

Action Plan for Affordable Energy | European Commission 2025



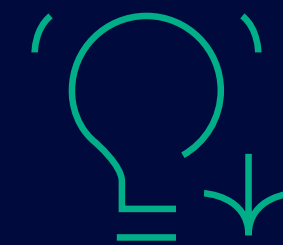
Completing the energy union



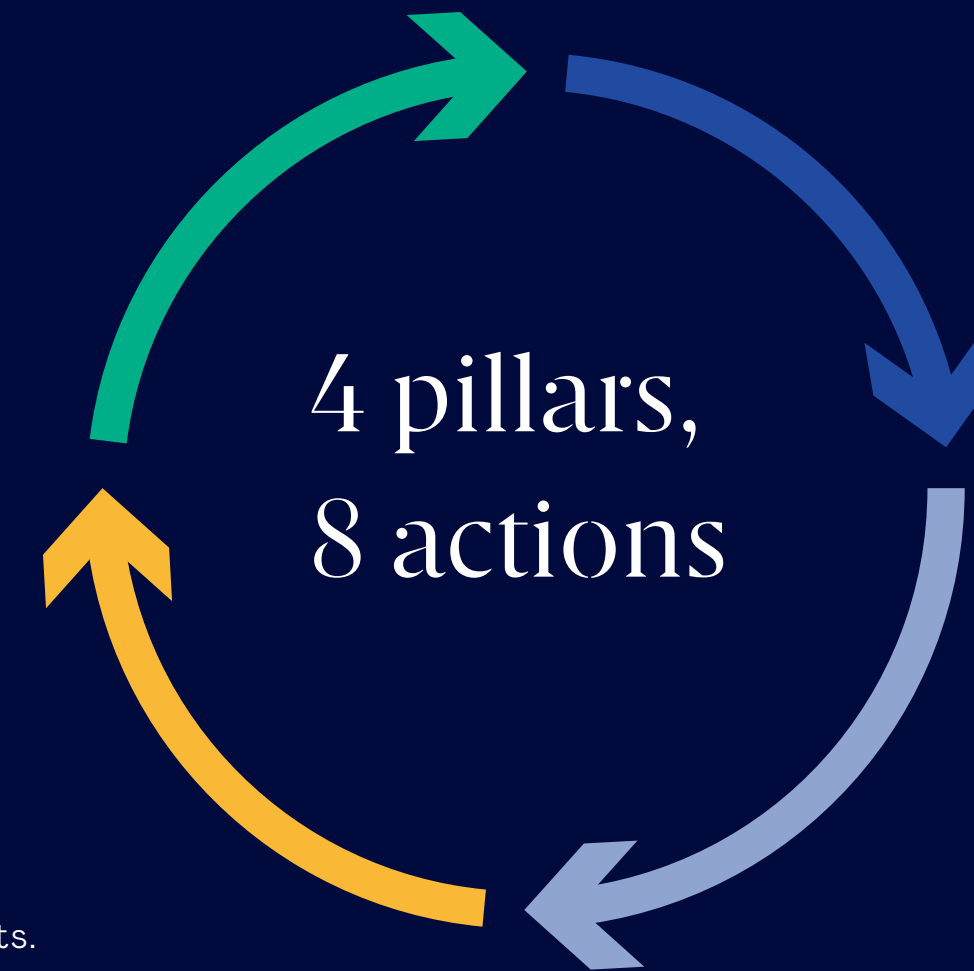
Attracting investment and delivery



Being ready for crises



Lowering energy costs



Objectives

- High energy prices threaten competitiveness, raise risks of deindustrialization and weaken EU resilience.
- Through the four pillars and eight actions, this plan aims to mitigate these challenges through both short-run steps and structural changes to the energy environment in the EU.
- In the short run the plan aims to reduce energy costs for households and industries. In the long run the plan aims to ensure structural improvements in the energy market that can mitigate price shocks, ensure long-term affordability and build "a genuine Energy Union".

Timeline

Q2 2025

- New Network Tariff Methodology – A framework to drive investment in electrification and optimize network charges.
- Citizens' Energy Package – Legislative package to boost retail competition, consumer choice, and reduce energy poverty.

Q3 2025

- European Energy Efficiency Financing Coalition – Enhancing financing for energy efficiency, particularly for SMEs.

Q4 2025

- Revised Energy Taxation Directive (ETD) – A comprehensive update to lower energy taxation.
- Gas Market Task Force – Regulatory body to prevent distortions in gas markets and assess MiFID/REMIT changes.

During 2025:

- Tripartite Contract for Affordable Energy – Agreement among governments, clean energy developers, and industries for stable investments.
- Energy Union Task Force – Regulatory body overseeing technical and policy adjustments in the Energy Union.
- State Aid Measures for Price Crisis Prevention – Policies to decouple gas and electricity prices during price spikes.

Q1 2026:

- Revised EU Energy Security Framework – Policy update for supply security, price stability, and crisis preparedness.
- Electrification Action Plan – Strategic plan to accelerate electrification and phase out fossil fuels.
- Heating and Cooling Strategy – Framework to reduce fossil fuel dependency in heating/cooling sectors.

During 2026:

- Strategic Roadmap for Digitalisation and AI in the Energy Sector – AI-driven digitalization in energy.
- Fusion Strategy and Public-Private Partnership – Roadmap for advancing fusion technology commercialization.
- Pilot of InvestEU Blending Operation with LIFE CET – Financing mechanism for energy efficiency projects, including an EU guarantee scheme.

Expected impact



- Lower Energy System Costs up to €26 billion by 2030.
- Household saving of €150-200 per year by switching suppliers, and up to €1,100 annually by joining energy communities.
- Reduction of approval times for renewable projects to under six months in designated acceleration areas.
- Wider adoption of heat pumps and home efficiency measures could cut fossil fuel imports by €60 billion by 2030.
- Greater Price Stability and lower wholesale electricity prices by an estimated 40%.
- Investing in cross-border networks is expected to generate €5 billion in annual benefits. Grid-enhancing technologies could expand capacity by 20-40% and cut conventional grid expansion costs by 35%.
- Increased electrification, flexible energy solutions, and digitalisation could save the EU €32 billion annually by 2030. EV bidirectional charging alone may reduce costs by €9.7 billion.
- Strengthened policies on Energy-efficient product regulations will improve market transparency and investment certainty, with projected savings of €162 billion by 2030.

4 pillars, 8 actions

Pillar I



- I. Lowering Electricity Bills** by optimizing network charges and introduce a tariff methodology to encourage electrification. The EC may propose legally binding measures and offer guidance on public budget use for network charge reductions. Energy taxation will be revised, and retail competition will be boosted via a Citizens' Energy Package to improve consumer choice and reduce energy poverty.
- II. Reducing Electricity Supply Costs** by promoting long-term energy contracts, namely power purchase agreements, to protect companies from price volatility, starting gradually by Q2 of 2025. Faster renewable project approvals, investments in grid upgrades (European Grid Package) revision of energy demand and storage legislation to promote savings through increased flexibility of the system (revised framework of demand response).
- III. Ensuring Well-Functioning Gas Markets**
A Gas Market Task Force will identify and prevent distortions in gas trade. By aggregating EU demand, LNG suppliers will be engaged with to secure savings. A stakeholder consultation will assess the need for regulatory refinements in MiFID and REMIT to ease administrative burdens on businesses.
- IV. Enhancing Energy Efficiency & Savings** by improving financing access through the European Energy Efficiency Financing Coalition, support SMEs via the EIB Group, and exploring an EU guarantee scheme. A pilot program under InvestEU is planned for 2026. The EC will also enforce product compliance, promote energy-efficient appliances, and update EU energy labels and ecodesign standards.

Pillar II



V. Completing the Energy Union

- The EU will introduce an Electrification Action Plan and a Heating and Cooling Strategy to reduce reliance on fossil fuels and promote energy-efficient solutions.
- A Strategic Roadmap for Digitalisation and AI in the Energy Sector will be adopted in 2026 to enhance digital transformation in energy systems.
- Coordinated spending on research and innovation will be increased through the EU's Strategic Energy Technology (SET) Plan Steering Group within the Net-Zero Industry Act.
- The EU will establish a Fusion Strategy, including a Public-Private Partnership, to accelerate fusion energy commercialization. Furthermore, updated Nuclear illustrative programme will be presented.
- A cohesive and simplified governance framework will be created to streamline energy market integration and policy execution across the EU.
- The EU is open to leveraging regional initiatives, such as Trans-Mediterranean Energy, to support clean tech manufacturing and deployment.
- A dedicated Energy Union Task Force will be set up during 2025 to monitor and assess necessary technical and regulatory adjustments, reporting back to EU authorities for further policy refinements.

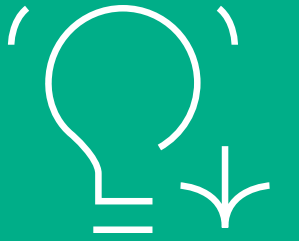
Pillar III



VI. Tripartite Contract for Affordable Energy

- Set for immediate implementation in 2025, this contract will unite governments, clean energy developers, and energy-intensive industries to ensure demand certainty, a stable energy supply, and investment support.
- The EU and Member States will back investments with stable regulatory frameworks and financial support from institutions like the EIB.
- Sectoral agreements will cover hydrogen, synthetic fuels, batteries, offshore wind, and solar energy.
- Building on the Wind and Solar Charters, this initiative aims to boost transparency, investment certainty, and cost reduction.

Pillar IV



VII. Ensuring Security of Supply for Price Stability

- The EU's energy security framework will be revised to address risks from crises and disruptions. This will enhance supply availability, preparedness, and affordability to ensure price stability.

VIII. Price Crises Preparedness

- To prevent price spikes during energy crises, the EU will guide Member States in developing demand reduction schemes, with Transmission System Operators (TSOs) implementing peak demand shifting measures.
- Enhanced transmission system operator and regulator cooperation will ensure increased cross-border electricity access during regional crises.
- Additionally, guidance will be provided to Member States on the development and implementation of schemes to lower peak demand by introducing remuneration incentives for consumers.