



Affordable Energy Action Plan

Fact Sheets

2025



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Affordable Energy Action Plan

Together with the Clean Industrial Deal, the European Commission announced the Affordable Energy Action Plan on February 26th, 2025. The Plan addresses the need for affordable energy to deliver on competitiveness targets, next to the fact that 46 million Europeans are affected by energy poverty. It highlights the growing complexity of electricity systems due to the necessary increase in electrification. Higher energy efficiency, sufficient grid capacity, infrastructure and clean energy will contribute to ensure savings up to €130 billion per year by 2030 and €260 billion by 2040 as fossil fuel imports are being reduced.

The plan is based on 4 pillars:

1. Lowering energy costs for all,
2. Completing the Energy Union,
3. Attracting investments and ensuring delivery,
4. Being ready for potential energy crises.

Consequently, 8 concrete actions have been identified. Geothermal energy can play a vital role in making those actions a success.

1. Making electricity bills more affordable: Efforts in the field of network charges and taxation, to avoid grid management costs of €26 billion by 2030: efficient use of the grid, lowering energy system and supply costs, new grid investments and recommendations to lower national taxes on electricity. Vulnerable consumers should receive particular attention.

Geothermal energy is an independent renewable energy source with stable prices as it does not depend on imports, seasonal changes or other external factors.

2. Bring down the cost of electricity supply: Implementation of existing EU electricity rules and legislations, acceleration of permitting procedures, grid reinforcement, and flexibility boosted via energy storage. Assure stability and cheap electricity via power purchase agreements and long-term contracts; de-risking transition for developers; increasing cross-border infrastructure and local heat networks.

Geothermal provides base-load electricity to stabilize the grid while it can also relieve the grid if directly used for heating and cooling.

3. Ensure well-functioning gas markets: Cooperation between energy and financial regulators and regulatory oversight to get EU gas wholesale prices to pre-crisis levels. The EU will protect buyers and explore better deals for natural gas imports. Unlawful behavior in gas markets shall be addressed effectively.

4. Energy efficiency – delivering energy savings: Support and access to capital by the Commission for energy efficiency solution providers through the Energy Efficiency Financing Coalition and updating the energy labelling and ecodesign for products. Energy efficient products lower energy bills immediately: could raise savings up to €162 billion in 2030 (€120 billion in 2023).

Geothermal is a highly efficient energy solution, e.g. geothermal heat pumps require 1 unit of energy for 4 units H&C output.

5. Complete the Energy Union: Fully integrated energy market via enhanced coordination to avoid rising costs. Commission will assess investment needs for enhanced geothermal energy and the upscaling of heat pumps to ensure better targeted public financing despite major need for private investments.

Geothermal energy is specifically mentioned as a key energy source for the Energy Union.

6. A tripartite contract to ensure affordable energy for Europe's industry: Bringing the public sector, energy producers and energy-consuming industry together can counteract high energy prices and market uncertainty.

While no such contract will be done for geothermal, sectoral agreements with the geothermal industry can be a fitting alternative.

7. Guarantee security of supply for price stability: Critical for economic resilience, ensuring access to affordable energy and avoiding extreme price volatility subject to external influences (e.g. geopolitical tensions, extreme weather events or attacks).

8. Price crisis preparedness: Guide Member States to incentivise consumers to reduce demand at specific times to avoid price peaks and allow transmission system operators and national regulatory authorities to temporarily increase electricity flows in cross-border interconnectors when needed. Cross-border connections shall increase access to cheap electricity.

Geothermal can provide baseload electricity and heating and cooling next to energy storage, addressing requests such as temporary energy spikes effectively.