Climate Action Network (CAN) Europe is Europe's leading NGO coalition fighting dangerous climate change. With 200 member organisations active in 40 European countries, representing over 1,700 NGOs and more than 40 million citizens, CAN Europe promotes sustainable climate, energy and development policies throughout Europe.

22 June 2026

CAN Europe Letter to Ministers ahead of the 26 June Energy Council

Dear Minister,

Europe is once again paying the price of its fossil fuel dependence, and particularly its extreme dependence on imported fossil fuels. As the US-Israel-led war in Iran and the wider regional conflict has already driven up the EU's energy bill by an estimated €62 billion exposing persistent vulnerabilities in Europe's energy system, the June Energy Council must focus on ending the cycle of recurring fossil fuel crises.

Europe cannot achieve lasting energy security, affordability or competitiveness while remaining dependent on expensive fossil fuels. While the EU still spent €330 billion on fossil fuels in 2025 it becomes increasingly clear that renewables shield consumers from high gas prices. The only credible response is to accelerate a socially just and climate-neutral energy transition based on renewable energy, renewables-based electrification, energy savings, flexibility and modern infrastructure, which is both an economic necessity and a climate imperative for the world's fastest-warming continent.

Ahead of the Council, Climate Action Network (CAN) Europe, representing more than 200 member organisations and over 40 million citizens across Europe, would like to share recommendations on the key issues under discussion: the Grids Package, the post-2030 energy framework, and the EU's response to the current fossil fuel crisis.

1. Grids Package

A modern, interconnected and flexible electricity grid is the backbone of a secure, affordable and resilient European energy system. The Grids Package gives Europe the opportunity to overhaul the planning of its cross-border infrastructure and to better coordinate our common resources. This must be done by building together a common scenario, harnessing spare congestion revenues, and committing to phasing-out fossil infrastructure.

- **Build together a common scenario:** One common plan for cross-border infrastructure, led by the EU Commission, can help better coordinate the cost-efficient development of vital cross-border electricity infrastructure, ensuring both national and EU-level benefits can be realised. A careful balance must be struck to ensure all relevant stakeholders give input, while keeping the process top-down and ensuring meaningful bottom-up input from Member States, system operators, civil society, and other stakeholders, while maintaining a streamlined, transparent, and efficient planning process. The general approach should avoid recreating the inefficient process of the past, and presenting a central scenario in name only.

- **Employ idle congestion revenues into electricity infrastructure:** Remaining congestion revenues should be harnessed to support projects that can benefit the EU as a whole. While internal congestion revenues may deserve different treatment, they should still be required to solve inter-zonal congestion with a Member State and not be fully excused from supporting cross-border projects, in particular in the region of the Member State. Congestion revenues should not be allocated towards solving resource adequacy issues, which would open the door to subsiding fossil fuels.

- **No backsliding on Cyprus and Malta pipeline derogation:** Extending the fossil gas pipeline derogation for Cyprus and Malta from 2029 to 2033 goes against prioritising electrification over fossil fuels, especially during another fossil fuel crisis.

2. Strong, Binding and Future-proof post-2030 EU energy framework

The post-2030 framework should become Europe's roadmap for energy sovereignty. The EU's current climate and energy framework has demonstrated that clear direction, binding targets and coordinated European action deliver results. Renewable energy deployment has accelerated, energy efficiency has improved, emissions have fallen and Europe's exposure to volatile fossil fuel markets has been reduced. In a recent joint letter, a coalition of civil society organisations and industry stakeholders called on EU policymakers to preserve the key strengths of the current framework and avoid weakening the policy architecture that has driven Europe's energy transition.

A strong post-2030 framework must provide investors, industries and citizens with a clear signal that Europe remains committed to accelerating renewable energy deployment, electrification, energy efficiency and the phase-out of fossil fuels. The post-2030 framework should be guided by the following principles:

- **Maintaining binding and ambitious renewable energy and energy efficiency targets**: The EU should preserve the current target architecture with binding targets on renewable energy and energy efficiency,binding national contributions, and robust governance for the rapid uptake of renewable electricity. Binding targets and clear trajectories are essential to provide predictability for investors, ensure accountability and deliver the scale of deployment needed to achieve energy security, affordability, and climate neutrality. A broader target such as "clean energy target", which lacks a clear legal definition and represents an umbrella concept that can be interpreted in different ways, would risk diluting investment signals and slowing deployment of renewable energy and energy efficiency solutions.

- **Ending the EU's dependence on fossil fuels, a structural pillar of the framework:** Europe's strongest energy security strategy is reducing its dependence on imported fossil fuels. The post-2030 framework should therefore place fossil fuel phase-out, energy sovereignty and affordability at its core. This requires a clear and socially just roadmap to phase out fossil fuel subsidies, a strategy to progressively reduce and ultimately eliminate Europe's reliance on fossil fuels, starting with fossil gas, and accelerated deployment of renewable energy, electrification and flexibility solutions. The

revision of the EU Energy Security Framework and the Governance Regulation should not be treated as separate processes.

- **Strengthening governance and implementation:** The post-2030 framework must address the implementation gaps that continue to delay renewable energy deployment and energy savings across Member States. Stronger governance and enforcement mechanisms are needed to ensure effective delivery of agreed objectives.

- **Accelerating renewables- based electrification and system flexibility**: Direct renewable-based electrification must become a central pillar of Europe's industrial and energy security strategy. Electrification alone cannot drive the speed and scale and should therefore be an integral part of a regulatory framework including binding targets for renewable energy, energy savings and fossil fuel phase out. At the same time, the framework should strengthen support for energy storage, demand-side flexibility, interconnections and other non-fossil flexibility solutions needed to operate a highly renewable energy system.

- **Scale up the implementation of energy efficiency measures:** As energy efficiency lowers energy imports and ensures a more affordable electrification and mitigates energy poverty, the 2040 EU energy efficiency target must be complemented with dedicated measures and actions to ensure the continuation of progress during the next decade.

- **Putting citizens and communities at the centre**: Citizens, local authorities and energy communities are critical enablers of the energy transition. The future framework should strengthen provisions on public participation, community benefit sharing and energy communities to increase public support, accelerate deployment and ensure a fair distribution of benefits.

3. This should be Europe's Last Fossil Fuel Crisis

The current crisis should not trigger another cycle of fossil fuel lock-in. Instead, it should reinforce the need for a long-term framework to phase out fossil fuels as called for by a broad coalition of industry associations, investors, workers' representatives, and civil society. This should be Europe's last fossil fuel crisis and EU policy makers need to agree on structural measures that permanently reduce Europe's dependence on fossil fuels and fossil gas in particular including the following concrete points:

- **A EU Fossil Gas Exit Strategy leading to a full gas phase out by 2035** building on gas demand reduction measures from Accelerate EU with a binding annual gas demand reduction target of 7–8%.

- **A roadmap to phase out LNG import dependence, with particular focus on US LNG by 2032** by using the legal commitment to phase out Russian fossil gas imports by 2027 as a blueprint. Europe should avoid replacing one fossil fuel dependency with another and instead prioritise structural demand reduction through energy savings and renewables based electrification.

- **Deliver a timely and ambitious implementation of the EU Methane Regulation:** The Methane Regulation is a key pillar of Europe's energy security architecture. Delaying sanctions for key import obligations would create a de facto "stop-the-clock" mechanism and undermine implementation. The real source of legal uncertainty today is the absence of national penalty regimes across Member States. A robust penalties framework is essential to ensure a level playing field and drive methane reductions.

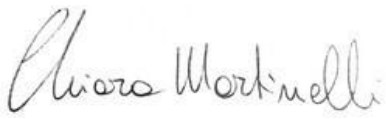
- **Remove tax barriers to electrification:** Renewables-based electrification is key to lowering energy costs, strengthening energy security and accelerating decarbonisation. Yet in many Member States, electricity remains more heavily taxed than fossil gas, slowing the transition. We urge Member States to reform energy taxation and pricing to lower electricity prices and narrow the gap with gas costs, while supporting vulnerable households through targeted tariffs, bill support and clean technology grants. This would make electrification more accessible and help position the Electrification Action Plan at the core of Europe's energy sovereignty, social justice and competitiveness strategy.

- **Tax excess fossil fuel profits and phase out fossil fuel subsidies:** The EU must now introduce a permanent tax on fossil fuel excess profits, to raise public revenues and send a clear signal that fossil fuel investments will only deliver declining returns, thereby redirecting capital towards the energy transition. Revenues raised should be used to support vulnerable consumers and accelerate investments in renewable energy, electrification, grids, storage and energy efficiency. Taxation of fossil fuel profits beyond temporary approaches is key to Europe's economy and energy security. At the same time, fossil fuel subsidies should be progressively phased out to ensure public money supports Europe's long-term security, affordability and competitiveness objectives rather than prolonging fossil fuel dependence.

Europe cannot achieve lasting affordability, resilience, prosperity or energy security by searching for new fossil fuel suppliers as soon as a geopolitical crisis emerges. The most effective response is to accelerate the transition towards an efficient, flexible and electrified energy system powered by homegrown renewable energy sources.

We urge Ministers to seize this moment to strengthen Europe's resilience and accelerate the clean energy transition. The decisions taken today should not simply help Europe weather the current crisis, they should ensure that this becomes the last fossil fuel crisis Europe has to face.

Yours sincerely,



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ANNEX: Contribution to Exchange of Views: Crisis in the Middle East: coordination and response measures in the energy sector

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Introduction

The current geopolitical crisis demonstrates that Europe's energy vulnerability is fundamentally linked to dependence on fossil fuels. The appropriate response is therefore not a new cycle of fossil fuel lock-in nor a swap in fossil fuel sources, but an accelerated transition toward electrification, energy efficiency, renewables acceleration and clean flexibility solutions like storage and demand response.

The revision of the EU Energy Security Framework, together with the forthcoming Electrification Action Plan offers a strategic opportunity to align energy security, affordability, competitiveness and climate objectives. This paper will focus on fossil gas in particular.

How should the EU prepare for a scenario in which the Strait of Hormuz remains partially or fully closed beyond the summer?

If the crisis persists, Europe should avoid reacting through additional long-term fossil gas dependency. Instead, the EU should accelerate structural measures that permanently reduce exposure to imported fossil fuels and volatile LNG markets.

1. Put fossil gas demand reduction at the centre of preparedness

The most effective way to strengthen Europe's resilience is to reduce dependence on fossil gas itself.

Demand reduction already proved to be a critical energy security tool following Russia's invasion of Ukraine. Since 2022, the EU has reduced gas demand by around 19% compared to pre-crisis levels. Combined with the rapid expansion of renewable energy, this has significantly strengthened Europe's resilience against supply disruptions and fossil fuel price volatility.

The same trend is emerging in response to the current Middle East crisis. According to preliminary estimates based on Eurostat data, 12 Member States reduced gas consumption during the first three months following the Iran war, demonstrating once again that lowering fossil gas demand is one of the fastest and most effective ways to reduce exposure to geopolitical shocks.

The Commission has also recognised the importance of structural gas demand reduction through the AccelerateEU catalogue of measures, which could deliver annual reductions of 10–15 bcm. However, additional efforts will be necessary to remain aligned with REPowerEU objectives, as 15 bcm represents only around half of the reduction needed to reach the target of reducing EU gas demand to around 190 bcm by 2030.

Establishing a binding annual fossil gas demand reduction trajectory of around 7–8% would keep the EU on track toward this objective, while:

- reducing exposure to geopolitical disruptions and volatile LNG markets,
- improving affordability for households and industry,

- strengthening strategic autonomy,
- and accelerating the clean energy transition.

2. Avoid a new LNG lock-in

The current crisis has once again exposed Europe's structural vulnerability: despite progress in recent years, the EU still relies heavily on imported fossil gas, with more than 80% of supply coming from external sources. The EU has made significant progress in reducing dependence on Russian fossil gas. The share of Russian imports fell from around 45% in 2021 to approximately 12% in 2025, demonstrating that coordinated European action can successfully reduce strategic energy dependencies.

However, while dependence on Russian gas declined, a new dependency has rapidly emerged. As overall gas demand falls, an increasing share of Europe's remaining imports is coming from a single supplier: the United States.

In 2025, US LNG accounted for close to one third of total EU gas imports, and current projections suggest that — following disruptions linked to the Middle East crisis — US LNG could represent up to 80% of EU LNG imports by 2028. This creates a new strategic vulnerability for Europe:

- continued exposure to volatile global LNG prices,
- increased dependence on external geopolitical developments,
- high lifecycle methane emissions,
- and the risk of locking the EU into expensive fossil infrastructure for decades.

Energy security cannot mean replacing one fossil gas dependency with another.

3. Accelerate smart grids and non-fossil flexibility instead of new fossil infrastructure

As renewable electricity continues to expand across Europe, energy security increasingly depends on the flexibility and resilience of the electricity system rather than on additional fossil gas infrastructure. In 2025, for the first time, wind and solar generated around 30% of EU electricity, overtaking fossil fuel-based generation (29%). This reinforces the need to modernise and better manage the grid so it can integrate higher shares of renewables, reduce system costs and limit dependence on fossil gas for balancing and backup generation.

The forthcoming Electrification Action Plan and Electricity Market Reforms contain important elements in this direction. Updated network tariff design and the accelerated rollout of smart meters can improve grid efficiency, reduce congestion and lower overall system costs, while allowing consumers and industry to benefit more directly from cheaper renewable electricity.

Accelerating non-fossil flexibility solutions, including storage, interconnections and demand-side response, is particularly important in the context of prolonged geopolitical instability. These measures strengthen resilience while avoiding costly long-term fossil gas lock-in.

A possible electricity taxation reform is also a positive step. Ensuring electricity is taxed more favourably than fossil gas would help correct the current imbalance that weakens incentives for electrification and prolongs fossil fuel dependence.

At the same time, grid modernisation must remain socially fair. Public support for grids can help lower network tariffs and accelerate electrification, but safeguards are needed to ensure costs are not disproportionately shifted onto households while large consumers like industry and data centers benefit from unconditional exemptions.

What decisions must be prioritised now to safeguard European energy security and protect citizens and the economy from the next wave of the crisis?

1. Establish a concrete European Fossil Gas Exit Strategy

The current crisis confirms that Europe's long-term energy security will not come from securing new fossil fuel dependencies, but from reducing dependence on fossil gas itself. The experience since 2022 has shown that fossil gas demand reduction is one of the most effective tools to strengthen resilience, lower exposure to geopolitical shocks and protect citizens from volatile energy prices.

The revised EU Energy Security Framework should therefore establish a comprehensive Fossil Gas Exit Strategy, including:

- a binding fossil gas demand reduction pathway of 7-8% annual demand reduction
- a roadmap to phase out fossil gas imports with a particular focus on LNG and US LNG by 2032.
- fully align energy security policy with electrification, renewable energy deployment and the energy efficiency first principle.

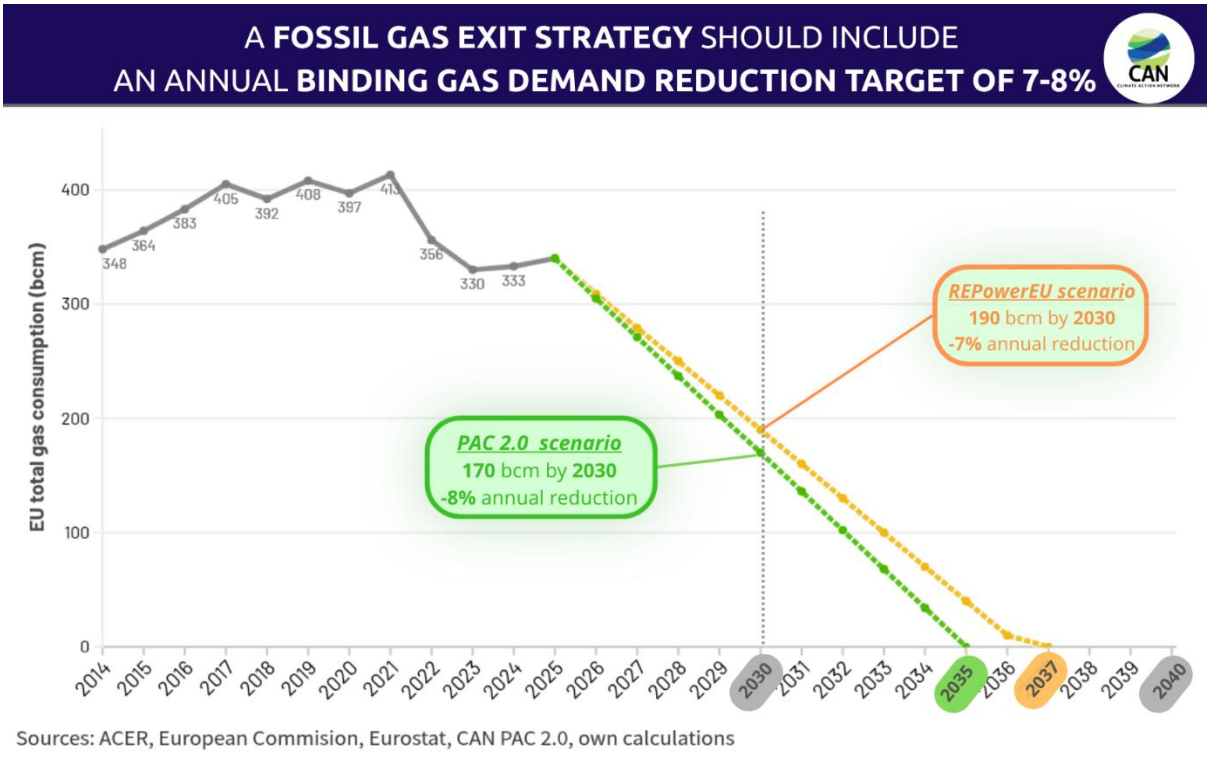

Figure 1: Gas demand reduction projections under PAC 2.0 and REPowerEU scenarios

2. Strengthen implementation of the EU Methane Regulation (EUMR)

Methane leakage is wasted energy. Strong implementation of the EUMR can reduce gas losses, improve supply efficiency, lower emissions and strengthen resilience across the energy system. According to the IEA, eliminating methane leaks and routine flaring globally could recover around 200 bcm of fossil gas annually, which is twice the gas loss due to the closure of the Strait of Hormuz.

At the same time the EU Methane Regulation is being attacked by various oil and gas companies. However, claims that the EUMR is preventing long-term contracting are unsupported, as contracts have continued to be signed and renewed since the Regulation entered into force. Concerns that EUMR enforcement could jeopardise security of supply remain largely unsubstantiated, with market analyses expecting that supplies of gas compliant with the Regulation will exceed EU demand in the coming years.

The EUMR is well designed, built on a gradual implementation pathway, with obligations becoming progressively more stringent over time before the methane intensity standard enters into force in 2030, that is 4 years from now. However, weakening the Regulation and providing recommendations which propose that Member States refrain from applying sanctions for infringements of key import obligations under Articles 27, 28 and 29 for at least a three year "grace period" until 2029, can put the implementation at risk. The real source of legal uncertainty today is the absence of national penalty regimes in most Member States.

A robust penalties regime is essential to ensure a level playing field, provide regulatory certainty and create incentives for rapid compliance and methane reductions across the sector. Delaying enforcement mechanisms would weaken resilience, reduce accountability and risk slowing implementation at a critical moment for Europe's energy security.

Methane mitigation is not a threat to energy security; it strengthens it. Combined with reducing gas demand through energy savings, efficiency and electrification powered by renewables, it can help reduce the EU's dependence on volatile fossil fuel markets

3. Accelerate renewables, scale up energy savings, renewables-based electrification, and flexible electricity systems

Europe should prioritise smart electrification and flexible electricity systems instead of locking itself into a new generation of fossil infrastructure. As renewable electricity becomes the backbone of Europe's power system, energy security increasingly depends on smart grids, storage, demand-side flexibility, interconnections and modernised electricity networks. The forthcoming Electrification Action Plan and Electricity Market Reforms should therefore support this transition and help unlock the full benefits of a renewable-based energy system.

At the same time, the energy efficiency first principle must remain central to Europe's energy security strategy. Reducing overall energy demand remains the fastest and most cost-effective way to lower import dependency, reduce pressure on energy systems and shield households and industry from future fossil fuel price shocks. Correcting the current imbalance between electricity and fossil gas taxation is also essential to support electrification and reduce exposure to volatile fossil fuel markets.

4. Tax excess fossil fuel profits and phase out fossil fuel subsidies

The extraordinary profits generated by fossil fuel companies following Russia's invasion of Ukraine largely flowed to shareholders instead of supporting Europe's energy transition and economic resilience. This must not be repeated. The EU should introduce a permanent tax on excess fossil fuel profits in order to raise public revenues, discourage long-term fossil fuel investments and redirect capital toward the clean energy transition. The windfall profits of the fossil fuel industry, following Russia's invasion of Ukraine, have been flowing largely to shareholders. This must not be repeated. These colossal profits reflect a profound misallocation of capital: money that could be invested in the EU's productive economy - renewable energy, grid modernisation, storage, electrification, and energy efficiency- is instead dispensed to shareholders and reinvested in fossil fuels. These revenues should only support vulnerable consumers and accelerate investments in renewable energy, electrification, grids, storage and energy efficiency.

At the same time, fossil fuel subsidies should be progressively phased out to ensure public money supports Europe's long-term energy security and affordability objectives rather than prolonging fossil fuel dependence.