

Key priorities for energy policies in 2024-2029

The EU's energy dependence

Russia's invasion of Ukraine had a massive impact on the European Union (EU)'s energy security, causing energy prices to [double](#) in 2022, compared to 2021. The risk of **energy supply shortage** in the EU, especially of gas, was only avoided due to joint purchasing, coordinated demand reduction and a warm winter. Several industries in the EU have suffered from high and volatile energy prices, affecting their international competitiveness. Energy efficiency improvements and higher share of renewables could have prevented this, by reducing exposures to volatile fossil fuel markets.

[10.6%](#) of EU households are now facing energy poverty, up from 1.3 percentage points from 2022.

The risk of building new costly dependencies

Diversification of fossil fuel supplies away from Russia became a political priority, especially for gas. As a result, Liquefied Natural Gas (LNG) accounted for **41%** of the total gas imported to the EU in 2023, although LNG is more expensive, due to volatile global prices, and polluting than pipeline gas. Instead of diversification, a well-managed structural decline of gas is the most cost-effective and secure way to meet the EU's energy needs, while growing local clean energy production.

2024 - 2029: An opportunity for a new Strategy for Energy

Reducing the need for fossil fuels can be enabled by a strong electrification of the economy, efficiency improvements and a massive deployment of renewable energy sources. It can contribute to making [energy cheaper](#) for households and businesses, and to improve energy security in the long term. According to our [scenario](#), **50%** of the EU economy can be electrified by 2040, with **80%** of the electricity provided by renewables (wind and solar), reducing EU electricity prices by **12% by 2035** and saving up to **€856 billion of fossil fuel imports between 2025 and 2040**.

The June [conclusions](#) of the European Council pointed to an ambitious need for electrification, with the aim of improving energy sovereignty. As stated in the mission letter, boosting renewables, energy efficiency, more investments in the energy transition and energy security will be the priorities. In this context, Strategic Perspectives recommends that the designated Commissioner for Energy and Housing commits to the following during the hearings:

1. Design a **zero-emission electrification plan**, that identifies the bottlenecks to electrification across sectors and sets out what an Electrification Act for 2030-2050 would look like. This plan can already include:
 - A **zero emission electricity production target** of at least **4000 TWh** by 2040, with **80%** coming from renewables (wind and solar), to ensure sufficient clean power is available for sectors that electrify,
 - A **complete phase-out of coal and gas in the power sector respectively by 2030 and 2037**,
 - A **50% electrification target for the EU economy by 2040**,
2. Boost renewable energy deployment to reach the aspiration of a **45% target** by 2030 through an EU-wide tender that de-facto prioritises EU companies.
3. Ensure that by 2027, Member States are required to turn their **fossil fuel subsidies** into support to make net-zero equipment (EVs, heat pumps,...) affordable, especially for low-income households.

4. Ensures any new Memorandum of Understanding the EU signs with a third country on fossil fuel imports includes a “**transition clause**” that clearly sets out the anticipated decline of fossil fuels and the increase of zero-carbon technologies or energy sources.
5. Builds on the **EU hydrogen strategy** and limits green hydrogen usages to the industry and the heavy mobility sectors.
6. Commits to not allow for Carbon Capture and Storage (CCS) to be used in the power sector and an assessment of the **costs, timelines and feasibility** of Carbon Capture and Storage (CCS) or Carbon Capture, Utilisation and Storage (CCUS) projects before defining their contributions to the 2040 target.