The EU has had an efficient, well-integrated electricity market for over twenty years, allowing consumers to reap the economic benefits of a single energy market, ensuring security of supply and stimulating the decarbonisation process.

The energy crisis spurred by Russia’s invasion of Ukraine highlighted the importance to make consumers benefit from the green transition. Accelerating the deployment of domestic renewable energy presents an opportunity for the EU to boost its energy security and reduce fossil fuel imports, making consumer bills less dependent on volatile fossil fuel prices.

The Commission is thus proposing changes to make the EU’s electricity market design fit for the future and to:

Boost renewable energy investments
Better protect and empower EU consumers
Enhance the competitiveness of EU industry

STABLE ELECTRICITY BILLS WITH LESS FOSSIL FUELS

The reform will make electricity bills less dependent on fossil fuel prices, by promoting long-term contracts for renewable energy and bringing more flexibility into the system.

This will protect consumers, stabilise prices, and ensure that the lower cost of renewable electricity is better reflected in electricity bills.

A RENEWABLES-BASED ENERGY SYSTEM

The reform will boost investment in renewables through stable long-term pricing agreements, backed by governments, companies and citizens.

This will build a more renewables-based energy system which is crucial to lower energy bills and ensure a sustainable and independent energy supply.

MAKING EU INDUSTRY CLEAN AND COMPETITIVE

The reform will support the electrification of industry and boost Europe’s position as a global leader in net-zero technologies.

This will ensure that European industry has access to clean and affordable energy as the foundation for the green transition.
CONSUMERS AT THE HEART OF THE REFORM: MORE PROTECTION AND EMPOWERMENT

To better protect consumers from high and volatile prices, such as those exacerbated by Russia’s energy war against Europe, this proposal will give them new rights and a wider contractual choice.

- Right to fixed-price contract
- Hedging obligations for suppliers

More stable prices

- Right to have multiple contracts
- Right to share renewable energy with neighbours
- Better information on offers before signing up

More power to choose

- Obligation on Member States to establish suppliers of last resort
- Access to regulated retail prices in a crisis
- Protection of vulnerable consumers from disconnection

More protection for the vulnerable

- Enhanced market monitoring by ACER and national authorities to protect against manipulation
- Improved energy storage to absorb or put power onto the system when needed
- Consumers empowered to increase or decrease their demand for power

More stable and efficient system and prices

ENHANCING INDUSTRIAL COMPETITIVENESS THROUGH STABLE ENERGY COSTS

Over the past year, many companies have struggled with excessively volatile energy price. To enhance the competitiveness of EU industry, the reformed electricity market design would improve access to more stable longer-term contracts and markets through:

- New measures to promote Power Purchase Agreements: these long-term private contracts between an energy producer and a consumer can protect against price volatility and boost investment in renewables
- Public support for new renewable energy investments will be supported through two-way Contracts-for-Difference, where Member States guarantee a stable price to producers and consumers, and channel excess revenues to those in need

To implement the REPowerEU Plan and reach our climate targets, 592 GW of solar PV capacity and 510 GW of wind capacity are required by 2030. This will create a 70% share of renewable electricity in the EU’s system. This requires average annual additions of 48 GW for solar PV and 36 GW for wind.