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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

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 CO_2 emissions, reduced our dependencies and shown leadership in the global energy transition. The EU managed the previous 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 40 million Europeans. For **industries**, retail electricity prices have almost doubled: for a medium-sized industrial consumer, prices in 2023 remained 97% above their 2014-2020 average.[1] The **gap in energy prices** compared to our main competitors is growing,[2] with the risk that new investments favour countries outside Europe and that existing industries delocalise, leading to a potential drain of critical industries that drive Europe's economy. The current situation undermines the EU's **global standing** and international **competitiveness**.[3]

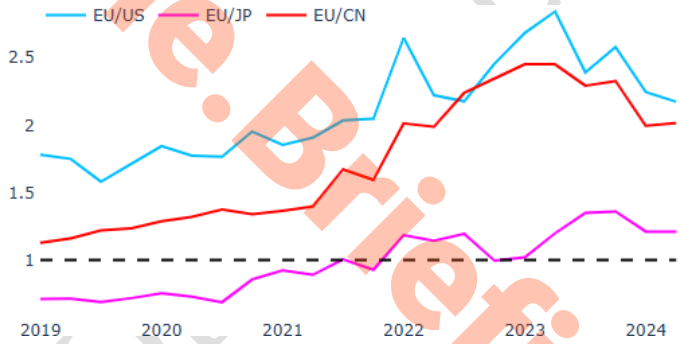

Figure 1. Ratios of industrial retail electricity prices in global markets [*European Commission estimations*]
(A ratio of more than 1 means that EU prices are more expensive than in a third country)

The Commission is therefore activating an ambitious programme to support our citizens, businesses and industry by driving growth and investment and promoting decarbonisation efforts. The **Competitiveness Compass for the EU**[4] 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 where the **Action Plan for Affordable Energy** will focus on decreasing energy prices for citizens, business and communities across the EU.

[1] Study on energy prices and costs; impacts on households and industry – 2024 ed. Commission (2025), by Trinomics
[2] 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).
[3] 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).
[4] A Competitiveness Compass for the EU [*COM(2025) 30 final*]

This Action Plan presents measures to **lower energy bills in the short term**, while **fast-tracking much-needed cost-saving structural reforms** and **reinforcing our energy systems to mitigate future price-shocks**. With the full engagement of Member States and all relevant stakeholders, these **8 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 is declining with 18% gas demand reduction between August 2022 and May 2024,[5] the EU remains exposed to global fossil fuel price fluctuations, with 90% of its demand covered by imports.[6] The consequences of excessive supply dependence have been 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 bn**, after an historic low of EUR 163 bn in 2020.[7] With a substantial share (28.9%) of the EU's average electricity generation mix still based on fossil fuels,[8] and mobility largely fuelled by oil products, fossil fuel import costs have **a significant impact on consumers' energy bills**.

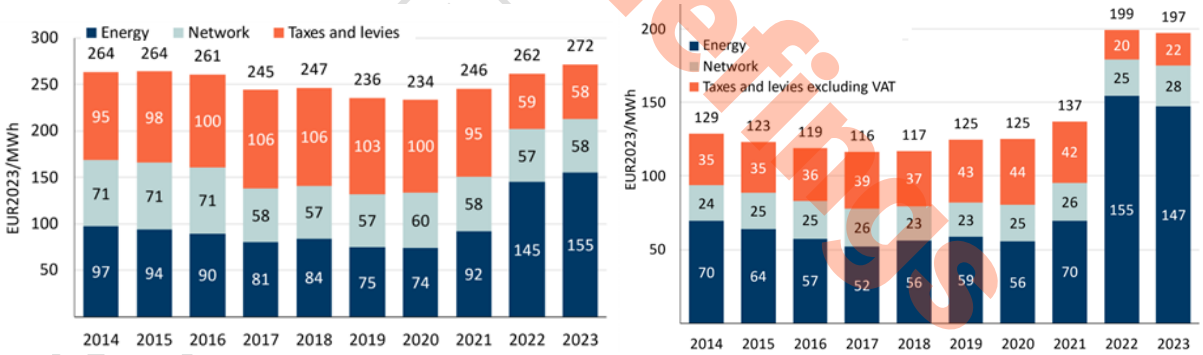

Figure 2. EU electricity bills for households (DD band, left) and industry (ID band, right) [*Commission study*]

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

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

further upscale integration of cheaper and cleaner energy sources. **Lengthy permitting procedures** for renewables and grid projects further stymie progress. Current estimates are that by 2030, around half of the EU's electricity cross-border capacity needs will not be addressed,[9] 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, that 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 crossroad

Energy is a building block and a bloodline of our Union. However, although we have built a strong 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 placing 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 bn, with this cheap energy being lost for consumers and businesses. Furthermore, as the electricity system grows in complexity, so do the costs: grid congestion management costs, mainly from redispatching, reached a peak of EUR 5.2 bn in 2022 [10] and could rise to EUR XX bn by 2030.[11] The most effective way to meet 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 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.**

[9] ACER 2024 Electricity Infrastructure Monitoring Report, December 2024
[10] Transmission capacities for cross-zonal trade of electricity and congestion management; ACER, July 2024
[11] Redispatch and Congestion Management, Joint Research Centre, May 2024

We have already taken important steps. With the REPowerEU Plan, we have reinforced the resilience of our energy system by boosting energy efficiency, rolling out clean generation and diversifying our supplies. Progress has been evident. Wind and solar newly installed capacities reached record levels of 78 GW in 2024 and heat pump sales hit 3 million units in 2022. **Our efforts have paid off**: since spring 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 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 bn every year.[12] **Further integration could raise such benefits up to EUR 40 bn per year** by 2030.[13] We will need massive grid upgrades, and this should be done at the best possible cost: wider use of grid enhancing technologies and flexible use of the system could save XX% in conventional grid expansion costs. Regional cooperation across Europe, underpinned by better interconnectivity and closer coordination, can reduce the need for flexibility investments by up to XX%[14] and average wholesale electricity prices could be lowered by XX%.

Second, we need a **decarbonised energy system**, driven by a substantial scale-up of **clean energy and electrification**, and operated with **energy efficiency** at its centre. We need to drive on, because the world is moving faster than ever towards clean energy. Global spending on clean energy hit a record of USD 2 trillion last year. For every dollar invested in fossil fuels, two dollars 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 remaining still 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 in fair terms, and to leverage our collective strength. As an example, the demand aggregation mechanism has matched XX bcm since 2023, that is XX% of the EU gas consumption during that period.

In short, **only by accelerating investments** in clean energy and infrastructure, 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 in a

[12] ACER's final assessment of the EU wholesale electricity market design; ACER, April 2022
[13] IMF
[14] Power system flexibility in the Penta region; Trinomics and Artelys, March 2023

simplified environment, and to ensure delivery. Concerted action and engagement of European leaders at the highest political level is essential to deliver on this transformative Action Plan.

The implementation of the Action Plan will enable the **EU's fossil fuel import bill to drop year after year towards EUR XX bn per year in 2030**, representing an estimated **XX% of GDP by 2030** under conservative assumptions.[15] Such savings from reducing fossil fuel use can be roughly broken down **along three lines**: (i) **replacing latent fossil fuel demand** in electricity generation with clean energy (50%), supported by adequate grid infrastructure; (ii) improving electrification and **energy efficiency** which decreases fossil fuel demand (30%); and (iii) **enhancing energy system flexibility** (20%).

4 AN ACTION PLAN FOR AFFORDABLE ENERGY FOR ALL EUROPEANS

This Action Plan suggests **immediate concerted action** by the European Commission, Member States and industry to i) lower energy costs, 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.**

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

[15] Saving compared to import conditions in 2019, estimation based on assumptions of 2024 fossil fuel prices. With an assumption of 2022 (higher) prices, the annual savings would grow to EUR XX bn in 2030 (XX% of projected GDP).

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 expansion of grids and the operation of the system. **The costs of managing the EU power grid are growing**.[16] Network charges that incentivise system efficiencies and use of lower cost clean electricity could rapidly reduce the costs of operating the overall grid, lower grid investment needs, and ultimately reduce the network charges component of the energy bill.

What	**More efficient network charges to reduce energy system costs**
How	The Commission will: - put forward a design of tariff methodologies for **network charges to** incentivise the use of flexibility while maintaining the incentive to invest in the grid and the level playing field. It will enable users of the grids to adjust or shift energy use towards times and places where the cheapest energy sources are available and when it is the most cost efficient for the overall system; - if necessary, put forward a legislative proposal to make it legally binding. Where relevant, Member States should make use of their State budget to lower network charges in compliance with State aid rules and competition law.
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 up to EUR XX bn by 2030, it will lower the network charges part of the energy bill.

b) Taxes and levies

High taxes on electricity increase bills drive up demand for fossil fuels, 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 (Council Directive 2003/96/EC) provides for a minimum taxation (excise duties) of electricity and enables Member States to lower the tax rate down to zero for energy-intensive industries and households.

[16] 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 about one third to EUR 0.2 bn. 2024 Market Monitoring Report; ACER, Dec. 2024

All considered, lowering taxation has **proven very effective to contain energy bills** during the energy crisis, when Member States implemented reductions in VAT and energy taxes, and income transfers to vulnerable groups.[17] For example, the Netherlands significantly reduced energy taxes and levies earmarked for supporting environmental and renewable charges and, additionally, VAT. In France, the electricity consumption tax was reduced from EUR 22.5/MWh to EUR 0.6/MWh.[18]

What	**Lower taxation of electricity and remove non-energy cost components from bills**
How	The Council should **conclude the revision of the Energy Taxation Directive** ('ETD'), proposed in 2021, which aims at aligning the taxation of energy products with EU energy and climate policies, promoting clean technologies and removing outdated exemptions and reduced rates that currently encourage the use of fossil fuels. The Commission stands ready to continue supporting the adoption. The Commission recalls the existing possibility for Member States to lower national taxes and levies in the electricity bill towards the **minimum excise duty rates** foreseen in the Energy Taxation Directive of **EUR 0.5/MWh for businesses** [19] and the **reduced VAT rate** allowed by the VAT Directive and its amending Council Directive **of minimum 5%**[20], eliminate levies that are not energy-related [21]and shift those that finance energy policies to the general budget.[22] The Commission will **issue a recommendation to Member States** in line with the Energy Taxation directive on how to effectively lower taxation levels in electricity and take advantage of the existing possibilities to decrease taxes **down to zero for energy-intensive industries and households**. This will ensure that electricity is less taxed than other energy sources while pursuing our long-term decarbonisation objectives.
When	From adoption of revised ETD. Additional Commission recommendations in 2025
Impact	Immediate reduction of energy bills, with the **potential to approximately [XX] 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.

c) Lower supply costs by increasing retail competition

Currently, 73% of EU households are on fixed electricity contracts,[23] as well as a significant proportion of SMEs. 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.

[17] National fiscal policy responses to the energy crisis; Bruegel, June 2023
[18] Recommendations for future-proof electricity market design in light of the 2021-23 energy crisis; Pollitt et al., 2024
[19] The Energy Taxation Directive (ETD) 2003/96/EC sets minimum excise duty rates that Member States must apply to energy products, including electricity.
[20] 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.
[21] Included directly in the bill or within the network charges.
[22] Some Member States may opt to retain some energy-policy costs (e.g. renewable support scheme levies) within the bill where State budgets are very strained and to minimise the risk of substantial national policy swifts.
[23] 2024 Market monitoring report on energy retail and consumer protection; ACER-CEER, September 2024

Vulnerable consumers require specific attention. Energy communities must also be enhanced 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.

What	**Enable consumers to swich to cheaper energy suppliers, and to benefit from affordable renewable energy, while tackling energy poverty**
How	The Commission will: - provide guidance to Member States to bring down existing barriers so consumers can save on their energy bills by switching supplier and changing contract;[24] - 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 via energy communities.
When	Q3 2025 (Citizens Energy Package)
Impact	Switching to the electricity supplier providing the lowest prices can save households **EUR XX annually**.[25] Participation in energy communities can bring **savings of EUR XX annually for a household**.[26]

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.

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. While demand is increasing,[27] these contracts need to be further encouraged and mainstreamed, including to energy-intensive businesses that do not have wide access to them. The Commission will step up efforts under the electricity market rules to **decouple electricity bills from this volatility** by boosting the uptake of long-term electricity supply contracts.

What	**Decouple retail electricity bills from high and volatile gas prices**
How	Reduce barriers for new actors,[28] notably energy-intensive industries, to conclude long-term energy contracts by supporting national regimes and introducing derisking tools. The Commission will:

[24] 2024 Market Monitoring Report; ACER, 2024. Switching rate of electricity household consumers is 7.15%
[25] Annual report on the results of monitoring the internal electricity and gas markets in 2021; ACER, October 2022
[26] 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)
[27] By 2024, a cumulative contracted capacity of 48.4 GW had been signed in the EU [Source: RE-Source]
[28] Such as credit worthiness, contract complexity and hedging availability. Commercial PPAs, Baringa for EIB, 2022

	- launch with the **European Investment Bank**, a **pilot programme** for corporate Power Purchase Agreements for an indicative amount of EUR XX million [*to be confirmed*]. - provide **guidance** to Member States to enable combining PPAs and contracts for difference; - support Member States in **designing two-way CfDs** in the most effective way; - adopt **new rules** to develop **forward markets** and increase hedging opportunities.
When	Removal of regulatory barriers to start immediately. Q2 2025: Coordination with the EIB By 2026: Guidance to Member States to enable combining PPAs and contracts for difference
Impact	Greater price stability for buyers by helping European companies to manage volatility in energy costs and getting 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.[29]

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.[30] However, the lead times for new projects can take up to 7-10 years for wind projects, up to 8-10 years for distribution grid projects[31] and at times even up to 17 years for transmission grid projects.[32] This is severely hampering the massive roll-out of renewable energy needed to bring down energy costs, and can impact the economic model of projects, with cost consequences for consumers.

At all levels – the EU, national, regional and local – **authorities must make a major effort to accelerate the permitting procedures** for renewable, storage and grid projects, as outlined in the Draghi report. The Commission calls on **Member States to rapidly implement** the recently adopted legislative framework for permitting of clean energy projects.[33] 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 **tripled** since 2022, **ramping up installations by XX% in one year** (2023), and about **XX km of transmission grids have been approved** since Q2 2023, saving XX months 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 energy infrastructure** are also key to lower

[29] Phased European Union electricity market reform; Bruegel, March 2023
[30] Renewable power generation costs in 2023; IRENA, September 2024
[31] Guidance on EU permitting-related provisions on grid and renewable energy projects; EU DSO Entity, Jan. 2025
[32] Uckermark 115-km 380 kV overhead line project (see S&P)
[33] Renewable Energy Directive, TEN-E, gas market package

energy costs. This can be eased by such measures as tacit approvals 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. **Moreover, more granular data** on the resource potential for wind and solar across the EU will help Member States in the mapping of areas needed to achieve their national targets, as well as the designation of **renewable acceleration areas**, as foreseen under the revised Renewable Energy Directive.

The permitting **process**, and the environmental and geological data needed for the clean energy investments, will need to be **digitalised**. **Streamlined permitting will cover hybrid energy projects** with several technologies, such as a renewable generation and storage, under the same grid connection. Finally, the Commission will assess the possibility to streamline current permitting and licensing practices for the deployment of new nuclear technologies such as **Small Modular Reactors** (SMRs).

What	**Reduce permitting times for an accelerated energy transition**
How	Member States should: - accelerate permitting procedures by rapid legislation transposition and implementation; - reinforce national permitting authorities, including through public funds and with sufficient human capital, and explore digitalisation approaches for permitting and for environmental assessments reports. The Commission will support Member States by: - producing dedicated **guidance** on innovative forms of renewables deployment and grids and storage acceleration areas; - deploying dedicated implementation support by expanding the **Accele-RES** implementation plan and fully exploring the potential of the Concerted Action (**CA-RES**).[34] This will be complemented by an implementation dialogue to identify remaining obstacles to permitting; - facilitating the exchange of best practices and the identification of barriers via networks and expert groups of **national authorities competent for permitting** and dialogue with stakeholders; - creating an upgraded **online guiding tool** on permitting; - provide **Technical Support Instrument** (TSI), raising awareness among Member States about the 2025 call and launching a new TSI flagship in 2026. The Commission will: - **put forward legislative proposals** to accelerate permitting for grids, storage and renewables, exploring shorter deadlines for environmental assessments as part of the European Grid Package; - assess the streamlining of licencing practices for **new nuclear technologies** and publish **a SMR Communication**.
When	**As soon as possible**: Adaptation of national permitting regimes.

[34] Concerted Action on the Renewable Energy Sources Directive (https://www.ca-res.eu/)

	Mid-2025: - Publication of new, more granular data on potentials for offshore wind and for solar PV on the Energy and Industry Geography Lab (April 2025); - Guidance on innovative forms of renewables deployment, and on grid and storage acceleration areas; - Implementation support; - Legislative proposals for acceleration of permitting processes. **2026:** New TSI flagship call; SMR Communication
Impact	Implementation of existing EU legislation by Member States and the new measures can reduce the **length of permitting procedures to less than 6 months for simpler projects** such as repowering in renewable acceleration areas and 12 months outside of these; **less than 12 months or 2 years for renewable projects** (in or outside acceleration areas) and; **for complex ones like offshore wind, less than 2 years** in renewable acceleration areas and **3 years** outside those. Furthermore, the reinforced legislative framework will address existing gaps.

c) Grids and interconnectors as enablers of the energy transition

An efficient network system ensures that energy flows from where it is produced to where it is needed, thereby mitigating price peak episodes and ensuring that everyone benefits from energy at the best cost.

EUR 584 billion are necessary for investments in the electricity grids this decade.[35] **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 **XX GW of cross-border capacity needed by 2030 remains unaddressed**.[36] Major infrastructure projects of regional or EU-wide significance face challenges in relation to increasing project costs[37] and an equitable sharing of costs and benefits.[38] 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;
- Enhancing 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 the existing ones, can the Energy Union materialise. Given their magnitude and impact, it **is essential**

[35] EU Action Plan for Grids [*COM(2023) 757 final*]
[36] Electricity infrastructure development to support a competitive and sustainable energy system; ACER, Dec. 2024
[37] 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].
[38] In 2024, a SE-DE interconnector was cancelled (see FT) due to discrepancy on consumer surplus distribution.

that the EU continues to provide sufficient dedicated funding to support the completion of the Energy Union's interconnectors **through the Connecting Europe Facility**.

At the same time, existing infrastructure needs to be used efficiently. For example, a minimum of at least 70% capacity on interconnectors should be made available for cross-border electricity trading, but most Member States are still far off. Full completion of this target would reduce price peak episodes by XX%.

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

What	**Accelerate the expansion, modernisation and digitalisation of grids**
How	Building on 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 simplify TEN-E, ensure cross-border integrated planning and delivery of projects, especially on interconnectors, streamline permitting, enhance distribution grid planning, boost digitalisation and increase visibility on 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. [*Placeholder for possible EIB measures*]
When	European Grid Package to be put forward by Q1 2026.
Impact	**Investing EUR XX bn annually in cross-border networks provide EUR XX bn in benefits** for citizens yearly[39]. Anticipatory investments, asset performance excellence and grid-friendly flexibility will **reduce investment needs into distribution grids by EUR XX bn annually**, representing XX% of the total investment needs.[40] Prioritising regional or EU benefits in national plans limits inefficiencies and unnecessary costs to be borne by consumers. The deployment of grid enhancing technologies is not widespread, while they could expand network capacity by XX% by 2040 and save XX% in conventional expansion costs.

d) Boosting flexibility

More flexibility in the system, for example with **storage and demand response,** helps managing demand and supply imbalances by encouraging to customers to shift electricity consumption to times when electricity is more plentiful or demand is lower, and therefore when power is cheaper. This reduces **price spikes and negative price episodes** and **contributes to lower prices for all consumers**. In many Member States, demand response and storage face barriers[41] to access wholesale markets, or to participate in ancillary and congestion management services. In XX 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 XX Member States, fewer than 30% households have access to **smart metering systems** (providing real-time

[39] ENTSO-E System needs study, May 2023. 64 GW include non-EU peripheric countries.
[40] Grids for Speed; Eurelectric, May 2024
[41] Demand response and other DER: what barriers are holding them back; ACER; February 2024

information about energy consumption) and an acceleration of rollout efforts is needed.[42] 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	**Increase system flexibility through deployment of storage and demand response**
How	Member States need to: - implement quickly the EU rules on market access for storage and demand response and remove national barriers. The Commission will: - 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 provide flexibility to the system. - adopt new rules on demand response to make sure consumers can take full financial advantage of flexibility. They will address the remaining barriers that hamper demand response and storage services in the internal electricity market.
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 would result in **XX% lower wholesale electricity prices on average in the EU**.[43] More flexibility can provide tangible cost savings, with industry estimates showing EUR XX bn annually in avoided peak generation capacity by 2030.[44]

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: - develop a guidance on promoting remuneration of flexibility in retail contracts; - put forward a variety of standardised market conform systems tailored to different industrial and other consumer needs, building on systems already in place in some Member States.
When	2025
Impact	Fair remuneration in retail contracts of flexibility provided by consumers can reduce their electricity costs by up to XX% and bring flexibility and system integration benefits equivalent to [XX GW/XX EUR]

Action 3: Improve gas markets for fair energy prices

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

[42] ACER-CEER 2024 Market Monitoring Report on Energy Retail and Consumer Protection; September 2024
[43] Energy and climate transition: How to strengthen the EU's competitiveness; Business Europe, July 2024
[44] Demand-side flexibility: Quantification of benefits in the EU; DNV for smartEn

nearly five times those in the US.[45] 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 market functioning and to prevent market abuse (i.e. market manipulation and insider trading) and other commercial practices distorting market-based prices. Full regulatory oversight and the close cooperation between energy and financial regulators is required to prevent market manipulation and closing any possible loopholes related to lack of transparency, asymmetry of information and risk of market concentration. No stakeholder should be able to unduly take advantage of such unlawful behaviour to the expense of consumers. The Commission will therefore set up an internal Gas Market Task Force to comprehensively scrutinise gas markets and, where necessary, take actions to ensure their proper functioning.

To be able to address unlawful behaviour in the gas markets in an immediate manner, energy and financial regulators should be effectively equipped to pursue any allegations of market abuse. Cooperation on enforcement and data sharing between national 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 pursue and sanction market abuse, and to equip them with the resources to prioritise investigations in this field. Moreover, ACER should use to full extent its new cross-border investigatory powers to support national energy regulators.

What	**Ensure fair competition in gas markets**
How	The Commission will set up an internal 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 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, 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, a joint supervisory approach by energy and financial regulators and the creation of a joint harmonised database of all relevant transactions with full access to all regulators.
When	The Gas Market Task Force to provide recommendation 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 XX bn over the past decade**.[46] EU gas market integration creates net benefits in price convergence and transparency.[47] The Gas Market Task Force will focus on ensuring well-functioning gas markets and market-based price formation in these markets.

[45] Decarbonising for competitiveness: four ways to reduce European energy prices; Bruegel, December 2024
[46] Despite short-term pain, the EU's liberalised gas markets have brought long-term financial gains, IEA, 2021
[47] European natural gas markets: taking stock and looking forward; Chyong, March 2019

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 prices and terms with suppliers. This approach was also adopted by major gas import countries in Asia. It is for example the case of Japan, who has a longstanding policy of supporting investments in export infrastructure in LNG producing countries. EU joint purchasing power should be harnessed by exploring the option of longer-term contractual engagements to make prices more stable, whereby the EU and/or Member States accompany EU importers in investing directly in export infrastructure abroad, providing preferential loans to private investors, or by securing gas liquefaction rights. In addition, better coordination among Member States, with the support of the Commission, and more flexibility can also help in refilling gas storage at better purchasing conditions during the filling season.

What	**Harness EU purchasing power to get a better deal for imported natural gas**
How	The Commission will: - immediately **engage with reliable LNG suppliers to identify additional cost-competitive imports** from existing and future LNG export projects; - propose, among others, **demand aggregation for EU companies** entering tolling contracts at LNG plants worldwide and LNG supply option contracts from trusted LNG producers. - 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 can lead to a **short-term reduction of XX% 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 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. 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 enterprises.

	The Commission will, in cooperation with the EIB, explore setting up an EU guarantee scheme to boost financing models that alleviate initial costs for energy efficiency services (e.g. the costs of works to improve energy efficiency that are profitable on the longer run).
When	First blueprint for a guarantee scheme in Q4 2025. Launch of the partnership in Q3 2025. Assessment of an EU-wide market for an energy savings certification scheme by Q4 2025.
Impact	Increase the offer of financing solutions for energy efficiency products. Through ESCO services, with the aim of **doubling the Energy Services Companies market to up to EUR XX bn per year,** with possible allowing consumers to save XX EUR per year. Energy efficiency services leading to a better use of process heat, for example, can cut energy bills.

Secondly, **energy efficient products lower energy bills immediately**. However, the many non-compliant products imported from third 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. The Commission will **update EU energy labelling and ecodesign rules**, sharing best practices, improving IT tools and facilitating compliance by operators through clearer information and guidance.
When	Immediately
Impact	EU single market rules for energy efficient appliances and products are estimated to have brought **savings of around EUR XX bn on energy bills in 2023**, estimated to rise to about **EUR XX bn in 2030**. However, an estimated XX% (i.e. over **EUR XX bn**) are still lost each year because of the sale of products that are non-compliant.

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 escalating energy costs that place a burden on households and impede industrial competitiveness—particularly impacting energy-intensive sectors—the necessity 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 will further bring us in a genuine Energy Union. The EU must advance towards electrification and a fully integrated single market for energy, achieving interconnection goals and leveraging complementarities among Member States to deliver on 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 initiatives aiming at strengthening the governance of the Energy Union, rolling out clean energy, improving our security of supply and reducing 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** (QX 202X) and **a Heating and Cooling Strategy** (QX 202X) will further support these objectives. By 2030, these initiatives aim to increase electrification significantly, improve efficiency, better integrate renewable energy sources, reducing our reliance on fossil fuels and saving potentially billions annually.

Digitalisation is another source of savings for consumers, but also a potential vulnerability. The adoption of a **Strategic Roadmap for digitalisation and artificial intelligence** by Q1 2026 will support the transition to a flexible, renewable-centric energy system. This transformation will not only optimize energy management but is anticipated to yield substantial cost savings and efficiency gains by helping consumers save energy, or us it when and where it is cheaper. In addition, and in the framework of this Strategic Roadmap, the Commission will also look into the energy **consumption of data centres**[48], which is planned to increase in the coming years. This could add more stress on the energy system and push prices up, especially considering data centres' capacity to outbid other energy consumers for access to energy.

To meet its energy and climate targets, the EU needs over EUR XX bn annually from 2021 to 2030 and EUR XX bn annually from 2031-2040 for investments in renewable energy, energy efficiency and grid capacity. The Commission will also assess investment needs in nuclear [49] and foster investment in next-generation clean energy technologies, like nuclear fusion, enhanced geothermal and solid-state batteries. While the bulk of investments needs to come from private capital – public funding needs to be better targeted to leverage private investments by de-risking strategic projects. 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 ensure that decisions of cross-border and Union 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 Climate Plans (NECP) must evolve into strategic investment plans that foster investment predictability, consumer confidence, 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 to prepare Europe for the post-2030 energy policy framework.

Energy prices can differ considerably between Member States. To lower energy prices and reduce such discrepancies by better coordination and a strengthened governance of the electricity system,

[48] Digital infrastructure accounts for around 3.5% of electricity use in the EU-27, with data centres responsible for about 70% of the total. Without energy efficiency measures, the energy consumption of data centres is projected to increase by a factor of XX by 2030 and by a factor of XX by 2035.

[49] https://ec.europa.eu/economy_finance/recovery-and-resilience-scoreboard/green.html

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, and stakeholders as needed, will examine and propose technical or regulatory adjustments, and will regularly report to the President of the Commission, the European Council, the Energy Council and the European Parliament.

What	**A complete Energy Union**
How	The Commission will: - launch an Energy Union Task Force; - publish a White Paper on deeper electricity market integration; - revise the Governance Regulation of the Energy Union; - present a Clean Energy Investment Strategy, and an updated Nuclear Illustrative Program (PINC); - put forward an Electrification Action Plan, a Strategic Roadmap for Digitalisation and a Heating & Cooling Strategy.
When	2025: Energy Union Task Force, Clean Energy Investment Strategy and PINC. 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**. Prevent sharp increases of system costs **up to EUR XX bn** by 2040 if no action is taken.[50]. **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**. **Accelerate electrification** by XX% in 2030[51] leveraging flexibility from the electrification of heat, transport and hydrogen sectors can bring annual **energy system cost savings of EUR XX bn** in 2030.[52] EV bidirectional charging alone could save **EUR XX bn**.[53] **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 XX bn** by 2030, while easing demand on other energy carriers and stabilise prices. **Leverage digitalisation** to cut power sector costs, boosting efficiency with estimated savings of XX% in operations, XX% in electricity output and XX% in network losses.

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

[50] Redispatch and Congestion Management; European Commission, JRC, May 2024
[51] As of 2024, electricity accounts for approximately 23% of the European Union's final energy consumption.
[52] Mission Solar 2040: Europe's Flexibility Revolution; SolarPower Europe, June 2024
[53] Potential of a full EV-power-system-integration in Europe; T&E conducted by Fraunhofer ISE & ISI, October 2024

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: 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. In that context, governments, energy producers, and energy-consuming industries can create together a favourable investment climate for an affordable and sustainable energy system, as emphasised in the Antwerp Declaration.

- **Clean energy producers need scale and certainty of demand** to ensure long-term planning, thereby reducing risks for investors and project costs. This certainty would benefit also **supply chain manufacturers, for example for 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 secure supply chains to 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. For example, steel industry needs long-term visibility on electricity supply and prices to invest in electrification of production processes. In return, energy intensive industry can provide offtake certainty to energy producers by engaging in long-term contracts.
- The **European Union 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 NZIA principles for resilience, security and sustainability**.

In that regard, the experience of the Wind Charter[54] and the Solar Charter[55] 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.

[54] European Wind Charter,
[55] European Solar Charter.

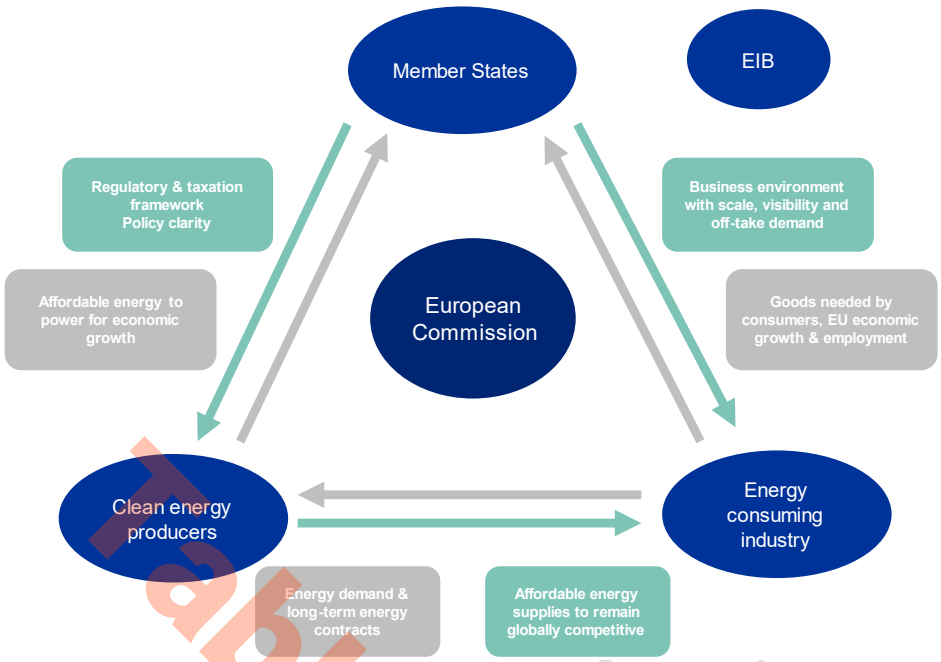

Figure 4. A Tripartite Contract for affordable energy for Europe's industry

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: - **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; - **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. 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 yet seen, underscored the importance of EU-level coordination in managing price spikes in the internal market. To enhance 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: 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 reinforce 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 learnt 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 crisis preparedness

Both the Electricity and Gas Directives contain provisions allowing the Council to declare a price crisis following a proposal by the Commission. 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 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. 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 at 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	Ensure that cross-border trade of electricity is maximised in crisis situations to mitigate local price spikes in particular markets

Finally, as natural gas is expected to remain the main price-setter for electricity in the next years, the Commission stands ready to support Member States when designing State aid measures, to empower Member States 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 only XX% of our GDP but powers the other XX%. 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 European Union, 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 life of our citizens 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 for 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**.

ANNEX I: SUMMARY OF ACTIONS AND TIMELINE

[Table to be added for adoption]