

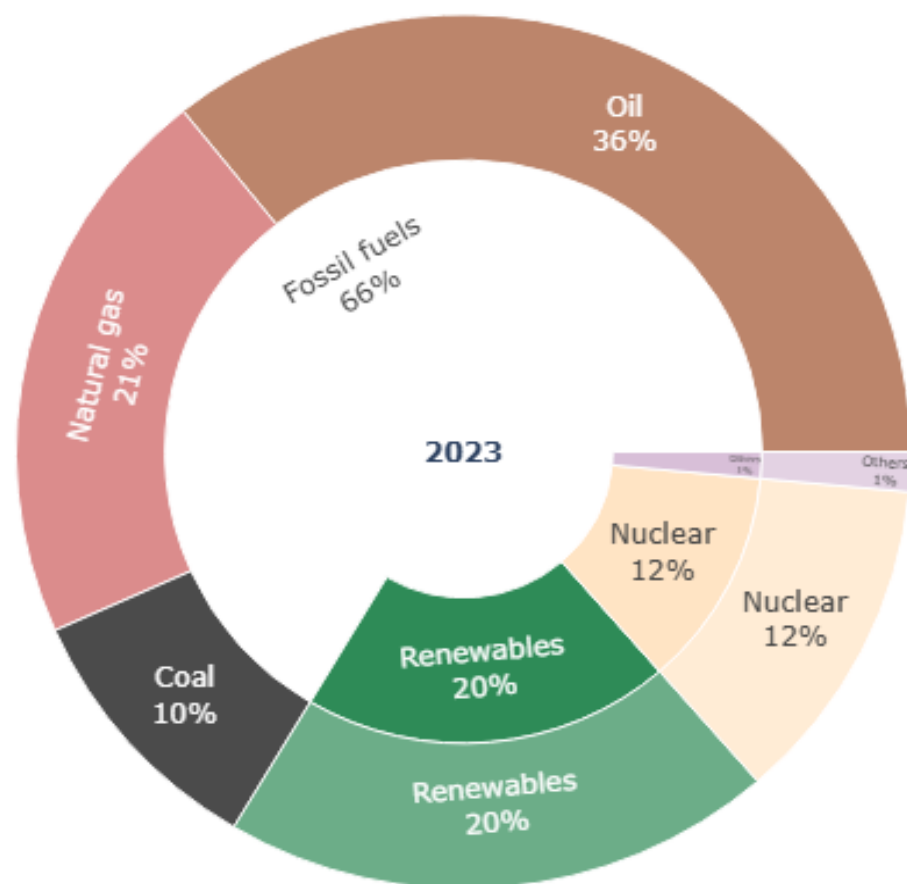
Action Plan for Affordable Energy

Powering the Clean Industrial Deal

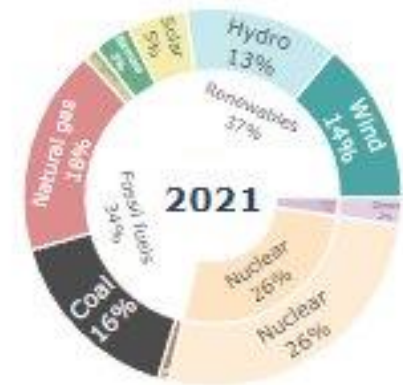
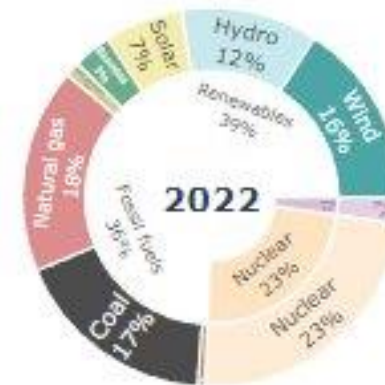
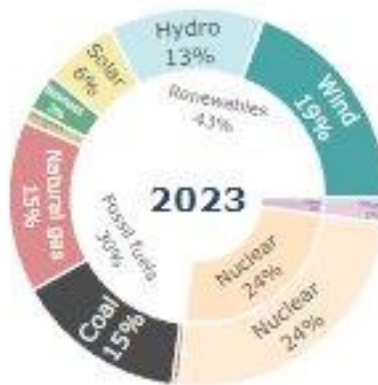
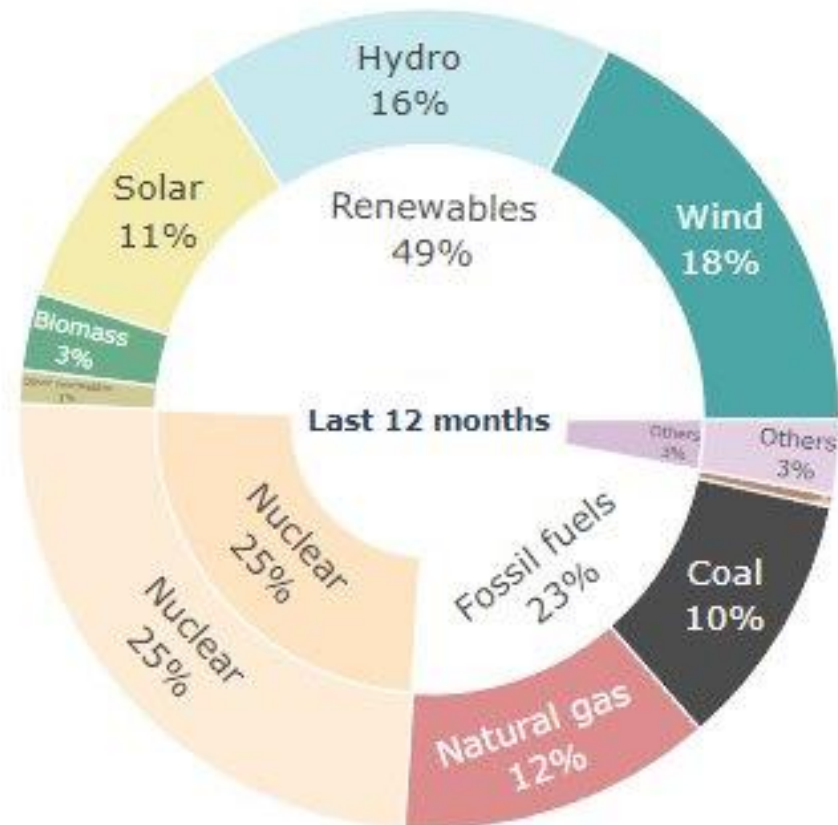
Ewelina Hartstein, Head of Unit, DG ENER.A.2

20/03/2025

Energy mix 2023



Electricity power generation per sources



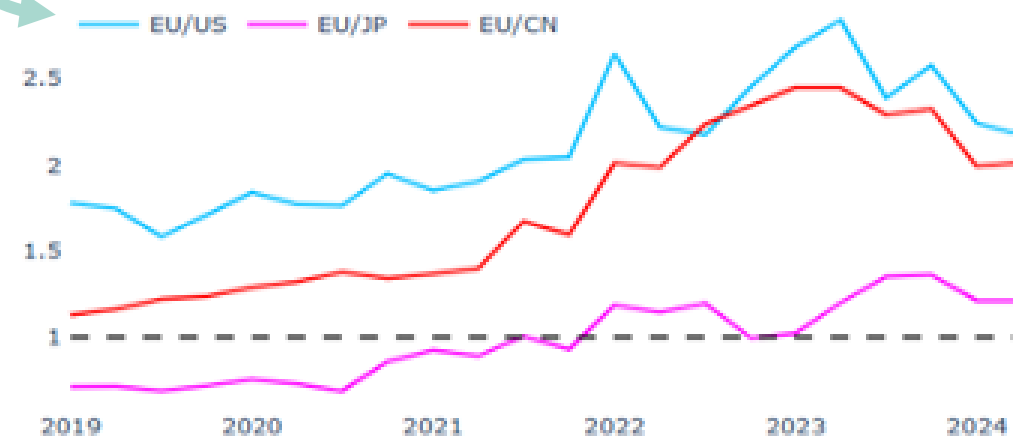
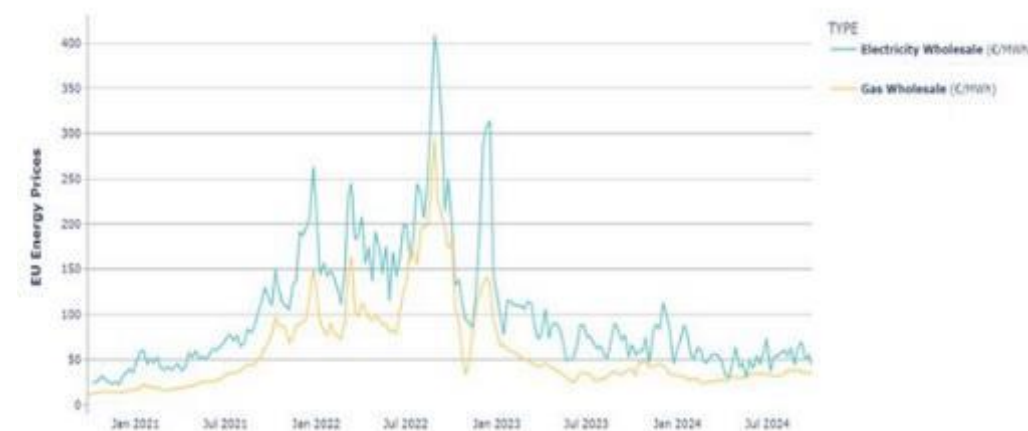
Where we are – energy sector at a cross-roads

Effects of high energy prices in Europe

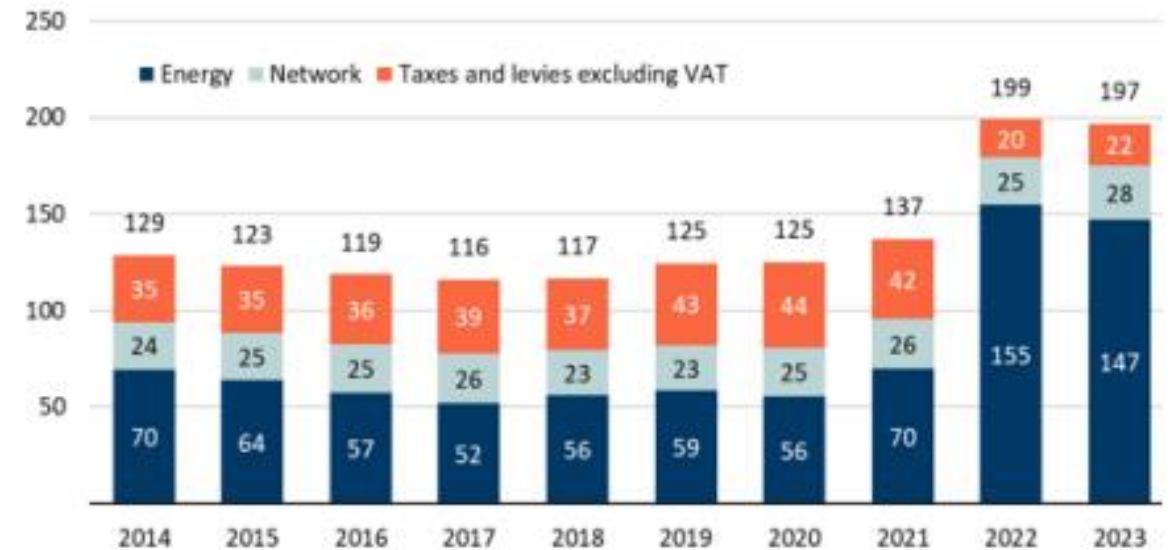
- Retail electricity prices for **industry** have almost doubled
- **Energy poverty** affects more than **46 million** Europeans
- Gap in energy prices between **EU & competitors** is growing

What's driving up energy costs?

- **Reliance on fossil fuel imports** causing price volatility & high supply costs.
- Inefficiencies & **lack of electricity system integration**
- **Increasing system costs** covered by network charges & taxes and levies.



Electricity bills:



EU electricity bills for households (DD band, left) and industry (ID band, right) in real 2023 prices

Competitiveness compass

1. Closing the innovation gap
2. A joint strategy for decarbonisation & competitiveness
  **Clean Industrial Deal & Action Plan for Affordable Energy**
3. Increasing security & reducing excessive dependencies



Clean Industrial Deal

- A response to strengthen **European industry's competitiveness**
- A set of **incentives** to encourage industrial decarbonisation in Europe.
- A clear commitment to the **2050 objective** of the EU becoming the first climate neutral continent.
- It focuses primarily on **energy-intensive industries** and the **clean tech** sectors, as well as circular business models.



Overview of actions announced in the Clean Industrial Deal

Commission Initiatives	Lead DG	Expected adoption
Clean Industrial Deal	SG	26/02/2025
Action plan on affordable energy	ENER	26/02/2025
Omnibus 1 – CSDDD, CSRD, Taxonomy and CBAM	FISMA	26/02/2025
Omnibus 2 – InvestEU	GROW	26/02/2025
Legislative proposal on the extension of the Gas Storage Regulation	ENER	Before TTE 17/03
Union of Skills	EMPL	5 March 2025
Delegated act on low carbon hydrogen, providing regulatory certainty to producers of low carbon hydrogen	ENER	Q1 2025
First list of strategic projects under the Critical Raw Materials Act	GROW	Q1 2025
Targeted Amendment of the ERDF (tbc)	REGIO	Q1 2025
Simplification of the Carbon Border Adjustment Mechanism	TAXUD	Q1 2025
Engage with ESM to provide additional support to Member States	ECFIN	TBC
Clean Industrial Deal State Aid Framework (CISAF)	COMP	June 2025
TAXUD recommendations on (1) accelerated depreciation of clean assets and (2) tax credits	TAXUD	June 2025
Guidance on promoting remuneration of flexibility in retail contracts	ENER	Q2 2025
CBAM review assessing the feasibility of extending to downstream sectors and indirect emissions and support to exporters, closing loopholes	TAXUD	Q3 2025
Guidance on combining PPA and CfDs	ENER	Q4 2025
Legislative proposal to accelerate permitting for renewables, grids, storage, and industrial decarbonisation (Accelerator Act)	GROW	Q4 2025
Revision of the Public Procurement Directives to mainstream the use of non-price criteria in EU funding calls	GROW	Q4 2025




Overview of actions announced in the Clean Industrial Deal

Commission Initiatives	Lead DG	Expected adoption
Industrial Decarbonisation Accelerator Act	GROW	Q4 2025
Dedicated Horizon Europe call	RTD	Q4 2025
Trans-mediterranean energy and clean tech cooperation initiative	ENEST	Q4 2025
Quality jobs roadmap	EMPL	Q4 2025
Guidance on social leasing for clean products	EMPL/CLIMA	QX 2025
Pilot auction under Innovation Fund	CLIMA	Q4 2025
Communication and legal proposal on cleaning corporate fleets	GROW	2025 (timing tbc)
Skills portability initiative	EMPL	2026
Recommendations on energy taxation and network charges	TAXUD	2026
European Grid Package	ENER	Q1 2026
European Fair Transition Observatory	EMPL	Q1 2026
Legislative proposal on an extension of CBAM	TAXUD	Q1 2026
Guidelines on Foreign Subsidies Regulation	COMP	Q1 2026
Industrial decarbonisation facility	CLIMA	Q2 2026
Circular Economy Act	ENV	Q4 2026
Green VAT initiative	TAXUD	Q4 2026
Trans-regional Circularity Hubs	ENV	Q4 2026
Review of State aid GBER rules for social enterprises and recruitment of disadvantaged workers	COMP	2027



Overview of actions announced in the Clean Industrial Deal



Non-Commission initiatives	Lead DG	Expected adoption
EIB pilot to enable more financial guarantees for PPA offtakers, with a focus on SMEs and energy-intensive industry	ECFIN	Q1 2025
EIB vehicle on scale-ups and IPCEI design support hub	ECFIN	2025
EIB Grids manufacturing package	ECFIN	TBC
EIB TechEU Investment programme	ECFIN	TBC
EIB Clean Tech Guarantee Facility	ECFIN	TBC
EIB advanced payment guarantee product	ECFIN	TBC



The Action Plan for Affordable Energy

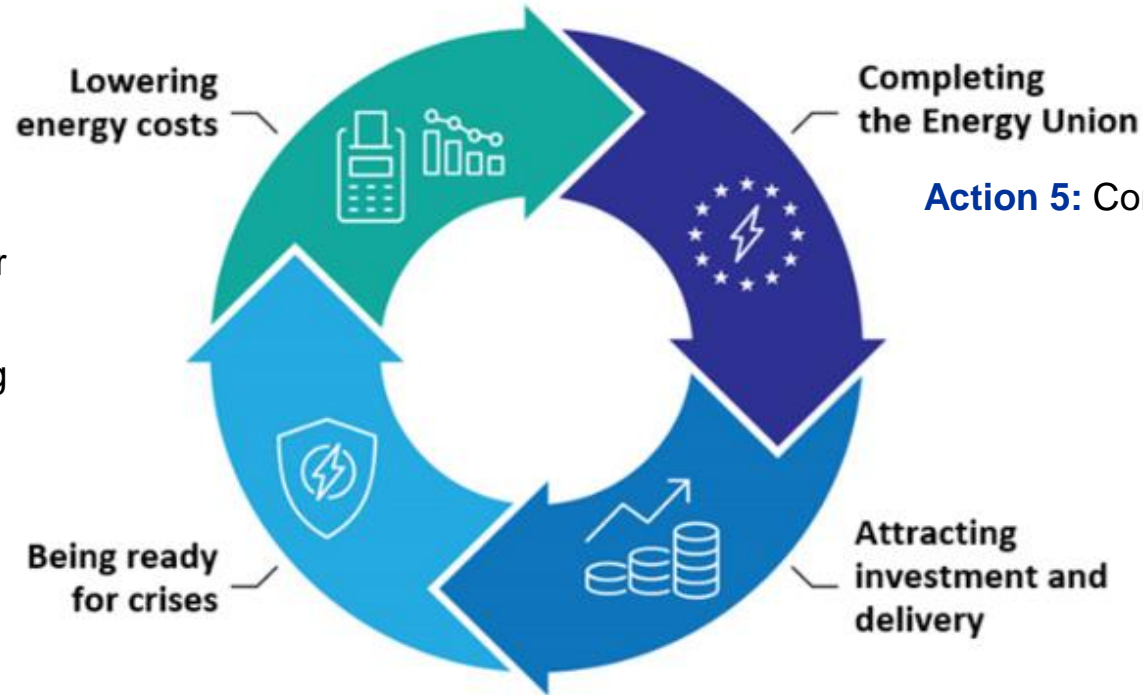
4 Pillars, 8 Actions

Action 1: Making electricity bills more affordable

Action 2: Bring down the costs of electricity supply

Action 3: Improve gas markets for fair energy prices

Action 4: Energy efficiency: delivering energy savings



Action 5: Completing the Energy Union

Action 7: Security of supply for price stability

Action 8: Price crisis preparedness

Action 6: A tripartite contract for affordable energy

Pillar I: Lowering energy costs

Lowering energy costs (I)

2025

Action 1

Making electricity bills more affordable

More efficient network charges

Avoid **€26 bn** in grid management cost increases by 2030.

Reduced taxes & levies

Immediate reduction of energy bills, with potential to approx. **halve tax component**

Increased retail competition

Households can **save €150-200/y** by switching to lowest cost electricity supplier & **€500-1100/y** through energy communities participation.

2025
2026

Action 2

Bring down costs of electricity supply

Long-term electricity supply contracts

Greater **price stability** for EU companies & **income guarantee** for renewable energy producers

Reduced permitting times

Reduce permitting times to **> 6 months** for simpler projects, and **12 months** for others.

Grid expansion & modernisation

Investing **€2 bn/year** in cross-border networks provide **€5 bn/year** in benefits for citizens.

Boosting flexibility

Market integration, renewables and flexible capacity can lower by **40%** wholesale electricity prices

Lowering energy costs (II)

2025

Action 3

Ensuring well-functioning gas markets

Ensuring well-functioning gas markets



Evolution of gas import contracts has saved the EU around **€67 bn** over the past decade.

Harnessing EU purchasing power to get a better deal for imported natural gas



Protecting EU buyers against fossil fuel price volatility could lead to a significant short-term reduction in retail prices.

2025

Action 4

Energy efficiency – delivering energy savings

An energy efficiency market of European dimension



Doubling ESCO market to **€4-6 bn/year**, could save consumers **25-30%** for renovations and **70-80%** in public lighting cutting bills.

Give consumers access to more efficiency appliances & products



EU rules for energy efficient appliances and products are estimated to bring about savings of **€162 bn** on energy bills in 2030.



Pillar II: Completing the Energy Union

Completing the Energy Union (I)



Q1
2026

Electrification Action Plan



Q1
2026

Heating & Cooling Strategy



2026

Roadmap on Digitalisation & AI

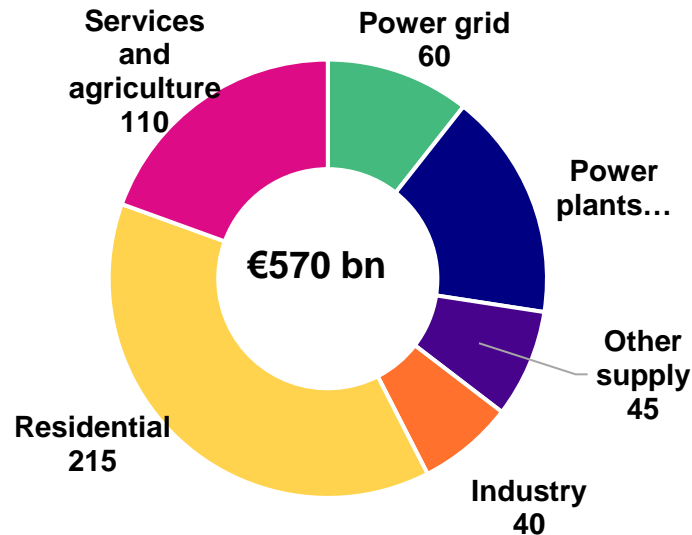


From
2025

**Deeper Electricity Market
Integration**

Completing the Energy Union (II)

Over **€570 billion** in investment needed annually towards 2030 (**€690 billion** for next decade)



2025

Clean Energy Investment Strategy
+ Nuclear Illustrative Program (PINC)

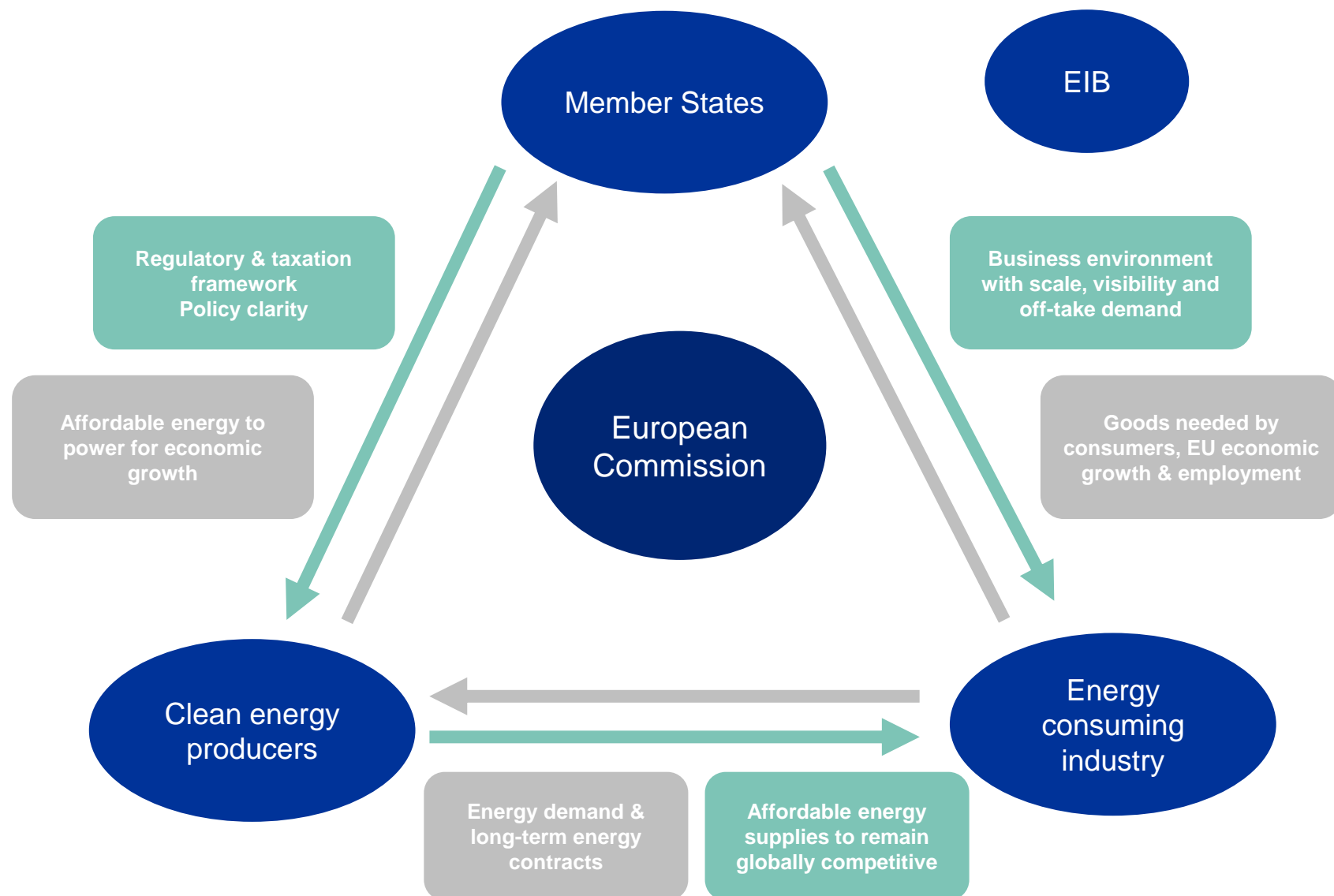


Timing
tbc

**Simplify, strengthen & modernise
Energy Union governance**

Pillar III: Attracting investment & ensuring delivery

A tripartite contract for affordable energy



Pillar IV: Being ready for potential future energy crises



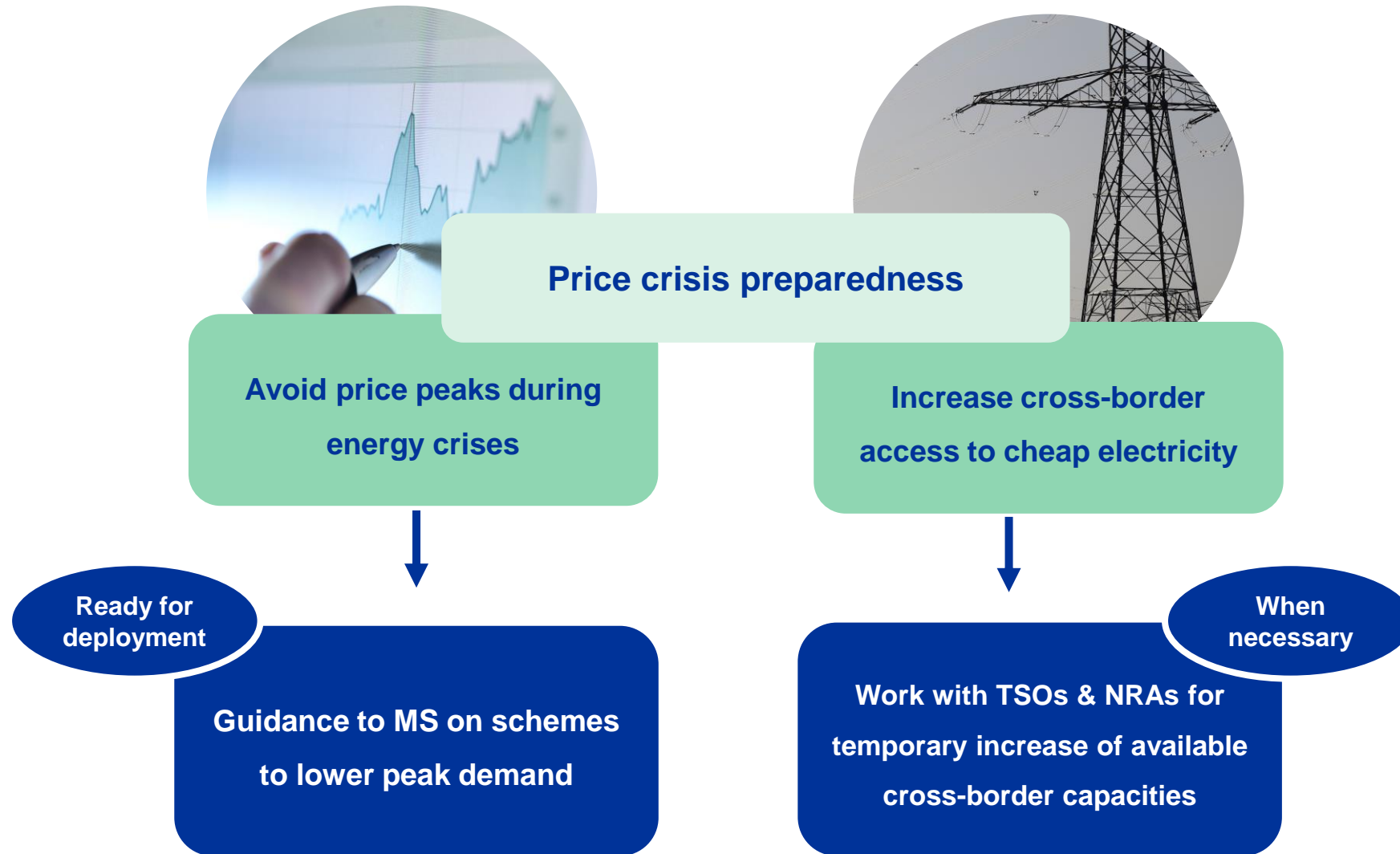
Security of supply & price stability

A **new regulatory framework** is necessary to:

- **address emerging threats** to energy security
- incorporate **lessons learnt** from the energy crisis
- address **climate change impacts** on energy infrastructure

➔ **Revision of the EU energy security regulatory framework** in early 2026

Price crisis preparedness



Benefits to European consumers

Market integration, renewables & flexibility

40% lower wholesale electricity prices on average in the EU.



Accelerating electrification by 40% in 2030

€32 billion per year in energy system cost savings in 2030

Lowering electricity taxation

Potential to approx. **halve tax component** of energy bills.



Energy market integration

€40-43 billion per year in benefits for EU citizens by 2030.



The full delivery of the Action Plan can enable the **EU's fossil fuel import bill to drop** year after year towards **€130 billion of savings per year by 2030**, representing an estimated 0.65% of GDP by 2030.

Thank you.



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