

State of the EU Energy Union 2023

On the road to climate neutrality

October 2023

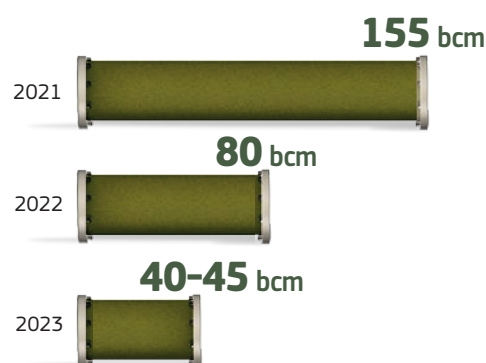
#EnergyUnion

Last year, the EU faced one of its greatest challenges, with war raging on our continent and the worst global energy crisis for decades. Energy was weaponised by Russia to disrupt supplies to Europe and damage our economy. **Action was needed to save energy, to diversify our energy supply and to accelerate the clean energy transition** to become less dependent on Russian imports.

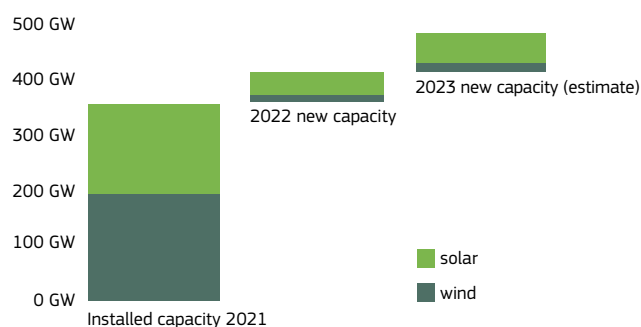
Together, we managed to avoid energy supply disruption, we succeeded in easing pressure on energy markets and we boosted renewable energy supplies. In short, the **EU successfully managed to avoid the worst.** Total Russian gas imports fell from 155bcm in 2021 to around 80 bcm in 2022 and to an estimated 40-45 bcm in 2023.

At the same time, **we used the crisis to accelerate the clean energy transition,** and work towards making Europe the first climate-neutral continent by 2050. In May 2023, for the first time in history, the EU produced more electricity from wind and solar than from fossil fuels.

GAS IMPORTS FROM RUSSIA



CLEAN ENERGY TRANSITION



As we approach winter 2023, EU gas storages are filled to **over 98% of capacity**, strengthening our resilience for the colder months ahead.



The EU reduced its demand for energy, **cutting gas consumption** by more than **18%** compared to the previous 5 years.



EU net **greenhouse gas emissions fell by 3%**, continuing the downward trend, reaching a **32.5% reduction** compared to 1990.

Future challenges and opportunities for the EU Energy System

The worst effects of the crisis may now be behind us, but there is no room for complacency. Energy markets remain vulnerable, fossil fuel subsidies have increased during the crisis, inflation is still high, our critical infrastructure needs to be protected and external dependencies addressed. The EU needs to continue to ensure affordable, sustainable, reliable and accessible energy for households and industry. **A strong European clean tech industry is crucial for the future of the EU.**

A significant part of the EU's Green Deal legislation has been agreed in the past year, and is entering into force. Negotiations continue on other important proposals to support the decarbonisation of our energy system.

To deliver on these goals, Member States have dedicated around half of their Recovery and Resilience Facility funds to climate action, allocating **€254 billion for the green transition**. To implement these targets, Member States must also update their National Energy and Climate Plans, and ensure the speed of the transition accelerates in line with their commitments.



To help reduce net greenhouse gas emissions by at least **55% by 2030** the EU:



Increased its renewable energy target to a minimum of **42.5% by 2030** with the ambition to reach **45%**



Agreed to reduce final energy consumption level by **11.7% by 2030**

Key focus areas for the years ahead:



Complete the legal and policy framework under the European Green Deal, and shift to effective implementation of legislation, including the Fit for 55 package, in the Member States



Boost competitiveness and industrial leadership, including through the Net-Zero Industry Act and the European Wind Power Package



Secure reliable supplies of critical raw materials, including through agreement on the Critical Raw Materials Act



Secure the needed investments for the clean energy transition, working with the private sector as well as the European Investment Bank and European Bank for Reconstruction and Development



Provide affordable energy prices and ensure strong consumer protection and empowerment, by implementing a revised Electricity Market Design



Strengthen and expand energy grids, and further integrate the energy systems



Address skills and labour shortages relevant for the energy sector



Address the impact of water scarcity on energy systems



Set a firm time frame for the phase out of fossil fuel subsidies which do not address energy poverty or just transition, in line with the decarbonisation objectives of the European Green Deal