastructure** and **energy system flexibility** (25%). The **savings** in the EU's fossil fuel import bill **will increase** annually **up to EUR 260 billion by 2040**.[20]

## 4. AN ACTION PLAN FOR AFFORDABLE ENERGY FOR ALL EUROPEANS

This Action Plan suggests **immediate concerted action** by the European Commission, the European Parliament, Member States and industry to: (i) lower energy costs for all; (ii) complete the Energy Union; (iii) attract investments; and (iv) be ready for potential energy crises. Most actions will **be delivered in the course of 2025**, focusing on the actions that bring **immediate relief for energy consumers.**

[19] 2025 savings compared to import volumes in 2019, with estimations based on assumptions of 2024 fossil fuel spot prices. With an assumption of 2022 (higher) prices, the annual savings would grow from EUR 140 bn in 2025 (about 0.75% of GDP) to EUR 340 bn in 2030 (1.75% of projected GDP) and up to 600 bn in 2040 (2.7% of projected GDP).

[20] 1.2% of the estimated EU GDP. The 2040 savings are calculated under the assumption of a 90% GHG reduction ambition in 2040.

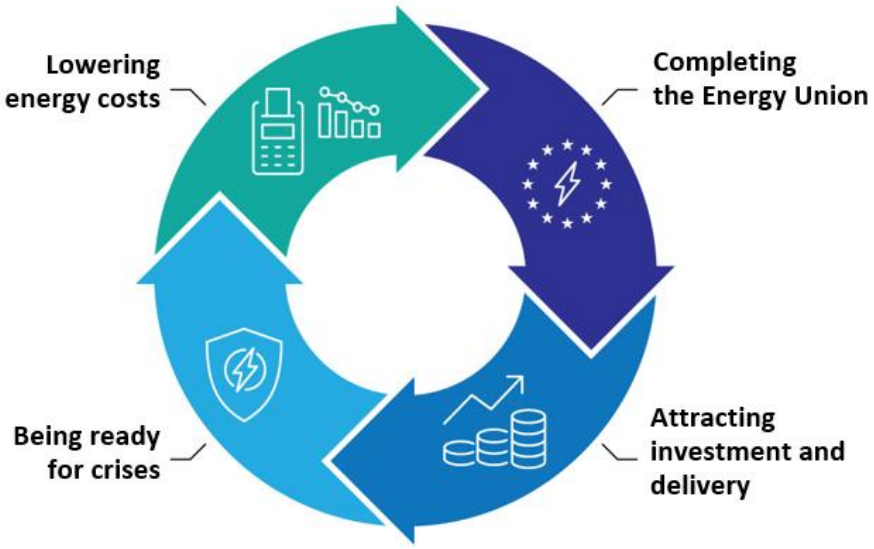


**Figure 3**. The four pillars of the Action Plan for Affordable Energy

## Pillar I: Lowering energy costs

Lowering the bill requires addressing its **three cost components: network and system costs, taxation, and supply costs**. Moreover, with natural gas being a significant part of the electricity mix, ensuring well-functioning gas markets that deliver market-based prices will also help lower both the gas and the electricity bills. Further, energy efficiency and savings will reduce the amount of electricity that consumers need to buy.

***Action 1: Making electricity bills more affordable***

Member States can lower electricity bills already today. This requires immediate action as well as greater ambition, particularly in the areas of network charges and taxation.

*a) Network charges*

Network charges finance the physical upgrade of grids and the operation of the system. Significant capital is required for investments in modernising and expanding the electricity network. This is essential to facilitate the deployment of renewables, electrification and new industrial and business demand. At the same time, **the costs of operating the power system are growing**.[21] Network charges that incentivise system efficiencies and use of lower cost clean electricity could rapidly reduce the costs of operating the overall system, for example by decreasing re-dispatching needs and costs, lower peak demand and thereby grid investment needs and, ultimately, reduce the network charges component of the energy bill compared to no action taken.

In addition, given the magnitude of investments needed, spreading these investments over time can help ensure that costs remain contained for consumers. This is particularly relevant

[21] From 2020 to 2022, re-dispatching costs almost doubled to EUR 4.2 bn, countertrading doubled to EUR 0.8 bn and other costs decreased to EUR 0.2 bn Congestion management costs are driven by the efficiency in system operations and the cost of electricity supply, which was particularly high in 2022 driven by the energy crisis. Electricity infrastructure development to support a competitive and sustainable energy system; ACER, Dec. 2024

when investments anticipate uncertain future electricity demand growth due to electrification, where charging all such investments on current users may unfairly burden early adopters, slowing down electrification.[22]

| | |
|---|---|
| What | **More efficient network charges to reduce energy system costs** |
| How | The Commission will:<br><br>- put forward a **design of tariff methodologies for network charges** to incentivise the use of flexibility and investments in electrification, while maintaining the incentive to invest in the grid and ensuring a level playing field. This will enable users of the grids to adjust their energy use or shift it towards times and places where the cheapest energy sources are available and when it is the most cost efficient for the overall system;<br>- **if necessary, put forward a legislative proposal** to make it legally binding;<br><br>- put forward **guidance** to explain how, where relevant in targeted cases, Member States could make use of their **public budget to lower network charges** to cover the additional costs resulting from measures to accelerate decarbonisation and market integration, notably such as interconnectors, major network upgrades or offshore grid connection infrastructure, in compliance with State aid rules and competition law. For example, State budget can thereby enable faster depreciation for grid investors while avoiding price spikes for consumers;<br>- put forward **guidance on anticipatory investments for electricity grids** while ensuring affordability for consumers to further support system operators, regulatory authorities and Member States. |
| When | Q2 2025 |
| Impact | Flexibility will decrease peak demand and **lower energy system costs and total new grid investment needs**. By avoiding an uncontrolled increase of grid management costs otherwise going up to EUR 26 billion by 2030, it will lower the network charges that consumers will pay as part of the electricity bill. |

*b) Taxes and levies*

High taxes on electricity increase bills and the current structure of taxation does not disincentivise the use of fossil fuels over the use of electricity, therefore slowing down electrification and demand for cheap homegrown electricity. Two main taxes are levied on electricity: VAT and energy taxation – complemented by other national taxes. The Energy Taxation Directive[23] provides for a minimum taxation (excise duties) of electricity and enables Member States to lower the tax rate down to zero where legally possible for energy-intensive industries and households and for all industries in case of electricity from renewable sources.

[22] Such measures, applied to natural or legal monopolies, are unlikely to constitute State aid and can align with cost-reflectiveness network tariff principles. See points 188 and 211 of the Commission Notice on the Notion of State aid, as well as points 373-375 CEEAG. For the case of the German Hydrogen Backbone, the Commission found such a measure to be compatible State aid (*Commission Decision C(2024) 4366 final in case SA.113565*).

[23] Council Directive 2003/96/EC on the Community framework for the taxation of energy products and electricity

Lowering taxation has **proven very effective in containing energy bills** during the energy crisis, when Member States implemented reductions in VAT and energy taxes, and income transfers to vulnerable groups.[24] In France, for example, the electricity consumption tax was reduced from EUR 22.5/MWh to EUR 0.6/MWh.[25] Such support should be particularly targeted to effectively achieve the objective while minimising fiscal costs.[26]

| | |
|---|---|
| What | **Lower taxation of electricity and removal of non-energy cost components from bills** |
| How | The Council should **complete the revision of the Energy Taxation Directive** ('ETD'), proposed in 2021, which aims to: (i) align the taxation of energy products with EU energy and climate policies; (ii) promote clean technologies; and (iii) remove outdated exemptions and reduced rates that currently encourage the use of fossil fuels. The Commission stands ready to continue supporting the adoption.<br>The Commission recalls that Member States may (i) lower national taxes and levies in the electricity bill towards the **minimum excise duty rates** provided for in the Energy Taxation Directive of **EUR 0.5/MWh for businesses**;[27] (ii) apply the **reduced VAT rate** allowed by the VAT Directive and its amending Council Directive **of minimum 5%**;[28] (iii) eliminate levies that are not energy-related;[29] and (iv) shift levies that finance energy policies to the general budget.[30]<br>In line with the Energy Taxation Directive, which **allows decreasing taxes down to zero for energy consumed by households and energy intensive industries**, the Commission will **issue a recommendation to Member States** on how to use such flexibilities and ensure across all sectors that electricity is taxed less than other energy sources while pursuing our long-term decarbonisation objectives. |
| When | From adoption of the revised Energy Taxation Directive. Additional Commission recommendations in Q4 2025. |
| Impact | Immediate reduction of energy bills, with the **potential to at least halve the tax component** (in EUR/MWh), drawing on the experience of the taxation reductions in 2022-2023 (see Figure 2). Accelerate electrification through fiscal incentives and reduce dependence on fossil fuels. |

[24] State of the Energy Union Report, 'EU guidance on energy poverty and Commission Staff Working document Accompanying the 2023 Recommendation on energy poverty; European Commission, 2023. National fiscal policy responses to the energy crisis; Bruegel, June 2023

[25] Recommendations for future-proof electricity market design in light of the 2021-23 energy crisis; Pollitt et al., 2024

[26] The Commission Communication on Fiscal policy guidance for 2024 (*COM(2023) 141 final*), recommends that Member States should target their measures much better than in the past, refraining from generalised support and only protecting those who need it, namely vulnerable households and firms.

[27] The Energy Taxation Directive (ETD) 2003/96/EC sets minimum excise duty rates that Member States must apply to energy products, including electricity.

[28] The EU VAT Directive 2006/112/EC sets a minimum standard VAT rate of 15% that applies to electricity, natural gas and district heating and allows for a reduced VAT rate of minimum 5%. Council Directive (EU) 2022/542 confirms a reduced VAT rate applicable for electricity at 5%. The application of the reduced rates is decided by Member States. Most businesses can deduct the VAT paid on electricity, provided that the electricity is used for taxable activities.

[29] Included directly in the bill or within the network charges.

[30] This refers especially to renewable support scheme levies. Other energy levies (e.g. nuclear decommissioning) are also sometimes introduced. Some Member States may opt to retain some energy-policy costs within the bill where State budgets are very strained and to minimise the risk of substantial national policy swifts. Costs associated with security of supply measures cannot be moved to the budget as this could lead to removing demand response incentives and increasing overall system cost.

*c) Lower supply costs by increasing retail competition*

Currently, 73% of EU households as well as a significant proportion of small to medium-sized enterprises are on fixed electricity contracts[31]. Many could lower their electricity bills by switching to a more competitive supplier or shifting consumption to times of lower prices but are still facing market barriers. Vulnerable consumers require specific attention. Affordability measures should consider the specific needs of lower-income households, including flexible billing options that prevent disconnections for economically disadvantaged groups. Energy communities must also be strengthened to allow local communities, citizens and companies to join forces and invest in clean energy projects at local level; thereby allowing them to produce, sell and consume their renewable energy. It is essential that the EU continues to provide sufficient dedicated funding to support the completion of the Energy Union.

| | |
|---|---|
| What | **Enabling consumers to switch to cheaper energy suppliers, and to benefit from affordable renewable energy, while tackling energy poverty** |
| How | The Commission will propose a **Citizens' Energy Package** to increase citizens' participation in the energy transition and strengthen the social dimension of the Energy Union including in particular:<br><br>- provide **guidance to Member States to bring down existing barriers** so consumers can save on their energy bills by **switching supplier and changing contract**. This would include ensuring consumers' understanding of the bill through clear information and data on the energy consumption, prices to enable consumers to shift to hours of lower prices;[32]<br><br>- set out **measures to reduce energy poverty**, including through energy efficiency, **and allow consumers and communities to produce, use and sell renewable energy** on their own terms, including via energy communities. |
| When | Q3 2025 (Citizens Energy Package) |
| Impact | Switching to the electricity supplier that offers the lowest prices can save households **EUR 150-200 per year**.[33] Households can **save EUR 500-1,100 per year by participating in energy communities**.[34] |

***Action 2: Bring down the cost of electricity supply***

**Swift and full implementation of existing EU electricity legislation** is crucial to reduce the cost of electricity supply: recently adopted rules on permitting, contracts, flexibility, consumer empowerment and market surveillance can deliver lower costs. This should be complemented with the following immediate actions.

[31] 2024 Market monitoring report on energy retail and consumer protection; ACER-CEER, September 2024
[32] *Ibid*. Switching rate of electricity household consumers is 7.15%
[33] Annual report on the results of monitoring the internal electricity and gas markets in 2021; ACER, October 2022
[34] Collective energy sharing: CBA and survey evidence of the willingness to invest; Ovaere, 2023; benefits of 50-50% solar & wind collective self-consumption and surplus energy sold between circa EUR 500-1,100/year (2020-2022).

*a) Long-term electricity supply contracts*

High and volatile gas prices drive up electricity prices. **Power purchase agreements** (PPAs) **and long-term contracts** between clean energy developers and industrial consumers and companies allow the latter to benefit from stable and cheap electricity prices for a long duration. PPAs can play a role in de-risking projects by enabling renewable energy developers to secure a long-term price for their output, which supports investment decisions. They can also provide long-term price stability for industrial consumers. While demand for PPAs is increasing,[35] these contracts need to be further encouraged and mainstreamed, including to energy-intensive businesses that do not have wide access to them and may still face barriers. The Commission will step up efforts under the electricity market rules to **decouple electricity bills from price volatility** by boosting the uptake of long-term electricity supply contracts.

| What | **Decoupling retail electricity bills from high and volatile gas prices** |
|---|---|
| How | Reduce barriers for new actors,[36] in particular energy-intensive industries, to conclude long-term energy contracts by supporting national regimes and introducing de-risking tools. The Commission will:<br><br>- launch, with the **European Investment Bank (EIB)**, a **pilot programme** to counter-party part of the Power Purchase Agreements undertaken by companies for the long-term purchase of electricity generation for an indicative amount of EUR 500 million. In line with the approach in the Electricity Market Design the Commission will engage with the EIB to promote PPAs, including cross-border PPAs, in a technologically neutral way;<br>- provide **guidance** to Member States on the **design of effective contracts for difference**, including their combination with PPAs;<br>- adopt **new rules** to support the further development of European **forward markets** and increase hedging opportunities. |
| When | Removal of regulatory barriers to start immediately.<br>**Q2 2025**: Coordination with the EIB<br>**By Q4 2025**: Guidance to Member States on the design of contracts for difference |
| Impact | Greater price stability for buyers by helping European companies to manage volatility in energy costs and to get access to better cross-border hedging opportunities. Long-term contracts will also give renewable energy producers the guaranteed income required to reduce cost of capital, helping relieve pressure on consumers and taxpayers.[37] |

*b) Reduce permitting times for new clean power supply and energy infrastructure*

**Renewable power** generation has become the default source of **least-cost** new power generation.[38, 39] However, the lead times for new projects can be up to 7-10 years for wind

[35] By 2024, a cumulative contracted capacity of 48.4 GW had been signed in the EU (Source: RE-Source)
[36] Such as credit worthiness, contract complexity and hedging availability. Commercial PPAs; Baringa for EIB, 2022
[37] Phased European Union electricity market reform; Bruegel, March 2023
[38] Renewable power generation costs in 2023; IRENA, September 2024
[39] Beyond streamlining permitting, other factors support the drive down of energy project costs, such as ensuring access to competitive financing conditions, a resilient supply chain with sufficient domestic manufacturing capacity and a skilled workforce, and technological developments.

projects, up to 8-10 years for distribution grid projects[40] and at times even up to 17 years for transmission grid projects.[41] This is severely hampering the massive roll-out of renewable energy and can impact the economic model of projects.

**At all levels** – the EU, national, regional and local **– authorities must make a major effort to accelerate the permitting procedures** for grid, storage and clean energy projects, as outlined in the Draghi report. This includes permitting for infrastructure that can provide flexibility to the electricity system, for example electric vehicle recharging points. The Commission calls on **Member States to rapidly implement** the recently adopted legislative framework for permitting of clean energy projects.[42] The **impact of recent permitting reforms is already visible** in Member States that have made extensive use of the emergency regulation. For example, as a consequence of the application of swifter permitting during the energy crisis in Germany, **permits for new onshore wind projects** have more than **tripled** since 2022, **ramping up the number of installations by 48% in one year** (2023)[43] and about **3,300 km of transmission grids have been approved** since Q2 2023, **saving 12 months to three years** in permitting time.

In addition, a large part of the time taken by the permitting processes for clean energy investments, storage and grids is dedicated to environmental assessments. **Targeted updates to the legislative framework on environmental assessments** are necessary to significantly simplify and shorten the permitting procedures for such projects, while **maintaining environmental safeguards and protecting human health. Shorter deadlines for permitting energy infrastructure at national level** are also key to lower energy costs. This can be eased by measures such as tacit approvals for certain administrative decisions in the permitting process, where this principle exists in the national legal system, and one-stop shops for developers.

The Draghi report also concludes that greater focus is needed on digitalising national permitting processes across the EU and addressing permitting authorities' lack of resources. The permitting **process**, and the environmental and geological data needed for the clean energy investments, will need to be **digitalised**. **Moreover, more granular data** on the resource potential for wind and solar across the EU will help Member States in mapping the areas needed to achieve their national targets, as well as in designating of **renewable acceleration areas**, as envisaged under the Renewable Energy Directive. **Streamlined permitting will cover hybrid energy projects** with several technologies, such as a renewable generation and storage, using the same grid connection. Finally, the Commission will assess the possibility of streamlining current permitting and licensing practices for the deployment of new nuclear energy technologies such as **Small Modular Reactors** (SMRs).

[40] Guidance on EU permitting-related provisions on grid and renewable energy projects; EU DSO Entity, Jan. 2025

[41] Uckermark 115-km 380 kV overhead line project (see S&P)

[42] Renewable Energy Directive; TEN-E Regulation; Renewable gas, Natural gas and Hydrogen Market Directive

[43] 15.2 GW in 2024 (EE-Statistik Auswertung Januar 2025). See also Reuters.

| | |
|---|---|
| What | **Reduce permitting times for an accelerated energy transition** |
| How | Member States should:<br>- **accelerate permitting and regulatory procedures** by rapid legislation transposition and implementation;<br>- **strengthen national permitting authorities**, including through public funds and with sufficient human capital, and explore unified digitalisation approaches for permitting and for environmental assessments reports .<br><br>The Commission will support Member States by:<br>- producing dedicated **guidance** on **innovative forms of renewables** deployment[44] and on **dedicated grid and storage areas**;<br>- deploying dedicated implementation support by **expanding the Accele-RES** implementation plan and, inter alia, fully exploiting the potential of the **Expert group on permitting** and of the Concerted Action (**CA-RES**);[45] this will be supplemented by an **implementation dialogue** to identify remaining obstacles to permitting and possible way forward;<br>- reinforcing the exchange of **best practices** and the **identification of barriers** and solutions via networks and expert groups of **national authorities competent for permitting** and dialogue with regional, national and local stakeholders;<br>- upgrading an **online guiding tool** on permitting for Member States; [46]<br>- providing **Technical Support Instrument** (TSI)[47] support, raising awareness among Member States of the 2025 call and launching a new TSI flagship in 2026.<br><br>The Commission will:<br>- **put forward legislative proposals** to accelerate permitting for grids, storage and renewables, including streamlining environmental assessments and shortening deadlines for permits as part of the European Grid Package;<br>- assess the streamlining of licencing practices for **new nuclear energy technologies** and publish a **SMR Communication**. |
| When | **As soon as possible**: Adaptation of national permitting regimes.<br>**Mid-2025**:<br>- publication of new, more granular data on potentials for offshore wind and for solar PV on the Energy and Industry Geography Lab (April 2025);<br>- guidance on innovative forms of renewables deployment, and on grid and storage acceleration areas;<br>- implementation support.<br><br>**Together with the Grid Package**: legislative proposals for acceleration of permitting processes for grid, storage and renewable energy projects.<br>**2026**: New TSI flagship call; SMR Communication |

[44] Such as agri-PV, building-integrated PV (BIPV) and balcony solar systems.
[45] Concerted Action on the Renewable Energy Sources Directive (https://www.ca-res.eu/)
[46] Renewable Energy Directive Q&A tool
[47] Regulation (EU) 2021/240 establishing a Technical Support Instrument

| | |
|---|---|
| Impact | Implementation of existing EU legislation by Member States and the new measures can reduce the **length of permitting procedures to less than six months for simpler projects** such as repowering in renewable acceleration areas and 12 months outside of these; **less than 12 months or two years for renewable projects** (in or outside acceleration areas) and; **for complex ones like offshore wind**, **less than two years** in renewable acceleration areas and **three years** outside those. Furthermore, the strengthened legislative framework will address existing gaps. |

*c) Grids and interconnectors as enablers of the energy transition and industrial decarbonisation*

An efficient network ensures that energy flows from where it is produced to where it is needed. It mitigates price-peak episodes and ensures that everyone benefits from energy at the best cost. It is thus important to interconnect areas with vast available clean energy potential with European regions with high energy demand, so that affordable energy can be delivered to where it is needed most.

EUR 584 billion is necessary for investments in the electricity grids this decade.[48,49] **Cross-border infrastructure needs are often not matched by concrete projects**, leading to undue price disparities between some regions, such as recently observed in southeast Europe. The Agency for the Cooperation of Energy Regulators (ACER) finds that **32 GW of cross-border capacity needed by 2030 remains unaddressed**[50] Major infrastructure projects of regional or EU-wide significance face challenges in relation to increasing project costs[51] and an equitable sharing of costs and benefits.[52] Four examples of such missing flagship links include:

- Creation of an integrated offshore network in the Northern Seas;
- Further reinforcing physical integration of the Baltic States with Central and Northern Europe following the Baltic synchronisation and ensuring security of cross-border infrastructure in the Baltic Sea region;
- Increasing the interconnection level of the Iberian Peninsula with the rest of Europe;
- Increasing interconnectivity and market integration between Southeast and Central Europe.

The benefits of these **flagship projects** will expand beyond the Member States hosting projects. Therefore, only through the design of new projects and the acceleration and completion of existing ones, can the Energy Union materialise. Given the scale and impact of these projects, it **is essential that the EU continues to provide sufficient funding** to support the completion of the Energy Union's interconnectors at both cross-border and national levels. Investing to achieve the EU's decarbonisation goals and removing barriers to our Energy Union offers the opportunity for Europe to lower energy prices, increase its energy security and take the lead in clean rtechnologies.[53] Furthemore, the Communication on the

[48] EU Action Plan for Grids (*COM(2023) 757 final*)
[49] Redispatch and Congestion Management; Joint Research Centre, May 2024.
[50] Electricity infrastructure development to support a competitive and sustainable energy system; ACER, Dec. 2024
[51] Celtic Interconnector from EUR 930M to 1,482M (CRE), Biscay Bay from EUR 1,750M to 2,600M (CRE). Princess Elisabeth costs are reported to have grown from est. EUR 2.2 bn to EUR 7-8 bn (Brussels Times: 1 and 2).
[52] In 2024, a SE-DE interconnector was cancelled (see FT) due to discrepancy on consumer surplus distribution.
[53] The road to the next multiannual financial framework (*COM(2025) 46 final*, pages 5 and 8)

road to the next Multiannual Financial Framework[54] acknowledged that we need to ensure that the EU budget supports European public goods, notably cross-border projects.

At the same time, existing infrastructure needs to be used efficiently. For example, at least 70% of the capacity of interconnectors should be made available for cross-border electricity trading, but most Member States are still far off this target.[55]

At national level, **grid connection requests to distribution networks are growing exponentially** across Europe and create long queues, slowing down renewables, electrification and the establishment of industrial clusters, and hampering investments. Beyond electricity, new **hydrogen, carbon and local heat networks** are necessary.

| What | **Accelerating the expansion, modernisation and digitalisation of grids** |
|---|---|
| How | Building on the actions of the Grid Action Plan adopted in 2023, the Commission will put forward a **European Grid Package** consisting of legislative proposals and non-legislative measures to, among others, simplify the trans-European energy networks (TEN-E Regulation), ensure cross-border integrated planning and delivery of projects, especially on interconnectors, streamline permitting, enhance distribution grid planning, boost digitalisation and innovation as well as increase visibility of manufacturing supply needs. It will follow a top-down planning approach, integrating regional and EU interests and develop effective cost sharing mechanism (e.g. for cross-border projects), for an optimised energy system.<br>The **EIB** will also introduce a '**grids manufacturing package**' for the European supply chain, modelled on the Wind Package, to provide **counter-guarantees** to manufacturers of grid components, with an indicative amount of at least **EUR 1.5 billion**. |
| When | European Grid Package to be put forward by Q1 2026. |
| Impact | **Investing EUR 2 billion per year in cross-border networks provide EUR 5 bn in benefits** for citizens yearly.[56] Anticipatory investments, asset performance excellence and grid-friendly flexibility, could **reduce investment needs related to distribution grids by EUR 12 bn annually**,[57] representing 18% of the total investment needs.[58] Prioritising regional or EU benefits in national plans limits inefficiencies and unnecessary costs to be borne by consumers.<br>The deployment of **grid enhancing technologies** is not widespread, while they **could expand network capacity by 20-40% by 2040** and save up to 35% in conventional grid expansion costs.[59] |

*d) Boosting flexibility*

More flexibility in the system, for example with **storage and demand response,** helps manage demand and supply imbalances by encouraging customers to shift electricity consumption to times when electricity is more plentiful or demand is lower, and therefore when electricity is cheaper. This reduces **price spikes and negative price episodes**, reducing

[54] Register of Commission Documents (*COM(2025)46*)
[55] Many TSOs in highly meshed areas of the EU power grid made available, on average, between 20% and 50% of the physical capacity of certain network elements in 2023. Thus, far from reaching 70%. Cross-zonal capacities and the 70% margin available for cross-zonal electricity trade; ACER, July 2023
[56] System needs study; ENTSO-E, May 2023. 64 GW include non-EU peripheric countries.
[57] The role of electricity distribution systems in assessing flexibility needs; Joint Research Centre, 2024
[58] Grids for Speed; Eurelectric, May 2024
[59] Moreover, technologies like weather sensors can help improve electricity system operation.

volatility and contributing overall to lower and more stable electricity prices. Electrified demand such as new electromobility fleets can play a role in providing flexibility services.

In many Member States, demand response and storage face barriers[60] to accessing wholesale markets, or to participating in ancillary and congestion management services. In 10 Member States, aggregators do not have a properly defined legal framework, which prevents them from participating in those services that can help provide benefits to consumers. In 10 Member States, fewer than 30% households have access to **smart metering systems** (providing real-time information about energy consumption). Roll-out needs to be accelerated.[61] Some industrial consumers can significantly contribute to grid flexibility by shifting their energy use to times of low demand, reducing costs and improving system stability.

| What | **Increasing system flexibility by deploying storage and demand response** |
|---|---|
| How | Member States need to:<br><br>- quickly **implement the EU rules on market access** for storage and demand response **and remove national barriers**.<br><br>The Commission will:<br><br>- **clarify the State aid requirements for non-fossil flexibility schemes** in the new State aid framework, making it easier for Member States to design their support mechanisms to give consumers the incentive to provide flexibility to the system;<br>- **adopt new rules on demand response** to make sure consumers can take full financial advantage of flexibility These rules will address the remaining barriers that hamper demand response and storage services in the internal electricity market;<br>- **seek Member States' views on a clean flexibility instrument** based on PPAs and industry committing to consume clean electricity, while designing it in a way that sufficiently limits the risks of competition distortions and subsidy races in the Single Market, as required by State aid rules. |
| When | Member States to remove national barriers immediately. Commission revised framework under State aid rules by Q2 2025; new rules on demand response by Q1 2026. |
| Impact | The complete delivery of an electricity system underpinned by market integration, renewable generation and flexible capacity could result in **40% lower wholesale electricity prices on average in the EU**.[62] More flexibility can provide tangible cost savings, with industry estimates showing **EUR 2.7 billion per year in avoided peak generation capacity by 2030**.[63] |

[60] Demand response and other DER: what barriers are holding them back; ACER, February 2024
[61] 2024 Market Monitoring Report on Energy Retail and Consumer Protection; ACER and CEER, September 2024
[62] Energy and climate transition: How to strengthen the EU's competitiveness; Business Europe, July 2024
[63] Demand-side flexibility: Quantification of benefits in the EU; DNV for smartEn, September 2022

Demand flexibility should also be promoted on the retail market as a deal offering lower prices for voluntary industries and consumers willing to participate in energy system integration.

| What | **Guidance on promoting remuneration of flexibility in retail contracts** |
|---|---|
| How | The Commission will:<br><br>- develop **guidance on promoting remuneration of flexibility in retail** contracts;<br>- put forward a variety of **standardised market-based conform systems** tailored to different industrial and other consumer needs, building on systems already in place in some Member States. |
| When | Q4 2025 |
| Impact | Fair **remuneration in retail contracts of flexibility provided by consumers can reduce their electricity costs by up to 12-42%**[64,65] and bring flexibility and system integration **benefits of EUR 10-29 billion**.[66,67] |

***Action 3: Ensuring well-functioning gas markets***

The price of imported natural gas has a direct impact on electricity prices and increases market volatility. EU gas wholesale prices have not fully reverted to pre-crisis levels and are on average nearly five times those in the US, as compared to double to triple before the crisis.[68] This price differential affects the competitiveness of the European industry.

The importance of gas markets for our economy makes it essential to ensure an optimal functioning of those markets. Full regulatory oversight and close cooperation between energy and financial regulators is required to prevent market manipulation and to close any possible loopholes related to any lack of transparency, asymmetry of information and risk of market concentration. Earlier this month, therefore, the Commission set up a Gas Market Task Force to comprehensively scrutinise the EU natural gas markets and, where necessary, take action to ensure their optimal functioning and prevent commercial practices distorting market-based pricing, learning from the lessons of the energy crisis.

To be able to address unlawful behaviour in gas markets in a swift manner, energy and financial regulators should be effectively equipped to monitor market developments, detect and pursue any potential cases of market abuse (i.e. market manipulation and insider trading). Cooperation on enforcement and data sharing between national energy and financial regulators and between ACER and ESMA needs to be enhanced and taken to the next level. Member States have to ensure that regulatory authorities have all the necessary powers to

[64] 2024 Market monitoring report on energy retail and consumer protection; ACER-CEER, Sept. 2024 (SE case study)

[65] Most households investing annual ranges of EUR 50-145 into home energy management systems (HEMS) that make use of flexible energy systems (such as heat pumps with PVs, PVs with battery storage or electric vehicles), would achieve cost savings. Dodging the electricity price hike: Can demand-side flexibility compensate for spot price increases for households in Germany?; Stute et al (Fraunhofer Research Institute), February 2024

[66] Energy efficiency 2.0 – Engineering the future energy system; Danfoss Impact Issue no. 4, 2023

[67] Demand-side flexibility: Quantification of benefits in the EU; DNV for smartEn, September 2022

[68] Decarbonising for competitiveness: four ways to reduce European energy prices; Bruegel, December 2024. It should be noted that the US counts with significant domestic natural gas extraction and therefore it is expected that it has partially lower gas wholesale prices than the EU.

pursue and sanction market abuse, and to equip them with the resources to prioritise investigations in this field. Moreover, ACER should use to the full extent its new cross-border investigatory powers to support national energy regulators.

| What | **Ensuring well-functioning gas markets** |
|---|---|
| How | Earlier this month, the Commission set up a **Gas Market Task Force** to comprehensively scrutinise the EU natural gas markets and, where necessary, take action to ensure their optimal market functioning and prevent commercial practices distorting market-based pricing, learning from the lessons of the energy crisis. The Commission will launch a **broad stakeholder consultation** to assess the need for **further legislative changes** to ensure full and seamless regulatory oversight, align and strengthen energy and financial market rules (MiFID/REMIT), and reduce the administrative burden on companies trading on financial markets for energy (single reporting). It will cover various aspects of the regulatory setup[69], the joint supervisory approach by energy and financial regulators and the creation of a joint harmonised database of all relevant market-data with full access to all regulators. It will also cover certain aspects of the functioning of spot markets, such as the application of requirements similar to those of the financial rulebook to spot energy exchanges. |
| When | The work of the Gas Market Task Force will conclude by Q4 2025 |
| Impact | The evolution of gas import contracts from oil-indexation **to gas-on-gas market pricing has already saved the EU around EUR 67 billion over the past decade**.[70] EU gas market integration creates net benefits in price convergence and transparency.[71] The Gas Market Task Force will focus on ensuring well-functioning gas markets and market-based price formation in these markets. |

Alternatives to natural gas imports should be explored when possible, notably via electrification or boosting the production of biogas and biomethane in line with REPowerEU. Demand aggregation and joint purchasing can play a strong role in accelerating market creation for energy sources and materials needed for clean energy production. By aggregating their demand and adopting joint purchasing strategies in accordance with EU competition rules, EU buyers can leverage their collective economic weight, strengthen their negotiation position and negotiate better terms with suppliers. This approach was also adopted by Japan, which has a longstanding policy of supporting investments in export infrastructure in countries producing liquefied natural gas (LNG). EU joint purchasing power should be harnessed by exploring the option of longer-term contractual engagements to make prices more stable, for example by securing gas liquefaction rights or purchase options. With the EU's competitiveness, geopolitical considerations and climate goals in mind, the EU and/or Member States could also accompany EU importers in investing directly in export infrastructure abroad, providing preferential loans to private investors.

In addition, better coordination among Member States and more flexible filling trajectories, with the support of the Commission, can help reduce system stress and avoid market distortions linked to gas storage refilling, supporting refilling at better purchasing conditions and security of supply.

[69] Including the parameters governing the application of the so-called ancillary activity exemption, the rules on circuit breakers and position limits, the requirements applying to trading venues and market participants, as well as certain aspects of the functioning of spot markets (e.g. the application of requirements similar to those of the financial rulebook to spot energy exchanges).
[70] Despite short-term pain, the EU's liberalised gas markets have brought long-term financial gains; IEA, 2021
[71] European natural gas markets: taking stock and looking forward; Chyong, March 2019

| | |
|---|---|
| What | **Harnessing EU purchasing power to get a better deal for imported natural gas** |
| How | The Commission will:<br><br>- immediately **engage with reliable LNG suppliers to identify additional cost-competitive imports** from existing and future LNG export projects;<br>- propose, among others, **demand aggregation for EU companies** entering into tolling contracts at LNG plants worldwide and LNG supply option contracts with trusted LNG producers;<br>- **explore options going beyond demand aggregation** and will look into other approaches (e.g. the Japanese model). |
| When | Q1-Q2 2025 |
| Impact | Better opportunities for EU buyers to secure LNG volumes under long-term contracts can protect against price volatility and provide access to lower prices, bringing EU prices closer to world market prices. Protecting EU buyers against price volatility of fossil fuels could lead to a significant **short-term reduction in retail prices**. |

***Action 4: Energy efficiency – delivering energy savings***

Energy efficiency is a key contributor for affordable energy in industry and households, and for industrial competitiveness. It limits the impact of high, volatile energy prices on consumer bills. EU industry has reduced its energy consumption by approximately 20% since 2000, all while increasing industrial output. To address the challenges the EU faces, energy efficiency solutions must be leveraged. Fostering a single market for energy efficiency services will help Europeans to benefit from services that can help them reduce their energy bills at the best cost, in particular those that have a high upfront cost.[72] An enhanced market for energy efficiency providers can help more companies to get advice on efficient solutions, for example, for re-using their process heat.

| | |
|---|---|
| What | **An energy efficiency market of European dimension** |
| How | Through the **European Energy Efficiency Financing Coalition**, the Commission will improve access to capital and provide financial incentives to support market actors who provide energy efficiency solutions for businesses.<br>The Commission will **explore further supporting the EIB Group programme for energy efficiency in SMEs**, which has the objective to increase the competitiveness of European SMEs, promoting the adoption of energy efficient and renewable solutions and building climate resilience. The Commission will, in cooperation with the EIB Group, **explore setting up an EU guarantee scheme** with the objective to double the energy efficiency services. A **pilot**, potentially part of the InvestEU blending operation with LIFE CET for technical assistance, is envisaged in 2026. This will require additional InvestEU resources, to be obtained by optimising the use of the EU guarantee currently available in various EU mandates, including mandates from the previous programming period. |
| When | First blueprint for a guarantee scheme in Q4 2025. Launch of the partnership in Q3 2025.<br>Assessment of an EU-wide market for an energy savings certification scheme by Q4 2025. |

[72] EU funding for energy efficiency measures in housing, enterprises and public infrastructure through the European Regional Development Fund (ERDF) and Cohesion Policy (the allocation under the current MFF) amounted EUR 4.9 billion for smart energy systems, EUR 8.9 billion for renewable energy and EUR 21.8 billion for energy.

| | |
|---|---|
| Impact | Increasing the offer of financing solutions for energy efficiency products. This will happen through energy service company (ESCO)[73] services, with the aim of **doubling the ESCO market to up to EUR 4-6 billion per year**, possibly allowing consumers to generate savings in the range of 25-30% for building renovations and up to 70-80%[74] in public lighting cutting energy bills. |

Secondly, **energy efficient products lower energy bills immediately**. However, the many non-compliant products imported from non-EU countries damage the competitiveness of EU suppliers and reduce the benefits for citizens and businesses.

| | |
|---|---|
| What | **Give consumers access to more efficient appliances and products with longer lifetimes** |
| How | Member States, national market-surveillance and customs authorities should strengthen **national market surveillance and enforcement**, including for customs and online marketplaces. In line with the e-commerce Communication, the EU supports their actions and further engagement with online marketplaces.<br>The Commission will **update EU energy labelling and ecodesign rules**, sharing best practices, improving IT tools[75] and facilitating compliance by operators through clearer information and guidance. Member States should consider using incentives for consumers to replace their old home appliances with energy-efficient alternatives. |
| When | Immediately |
| Impact | EU single market rules for energy efficient appliances and products are estimated to have brought **savings of around EUR 120 billion on energy bills in 2023**, estimated to rise to about **EUR 162 billion in 2030**.[76] However, an estimated 10% (i.e. over **EUR 10 billion**) are still lost each year because of the sale of products that are non-compliant.[77] |

## Pillar II: Completing the Energy Union

Despite our success in building an interconnected energy market, a true Energy Union remains a work in progress. As the EU faces rising energy costs that place a burden on households and impede industrial competitiveness –particularly impacting energy-intensive sectors– the need for a transformative approach is evident. This is why we need to continue working on longer-term, structural measures that will bring about the cleaner and cheaper energy that we need, and that will further bring us in a genuine Energy Union, including increasing investments in research and innovation for clean energy solutions. The EU must advance towards electrification and a fully integrated single market for energy, achieving interconnection goals and leveraging complementarities among Member States to create a genuine Energy Union that benefits all.

This Action Plan is the first stepping stone towards more interconnection and more integration. This is why in the coming months, the Commission will launch a series of

[73] An Energy Service Company (ESCO) is an organisation that offers energy services including implementing energy-efficiency projects or renewable energy projects, frequently on a turn-key basis.
[74] Energy Performance Contracting in the EU – 2020-2021; JRC, 2021
[75] https://eprel.ec.europa.eu/screen/home; https://webgate.ec.europa.eu/single-market-compliance-space/market-surveillance
[76] Ecodesign Impact Accounting Status Report 2024, https://circabc.europa.eu/ui/group/418195ae-4919-45fa-a959-3b695c9aab28/library/b29b3be3-8085-4e2f-8095-74ad98d9166c/details, table 2 and figure 2.
[77] Commission Communication on Ecodesign and Energy Labelling Working Plan 2022-24 (2022/C 182/01)

initiatives aiming at strengthening the governance of the Energy Union, roll out clean energy, improve our security of supply, and reduce the bills of citizens and businesses.

***Action 5: Completing the Energy Union***

Building upon the success of the REPowerEU Plan, which boosted clean power generation and diversified energy supplies, a new **Electrification Action Plan** (Q1 2026) and a **Heating and Cooling Strategy** (Q1 2026) will further support these objectives. Ambitious **electrification** of the energy system and expanding clean generation sources **will increase energy efficiency of the energy sector** as a whole, **help decarbonise** industrial, mobility and heating and cooling **sectors and support the uptake of clean and domestic energy production**. By 2030, these initiatives will reduce our reliance on fossil fuels, potentially saving billions annually. Tax credits for industrial electrification can promote electrification and help EU industry become more competitive by supporting the affordability of such equipment, increasing sales and encouraging consumer adoption.

Digitalisation is another source of savings for consumers, but also a potential vulnerability. The Commission will adopt a **Strategic Roadmap for Digitalisation and Artificial Intelligence** (AI) **for the Energy Sector** in 2026 to accelerate the rollout of European AI solutions in areas such as electricity grid optimisation, energy efficiency in buildings and industry, and demand-side flexibility. Additionally, it will foster AI-driven research and innovation by connecting start-ups with energy companies while ensuring robust safeguards for cybersecurity, data privacy and safety, The Commission will also **examine the increasing energy consumption of data centres**[78,79] and promote their sustainable integration into the energy system. Data centres could increase strain on the energy system and drive upenergy prices , especially considering data centres' capacity to outbid other energy consumers for access to energy.

At the same time, the EU's **Strategic Energy Technology Plan** (SET Plan) helps addressing the current fragmentation in the EU's Research & Innovation portfolios for clean energy and electrification. Efforts still need to be intensified to reach the EU public and private expenditure target of 3% of GDP.[80,81] The Commission will foster innovation, notably through coordination with Member States via the SET Plan Steering Group established by the Net-Zero Industry Act.[82] In addition, to support fusion as an innovative, decarbonised energy source for the future, a **Fusion Strategy** will be proposed, including the creation of a Public-Private Partnership (PPP) to accelerate commercialisation.

To meet its energy and climate targets, the EU needs over EUR 570 billion annually between 2021 and 2030 and EUR 690 billion annually from 2031to 2040 for investments in renewable energy, including solar, wind and biomass, energy efficiency and grid capacity. The Commission will also assess investment needs in nuclear energy[83] and foster investment in next-generation clean energy technologies, like nuclear fusion, enhanced geothermal and solid-state batteries, as well as into existing capacities such as for refurbishment. While the bulk of investments needs to come from private capital – public funding needs to be better

[78] Digital infrastructure accounts for around 3.5% of electricity use in the EU, with data centres responsible for about 70%. Energy consumption in data centres and broadband communication networks in the EU; JRC, 2024
[79] Why European data centres are set for major growth; Morgan Stanley & Co., July 2024
[80] European Council conclusions of 23 March 2023 (*EUCO 4/23*)
[81] Commission communication on SET Plan revision (*COM(2023) 634 final*)
[82] Net-Zero Industry Act Regulation (EU) 2024/1735
[83] https://ec.europa.eu/economy_finance/recovery-and-resilience-scoreboard/green.html

targeted to leverage private investments by de-risking strategic projects notably through guarantee and equity instruments. The Commission will tackle the investment gap and mobilise private capital for the energy transition with a **Clean Energy Investment Strategy** and will present an **updated Nuclear Illustrative Programme** (PINC).

Above all, the completion of a genuine Energy Union requires a **fully integrated energy market**, with a **cohesive governance framework** that aligns national and EU-level objectives and ensures that decisions of cross-border and EU relevance are taken at the right level. To this end, the Commission will issue a **White Paper on deeper electricity market integration** by early 2026.

In addition, the **National Energy and Climate Plans** (NECP) must evolve into strategic investment plans that foster investment predictability, consumer confidence, innovation and market growth for clean technologies. The Commission will propose a revision of the Governance Regulation to simplify, strengthen and modernise the **Governance of the Energy Union and Climate Action**[84] to prepare Europe for the post-2030 energy and climate policy framework. In addition, regional initiatives like the Trans-Mediterranean Energy and Clean Tech Cooperation Initiative could play a role in supporting clean tech manufacturing.

Energy prices can differ considerably between Member States. To enhance coordination across the Energy Union and strengthen governance of the electricity system, the Commission will set up an **Energy Union Task Force**. The Task Force, which will consist of high-level representatives from the Commission, relevant EU bodies, Member States and stakeholders as needed, will examine and identify technical or regulatory adjustments, and will regularly report to the President of the Commission, the European Council, the Energy Council and the European Parliament.

To support this work, the Commission will enhance its **focus on assessing the implications of relevant initiatives on the affordability of energy for households and businesses**. The outcome of the relevant analyses –involving whenever possible external experts– will be appropriately reflected in impact assessments on new legislative initiatives and reviews of existing legislation. It will complement the information the Commission regularly publishes on the impact of its initiatives through various reports as the State of the Energy Union Report[85] and the reports on energy prices and costs.[86]

| What | **A complete Energy Union** |
|---|---|
| How | The Commission will:<br><br>- launch an Energy Union Task Force;<br>- publish a **White Paper on deeper electricity market integration**;<br>- revise the **Governance Regulation of the Energy Union**;<br>- present a **Clean Energy Investment Strategy**, an updated **Nuclear Illustrative Programme** (PINC) and a **Fusion Strategy**;<br>- put forward an **Electrification Action Plan**, a **Strategic Roadmap for Digitalisation and AI for the Energy Sector**, and a **Heating & Cooling Strategy**. |

[84] Governance of the Energy Union and Climate Action Regulation (EU) 2018/1999
[85] For example, the State of the Energy Union Report 2024 (*COM(2024) 404 final*)
[86] Energy prices and costs in Europe - European Commission

| | |
|---|---|
| When | **2025**: Energy Union Task Force, Clean Energy Investment Strategy and PINC.<br>**Until mid-2027** for the other initiatives. |
| Impact | Deeper electricity market integration through the launch of a dialogue on the future evolution of the market and **creation of an Energy Union Task Force**.<br>**Prevent sharp increases of system costs up to EUR 103 billion** by 2040 if no action is taken.[87]<br>**Boost investment and reduce costs** by derisking capital, i.e. reducing the potential risks associated with investments, easing administrative burden for planning and reporting, and improving Member State coordination in policy setting, ensuring investment certainty for 2040 **making the NECPs true investment plans**.<br>**Accelerate electrification** by 40% in 2030[88] leveraging flexibility from the electrification of heat, transport and hydrogen sectors can bring annual **energy system cost savings of EUR 32 billion** in 2030.[89] EV bidirectional charging alone could save **EUR 9.7 billion**.[90]<br>**Enhance heating and cooling** efficiency by scaling up heat recovery, reuse, and heat pump deployment. Expanding waste heat recovery in industrial processes and energy services can improve system efficiency and cut costs. Wider **heat pump adoption and** better **home efficiency could reduce fossil fuel import spending by EUR 60 billion** by 2030, while easing demand on other energy carriers and stabilise prices.<br>**Leverage digitalisation** to cut power sector costs,[91] boosting efficiency with estimated savings of 5% in operations and maintenance, 5% in electricity output and 5% in network losses.[92] |

## Pillar III: Attracting investment and ensuring delivery

A genuine Energy Union based on homegrown clean and affordable energy for all European consumers requires substantial investment over the next decade and a robust governance. A strong political leadership and commitment and an inclusive engagement of all the actors of the energy value chain are necessary to swiftly deliver together on this Action Plan.

### ***Action 6: Establishing a tripartite contract for affordable energy for Europe's industry***

Growing market uncertainty can create significant challenges for project developers and can delay or deter investments. To counteract this, governments, energy producers, and energy-consuming industries can create together a favourable investment climate for an affordable and sustainable energy system and a competitive industrial sector, while ensuring the retention and creation of quality jobs, as emphasised in the Antwerp Declaration.

[87] Redispatch and Congestion Management; Joint Research Centre, May 2024

[88] As of 2024, electricity accounts for approximately 23% of the European Union's final energy consumption. 32-33% by 2030 is based on energy system modelling using PRIMES and POTEnCIA. The final energy consumption used to derive the range corresponds to Eurostat definitions (*nrg_ind_fecf*), i.e. incl. industry, transport, households, services, agriculture and ambient heat from heat pumps, and excluding international aviation and maritime bunkers.

[89] Mission Solar 2040: Europe's Flexibility Revolution; SolarPower Europe, June 2024

[90] Potential of a full EV-power-system-integration in Europe; T&E conducted by Fraunhofer ISE & ISI, October 2024

[91] Implications of digitalisation on future electricity market design; Oxford Institute for Energy Studies, April 2023

[92] Strategic analysis and development plan design on digital transformation in the energy industry; Liu & Lu, 2021

- **Clean-energy producers need scale and certainty of demand** to ensure long-term planning, which helps reduce risks for investors and project costs. This certainty would benefit also **manufacturers in the supply chain**, for example producers of substations or cables for grid projects, allowing them to invest into new manufacturing capacities in Europe and offer lower prices. That would enable, for example, large-scale solar or offshore wind project developers to secure supply chains and buy at lower costs.
- **Energy-consuming industry**, and in particular **energy-intensive industry**, **needs certainty on energy supply and prices** to plan their production and take investment decisions that will determine their transformation. For example, the steel industry needs long-term certainty on electricity supply and prices to invest in electrification of production processes. In return, the energy-intensive industry can provide offtake certainty to energy producers by engaging in long-term contracts.
- The **EU and Member States**' governments **can lower risks** through **stable regulatory frameworks and measures to facilitate investments**. Bringing this **predictability** for project developers and supply chains contributes to derisking investments and lowering costs for businesses and households. This could be done, for example, **by committing to a longer-term, reliable and granular timeline of auctions** for clean energy projects and relying on **supportive tender designs** that reflect the Net-Zero Industry Act's **principles for resilience, security and sustainability**.

In that regard, the experience of the Wind Charter[93] and the Solar Charter[94] have demonstrated the added value of bringing together institutional and economic actors to make decisive steps in building a competitive value chain in key sectors of the clean transition.

Building on these experiences, **a broader Tripartite Contract for Affordable Energy can bring together these commitments** and create an investment climate that supports cost-effective energy production, reliable energy supply, and long-term economic growth for all stakeholders.

[93] European Wind Charter
[94] European Solar Charter

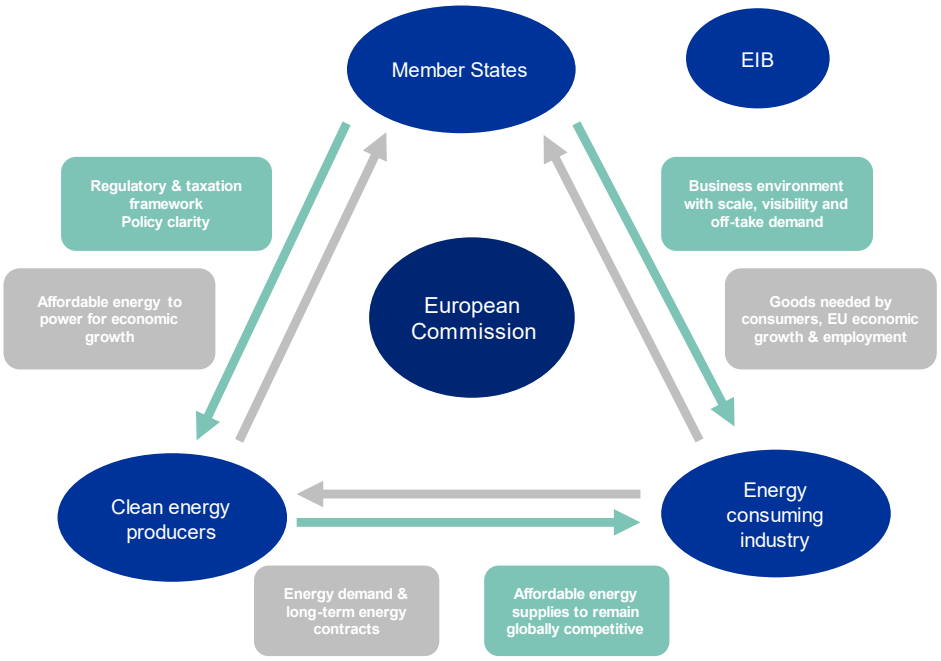


**Figure 4**. A Tripartite Contract for affordable energy for Europe's industry

| | |
|---|---|
| What | **A tripartite contract for affordable energy** between public sector, including financial institutions, clean energy developers and energy-consuming industry. |
| How | A broad tripartite contract will:<br><br>- **bring predictability** and scaling for energy generators, who will have a secure off-taker for their production, and for energy purchasers, who can benefit from affordable and stable energy supply;<br>- **support for the business models** of the sector, thanks to the support brought by the Commission, the EIB and the Member States that will enable them to derisk investment and grow.<br><br>This would include sectoral contracts for certain sectors (e.g. hydrogen, synthetic fuels, batteries, offshore wind, solar, grids). |
| When | 2025 |
| Impact | Increase transparency, visibility and certainty for producers and energy-consuming industry, supporting investment decisions and lowering costs and energy prices |

## Pillar IV: Being ready for potential energy crises

The recent energy crisis, the most severe Europe has seen yet, underscored the importance of EU-level coordination in managing price spikes in the internal market. To increase resilience in the face of any possible future energy crisis, Member States need tools for effective action and the security of supply framework needs to be strengthened, incorporating the lessons learned from recent developments.

***Action 7: Ensuring security of supply for price stability***

Stable energy supplies are critical for economic resilience, continued access to affordable energy and avoiding extreme price volatility. Disruptions to energy supplies caused by geopolitical tensions, cyberattacks, deliberate attacks or extreme weather events threaten

affordability. A new regulatory framework is necessary to increase the resilience of the EU's energy system and contain energy prices volatility.

| | |
|---|---|
| What | **Contributing to price stability through an energy security framework that takes into account what we learned during the energy crisis** |
| How | The Commission will put forward a legislative proposal for a revision of the current EU energy security regulatory framework |
| When | Early 2026 |
| Impact | Better availability of energy supplies at all time and better preparedness for supply stress periods can help **reduce price volatility** and lower prices |

***Action 8: Price crises preparedness***

The Electricity Directive and the Gas Directive contain provisions allowing the Council to declare a price crisis following a proposal by the Commission when certain excptional crisis conditions are met. In these situations, demand reduction in certain hours plays a central role in mitigating the effects of energy crises. Also outside of crisis periods, **schemes to lower peak demand whereby consumers are paid by their supplier to reduce consumption in certain hours** can be designed and activated already today. Experience in several Member States shows that during exceptional periods of system stress and high prices, consumers are willing to voluntarily reduce demand.

| | |
|---|---|
| What | **Avoiding price peaks during energy crises** |
| How | Commission **guidance** to Member States on the **development and implementation of schemes to lower peak demand** by introducing remuneration incentives for consumers. Transmission system operators (TSOs) to introduce and activate **measures to lower energy demand at peak demand hours** and shift demand to a later point. |
| When | Ongoing and to be deployed during price spikes/periods of system stress |
| Impact | Lower prices during periods of peak energy demand, lowering price volatility and keeping final energy bills in check |

Second, for cases where **network bottlenecks** or congestion severely hinder energy flows, close cooperation with TSOs and national regulatory authorities is necessary to **temporarily increase available cross-border interconnection capacities in certain situations** (e.g. regional price crisis as seen in 2024 in Southeast Europe), ensuring that energy reaches areas most affected. **Maintenance outages need to be properly coordinated** within the internal energy market so that unnecessary impacts of such outages on neighbouring Member States are avoided**.**

| | |
|---|---|
| What | **Increased cross-border access to cheap electricity** |
| How | Work with TSOs and national regulatory authorities to ensure **temporary increases of available cross-border capacities** in certain situations and proper coordination and planning of maintenance outages across borders to avoid restrictions in the flow of electricity |
| When | When necessary, e.g. in certain regional price crises |
| Impact | Ensuring that cross-border trade of electricity is maximised in crisis situations to mitigate local price spikes in particular markets |

Finally, as natural gas is overall expected to remain the main price-setter for electricity in the next years in the EU, the Commission stands ready to support Member States when designing State aid measures, to empower them to address extreme price spikes and exceptional price

environments to decouple the translation of high gas prices into electricity prices, based on proven models in emergency situations.

## 5. CONCLUSIONS AND WAY FORWARD

The Action Plan for Affordable Energy sets out eight concrete short-term measures to **deliver a genuine Energy Union for competitiveness, affordability, security and sustainability**. Delivering in this transformative Action Plan will require the involvement of all actors: (i) the coordination of the EU with the instrumental support of the European Parliament and Council, to ensure an effective and pragmatic legislative framework; (ii) the firm cooperation of Member States to implement the actions on the ground and ensure the full potential of the plan is delivered for citizens; (iii) the active inclusion of stakeholders: our industry and businesses, our workers, our innovators and our citizens; and (iv) the involvement at the highest political level through an Energy Union Task Force.

The **Commission will implement, monitor and report** on the progress towards delivering the Action Plan in future **State of the Energy Union** reports. The Commission will regularly inform the European Parliament and the Energy Council of ministers of the progress and discuss impacts.

The challenges we face are significant. But so are our strengths. Together, we have built resilient grids and the most integrated energy network in the world. We have nurtured a strong manufacturing base, a highly skilled workforce, advanced technologies and a strong regulatory framework. We have held firm and stepped forward on our path to decarbonisation, decoupling our economic growth from our $CO_2$ emissions and showing leadership in the global energy transition. **These strengths make it possible to address the challenges that Europe currently faces.**

**The reasons why we take on these challenges are clear.** Energy is at the foundation of our economy and of our society. It represents a small fraction of our GDP expenditure,[95,96] but it drives the entire economy. It moves the trains that transport us, it warms the houses we live in, and it activates the machines that make the goods we use every day. It is also one of the foundations of our EU, from a time when coal and steel were the pillars of the reconstruction of Europe – it has supported the growth of our economy and improved the daily lives of Europeans ever since.

The **generation of energy** and the **integration of our energy markets** has always been fundamental for **European unity**. From the European Coal and Steel Community to the development of the Energy Union, energy has been a **key to our economic stability** and **a driver of EU integration**. Guided by the **Competitiveness Compass,** and supporting the **Clean Industrial Deal,** this **Action Plan for Affordable Energy** will enable us to build on our strengths, allowing us to unlock the **true value of our Energy Union** and to reaffirm the EU's commitment to an inclusive energy transition **where no individual or community is left behind.**

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[95] EU governments' expenditute on energy represents only 1.1% of our GDP expenditure (https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Government_expenditure_on_economic_affairs)

[96] On average in 2000-2021, gross imports of fossil fuels represented about 20% of total merchandise imports, equivalent to 2.8% of the EU's GDP (based on Eurostat's trade data for CN code 27). Impact Assessment report accompanying the Commission Communication on Europe's 2040 climate target (*SWD(2024) 63 final*, part 3/5)

## ANNEX I: SUMMARY OF ACTIONS AND TIMELINE

| What | When | By whom |
|---|---|---|
| **Pillar I: Lowering energy costs** | | |
| **Action 1: Making electricity bills more affordable** | | |
| More efficient network charges to reduce energy system costsMore efficient network charges to reduce energy system costs | Q2 2025 | EC, MSs, NRAs |
| Lower taxation of electricity and removal of non-energy cost components from bills | From adoption Q4 2025 (Rec.) | MSs, with EC support |
| Enable consumers to swich to cheaper energy suppliers while tackling energy poverty | Q3 2025 | EC, MSs, NRAs |
| **Action 2: Bring down the cost of electricity supply** | | |
| Decouple retail electricity bills from high and volatile gas prices | Q2 2025 (EIB) and Q4 2025 (CfD Guidance) | EC, EIB, MSs |
| Reduce permitting times for an accelerated energy transition | From adoption and throughout 2025-2026 | EC, MSs, national competent authorities |
| Accelerate the expansion, modernisation and digitalisation of grids | Q1 2026 | EC, MSs, TSOs |
| Increase system flexibility through deployment of storage and demand response | From adoption Q2 2025 (State aid fwk) Q1 2026 (NC DR) | EC, MSs |
| Guidance on promoting remuneration of flexibility in retail contracts | Q4 2025 | EC, MSs |
| **Action 3: Improve gas markets for fair energy prices** | | |
| Ensure fair competition in gas markets | Q4 2025 | EC, MSs, ACER, ESMA, NRAs |
| Harness EU purchasing power to get a better deal from imported natural gas | Q1-Q2 2025 | EC with international partners |
| **Action 4: Energy efficiency: delivering energy savings** | | |
| An efficiency market of European dimension | Q3-Q4 2025 | EC, EIB, financial institutions, EE industries |
| Give consumers access to more efficient appliances and products with longer lifetimes | From adoption | EC, MSs, national market surveillance and customs authorities |

| | | |
|---|---|---|
| **Pillar II: Building a genuine Energy Union** | | |
| **Action 5: Completing the Energy Union** | | |
| Launch an Energy Union Task Force | 2025 | EC, MSs, relevant EU bodies, experts |
| Tackle the investment gap and mobilise private capital | Q2 2025 | EC, EIB, InvestEU |
| Building a more integrated energy market | 2026 to mid-2027 | EC, MSs, EP and stakeholder |
| Providing investment certainty and a simplified governance regime for a robust Energy Union | | EC |
| Ramping up electrification | | EC, MS |
| Increase digitalisation and use of AI in the energy sector | | EC |
| Decarbonisation and integrating the H&C sector enabling gas replacement | | EC, MS |
| **Pillar III: Attracting investment and ensuring delivery** | | |
| **Action 6: A tripartite contract for affordable energy for Europe's industry** | | |
| A tripartite contract for affordable energy | 2025 | EC, MSs, EIB, energy producers & industry |
| **Pillar IV: Being ready for potential energy crises** | | |
| **Action 7: Security of supply for price stability** | | |
| Contributing to price stability through a fit-for-purpose energy security framework | Early 2026 | EC |
| **Action 8: Price crisis preparedness** | | |
| Avoiding price peaks during energy crises | During energy crises | EC, MSs, TSOs |
| Increased cross-border access to affordable electricity | During energy crises | EC, NRAs, TSOs |