



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.

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CAN Europe's contribution to the Citizens Energy Package

Introduction

The Citizens Energy Package (CEP) is a unique opportunity to advance the just transition by making sure all citizens can benefit from and be part of the energy transition.

The recent EU strategies such as the Clean Industrial Deal and the Affordable Energy Action Plan recognise the need to accelerate the decarbonisation of the energy system, but very much focus on targeting industry and businesses, such as the EU Competitiveness Compass. The Citizens Energy Package must rebalance this framework by providing clear support to people while committing to the existing rules and regulation and ensuring Member States implement the various pieces of legislation in a strong and consistent way.

In doing so, the package should tackle challenges related to the distributional issues of the energy transition, address shortcomings in the implementation of legislation that can affect citizens, and more broadly strengthen people's support and acceptance for the energy transition.

This is why the CEP should:

- Advance the socially just fossil fuels phase out
- Deliver strategies to eradicate energy poverty
- Set new standards for the benefit sharing of renewables
- Ensure citizens are empowered and protected through price mechanisms

Advancing the socially just fossil fuel phase out

The Citizens Energy Package presents a vital opportunity to place people at the centre of the EU's climate and energy transition. As the EU moves to phase out fossil fuels in line with its climate laws, the CEP must ensure that this shift is not only rapid and effective, but also socially just, protecting vulnerable households, empowering communities, supporting workers and enhancing the rights of citizens to participate in and benefit from the transition.

CAN Europe calls for a fair and inclusive phasing out of fossil fuels that takes into account households' needs, in particular those in precarious situations. According to science¹, at global level, all fossil fuels need to be phased out by 2050 worldwide, shifting to 100 % renewable energy sources. Given EU Member States' historic responsibility for greenhouse gas emissions and in light of the equity principle, **for CAN Europe, Paris Agreement-compatible fossil fuel phase out in the EU means an end by 2030 for coal, 2035 for fossil gas, and 2040 for oil, at the latest². Aligned with the overall fossil fuel phase out is also the need to swiftly eliminate in a socially just manner all fossil fuel subsidies³, [as highlighted by the European Economic and Social Committee](#).**

However, it is essential that this transition does not deepen inequalities or leave anyone behind. The lack of a dedicated fund in the European Commission's proposal for the 2028-2034 Multiannual Financial Framework for territorial just transition to support coal and fossil-fuel dependent local economies to transform without undue negative socio-economic impacts risks increasing inequalities and driving social fragmentation in EU regions. The CEP must therefore integrate a strong, equity-based framework that reflects the **Just Transformation Principles⁴**, guiding all reforms and investments with a focus on social inclusion and citizen well-being, as well as support to fossil fuel industry workers with social dialogue at sectoral and company level to anticipate changes. These principles should also be actively promoted as part of the EU's foreign and development policy.

Among the most urgent and important elements of this transformation is the **planned decommissioning of fossil gas infrastructures, especially the distribution grid connecting citizens directly to unstable gas supply and volatile prices**. Without well-designed policies, vulnerable households risk being locked into fossil fuel dependency, thereby facing rising energy bills, unjust disconnections, or lack of access to clean and affordable alternatives. The CEP must address this challenge. The decommissioning of gas grids requires deploying and building demand for efficient, smart electric solutions in a predictable and accessible manner. The CEP must recognise a variety of principles to make the gas decommissioning fair and citizens- and workers-centered: increased planning and governance (long-term vision), communication and information to citizens (explaining rationale behind the transition, delivering guidance regarding alternatives to gas) and safeguard households from the rising costs of lock-in to volatile gas prices by helping to transition to non-fossil heating, developing a citizen-focused strategy that addresses the economic and social impacts, and attention to workers and regions most affected.

¹ <https://www.ipcc.ch/report/sixth-assessment-report-cycle/>

² <https://caneurope.org/content/uploads/2024/09/PARIS-AGREEMENT-COMPATIBLE-SCENARIO-2024.pdf>

³ <https://caneurope.org/content/uploads/2023/03/Fossil-Fuels-Subsidies-Report.pdf>

⁴ <https://caneurope.org/just-transformation-vision-principles/>

The CEP must require that Member States develop **transparent, integrated gas phase-out plans together with the decommissioning plans**. These plans should align with National Energy and Climate Plans (NECPs) and local heating and cooling strategies, and be built on realistic projections of declining gas demand (especially from the Fit For 55 Package and the REPowerEU Plan). They should be participatory from the outset, involving municipalities, citizens, social organisations, and civil society to ensure that policies are grounded in people's lived realities. With the revised Gas Directive (article 57) requiring Gas Distribution System Operators (DSO) to develop the decommissioning plans based on the heating and cooling plans from the Energy Efficiency Directive (article 25§6), the bases to ensure alignment and coordination amongst these different plans is already existing, but the CEP should address the risks of lacking transparency and public participation and missing guidance on how to maximise the social benefits of the heating transition, by adding stronger social safeguards (as developed in the recommendations below) and oversight mechanisms.

- The CEP should require Member States to implement **strong protections against disconnections**, ensuring no household is cut off from the gas grid before clean, efficient, and affordable alternatives are available. It is important to harmonize the definitions of vulnerability, using disaggregated and intersectional indicators, and actively involving local actors to identify and reach those most at risk. EU-level guidance should promote best practices in identifying and assisting energy-poor consumers, such as municipal energy hubs, targeted renovation programmes, and peer-to-peer advisory models.
- **Financial support** must be accessible, targeted, and inclusive. Grants must be prioritised for the most vulnerable groups including persons with disabilities, women, racialised communities, older persons, or people living in poverty and public funds must be used to create pre-financing mechanisms to increase the accessibility of financial aid for vulnerable households.
- The **costs of decommissioning** needs to be taken into account and should not be at the burden of the consumer, meaning shared equitably between the gas distribution operators and consumers who can afford it. The CEP should guide tariff reform that avoids penalising the “last users” of the gas grid and instead uses progressive, polluter-pays-based principles. Revenue from instruments like the Emissions Trading System (ETS) and the revised Energy Taxation Directive (ETD) should be channelled into accelerating clean heating and cooling access for vulnerable groups.
- Beyond protection, the CEP must enable **active citizen participation**. Cities like Rotterdam and Mannheim show how empowering residents through local hubs and participatory planning can generate buy-in and support for the fossil fuel phase-out. The CEP should promote such models, ensuring transparent and accessible communication, early engagement, and a consistent policy narrative around the reasons for and benefits of the transition. Participation should be effective and accessible to everyone.

Delivering integrated strategies to eradicate energy poverty: the potential of a robust implementation of the newly recast EU energy Directives

Energy efficiency and energy savings leads to reduced energy bills for all citizens. However, the effect is even more pronounced for lower-income and energy poor households⁵. Therefore, the Citizens' Energy Package needs to spur up the roll out of structural and integrated measures, including accelerated building renovation⁶, that significantly reduce energy consumption and improve energy efficiency of households affected by energy poverty, which simultaneously allow a significant reduction of energy bills. These measures would also address some of the root-causes of energy poverty, which include low income, low energy efficiency and high energy costs.

The EU needs to secure a bold, ambitious and inclusive implementation of the 2030 legal framework to ensure that Member States ultimately lay out integrated strategies to eradicate energy poverty which are in line with the Paris Agreement goals while protecting the principle of "Leaving no one Behind". Recent recast Directives such as the Energy Efficiency Directive (EED), the Energy Performance of Buildings Directive (EPBD) are of particular importance when it comes to providing Member States with the policy instruments to achieve the above.

As far as energy efficiency is concerned, it will be important that the Citizens Energy Package helps the implementation of the EED and leads to closing the ambition gap⁷ to reach and ideally overshoot the EU 2030 energy efficiency target, including through the roll out of measures for building renovation, and those that **benefit people affected by energy poverty**. In line with this, the Directive requires Member States to plan and implement new policy measures and programmes that will achieve more energy savings among final consumers to comply with the increased annual energy savings rate of the energy savings obligation⁸, where a percentage of energy savings will have to be earmarked amongst people affected by energy poverty, vulnerable customers, people in low-income households and, where applicable, people living in social housing. It will be paramount that the measures amount at least to the minimum end-use energy poverty share that is at least equal to the proportion of households in energy poverty, considering the four indicators set out in the EED as fallback options in case of missing information in Member States NECPs.

The new EED also puts forward other important requirements which need to be correctly implemented and improved as they will **empower vulnerable consumers, energy poor and people living in social housing**⁹. Last but not least, it will be important to support Member States in ensuring an "**exemplary role of their public bodies**"¹⁰, while taking into account

5 IEA (2025): [The Multiple Benefits of Energy Efficiency](#)

6 <https://caneurope.org/national-building-renovations-plans-nbrp-a-powerful-tool-for-a-just-and-climate-resilient-built-environment/>

7 [EU-wide assessment of the final updated national energy and climate plans](#)

8 Article 8 EED 2023

9 Article 24 EED 2023

10 Article 6 EED 2023

people living in social housing and ensuring that social housing is part of the scope for the renovation of public bodies' buildings. On top of the roll out of their annual renovation target of at least 3%, the fulfilment of the public sector obligation¹¹, to reduce final energy consumption of public bodies by at least 1.9 % should include energy efficiency measures that do not have adverse effects on energy poor, low-income households or vulnerable groups. The latter is of crucial importance to protect the social purpose of well-functioning infrastructures and buildings that can contribute to the collective wellbeing, especially to that of vulnerable segments of the society.

When it comes to looking into the buildings sector more specifically, the recast EPBD has also great potential in targeting and addressing energy poverty, especially the worst-performing buildings where this segment would likely live. The new legal text requires Member States to ensure that renovations within this segment contributes to a progressive improvement of the average energy performance levels of the whole residential sector. As part of the eligible measures that contribute to the fulfilment of the above mentioned objective, **Minimum Energy Performance Standards (MEPS)** are included.

Supporting the roll out of these regulatory tools, which must be coupled with adequate financing and technical assistance, can signal the need for energy renovations in time, especially for the leakiest buildings and ultimately ensure the delivery of well performing, decarbonised and affordable homes for all. To unlock their full potential, MEPS should make use of strategic trigger points and focus on specific segments¹², and being coupled by strong **social safeguards**. The latter are already mentioned in the 2024 EPBD recast¹³, which calls Member States to address eviction of vulnerable households, which may be caused by disproportionate rent increases following renovations, and/or introduce effective safeguards to protect in particular vulnerable households, and provide rent support or impose caps on rent increases, among other measures. Their implementation is crucial to ensure that the principle of “Leaving no one behind” is protected throughout the energy transition in the building sector. Another important element of the recast EPBD is the preparation of the **National Building Renovation Plans (NBRPs)**. The latter have the objective to transform existing buildings into zero-emission buildings by 2050. The Plans also put a lot of emphasis on improving the worst performing segments of MS building stocks with a view of alleviating energy poverty while leveraging the great energy savings potential of the segment. On top of laying out the decarbonisation pathways of national building stocks, thanks to the various indicators included in the Annotated Template of NBRPs, Member States have the opportunity to dig deeper and really analyse their national building stock to better prioritise and channel efforts where it is most urgent. On this particular point, it is important to mention that there is great potential in creating [complementarity and linkage between NBRPs and the Social Climate Plans \(SCPs\)](#).

¹¹ Article 5 EED 2023

¹² single-family homes and/or multi-apartment buildings in single-ownership

¹³ Article 17 EPBD 2024

As Member States prepare themselves for the start of the upcoming Emissions Trading Systems covering GHG emissions of buildings and road transport, this approach could support them in developing ambitious and most of all **inclusive buildings policies** and programmes that can shield these segments of the population from higher energy prices (especially for those households living in very leaky and polluting homes), while supporting the transition of the building sector. Therefore, ensuring complementarity between these Plans (and more broadly with the National Energy Climate Plans) can help Member States (especially via a stronger engagement from the sub-national level) prioritise action, redirect funds where they are most needed, and ultimately advance a socially fair and climate ambitious energy transition in the sector¹⁴.

The National Social Climate Plans (NSCPs) should be leveraged to push through reforms and investments that eradicate energy poverty, while boosting citizen participation in the energy transition. This should include, inter alia, investments for energy communities, energy renovations (which should combine energy and structural upgrades to also improve accessibility levels for persons with disabilities), reforms to simplify energy sharing, setting up of One Stop Shops to help citizens access information on how to join or set up energy communities, and encouraging collaborations between municipalities and community groups. Such approaches are already being considered in certain NSCPs, such as of Bulgaria and Poland.¹⁵

Ensuring citizens are included in and benefit from the transition

As renewable energy is set to power the future energy system, it is essential that projects are developed in partnership with the citizens and communities that host them. Today, however, the benefits of renewables remain unevenly distributed, and meaningful community engagement is still scattered making it an exception rather than a common rule. This undermines public trust in many regions, slows down deployment, and overlooks the vital role communities can play in accelerating the energy transition to deliver the EU's climate and energy objectives. Policies and practices on community engagement and benefit-sharing need to become more consistent and effective across the EU, in order to foster public support for new renewable energy projects and strengthen local acceptance. The Citizens Energy Package offers a key opportunity to address these gaps and bolster the social dimension of the Energy Union.

The Citizens Energy Package should incorporate explicit measures to ensure fair community engagement and benefit-sharing by introducing a regulatory framework that establishes common European standards. It would feature concrete criteria to promote consistency and maintain a level playing field across the EU, but also guidance for Member States to implement benefit sharing schemes with clear definitions, best practices and concrete criteria with minimum standards and KPIs¹⁶. The guidance should notably support the inclusion of non-price criteria

¹⁴ <https://caneurope.org/renovation-wave-nbrps/>

¹⁵ <https://www.rescoop.eu/policy/financing-tracker/social-climate-fund>

¹⁶ https://caneurope.org/content/uploads/2025/04/April-2025_Checklist-for-Community-Engagement-and-Benefit-Sharing.pdf

that address community engagement and benefit sharing in renewable energy auctions and public procurement¹⁷. This measure should especially promote social and direct financial benefits for local communities (e.g. to a fund), contributions to the local economy (e.g. through local job creation), the inclusion of households in energy poverty, and direct citizen participation (e.g. involvement of locals in project governance). While countries such as France, Belgium and Germany benefit from existing legislative frameworks that promote public participation in renewable energy development and deployment, other Member States have great practices in individual projects, such as in Spain introducing co-ownership schemes.

The proposed EU standards should be binding and measurable, and should:

- Ensure meaningful and continuous engagement with all relevant stakeholders;
- Guarantee fair (especially by prioritizing vulnerable households, with a gender lens), transparent, tangible, additional, appropriate (i.e. adapted to the local needs), and proportionate benefits for host communities, building on the first cross-sectoral consensus on baseline principles for [Fast & Fair Renewables and Grids](#)
- Introduce a mandate for Member States to implement benefit sharing schemes to systematize their uptake in every renewable project. Voluntary schemes should be avoided as much as possible. The measure could already be suggested in RED accompanying guidelines and its monitoring could be streamlined if implemented using existing tools such as NECPs.
- Recognise and support community-led initiatives as key actors of the energy transition.

While Article 15d of the Renewable Energy Directive (RED III) acknowledges the need for public participation in the deployment of renewable energy projects, the article should be more detailed and binding to deliver real change on the ground. It must be strengthened and clarified. We therefore recommend that the Citizens Energy Package includes a proposal for targeted revision of Article 15d, specifying the form, content, and guiding principles of public participation and community benefit sharing. This will ensure that fairness is a measurable, actionable, and enforceable standard across the EU.

The Citizens Energy Package should also be the opportunity to further strengthen the EU framework related to renewable energy communities that offer multiple benefits to the energy system and the EU economy. Energy communities contribute towards stabilising prices, empowering consumers, tackling energy poverty and ensuring cleaner energy is accessible to everyone while also driving behavioural change, such as flexibility and demand reduction¹⁸.

Importantly, the Clean Energy Package should encourage Member States to fully transpose the Renewable Energy Directive and Internal Electricity Market Directive, thereby creating an

¹⁷ https://caneurope.org/content/uploads/2025/04/CANE-April-2025_Community-Engagement-and-Benefit-Sharing.pdf

¹⁸ Concrete recommendations can be found in the report "Powering communities - How to deliver a Citizens' Energy Package that's fair and accessible to all;" <https://communitypowercoalition.eu/2025/06/05/powering-communities-how-to-deliver-a-citizens-energy-package-thats-fair-accessible-to-all/>

effective enabling framework for energy communities. The Commission and Member States should put in place quantitative targets for community energy, and back those up with strong monitoring and ambitious roadmaps of reforms and investments. In EU countries with such goals in place (e.g., Netherlands, Belgium), clear policy signals and investor confidence has led to a significant growth of the community energy movement.

The Citizens Energy Package is a timely and essential tool to address the growing challenge of public trust and support for renewable energy projects across the EU. By empowering citizens and communities to actively participate in the energy transition and better share the benefits of renewable projects, it can help shift perceptions, build ownership, and ensure a more inclusive and just rollout of renewables. Therefore, the Citizens Energy Package should highlight this rising issue and present good practices witnessed at national and local level, such as in Germany with the WindRat initiative¹⁹ or in France with a planned specific provision requirement on the deployment of specific mediation.

Allowing citizens to benefit from lower prices coming from the low costs of renewable energy

Average electricity prices for households remain high and are weighing on people's purchasing power. Despite the slight decrease observed in 2024, they remain well above levels from before the 2022 energy crisis²⁰, and continue hurting the many people in Europe already facing energy poverty. While electricity price formation depends on a variety of factors, certain trends contribute to lowering their levels, in particular the uptake of renewable energy, as the most affordable new generation capacity²¹. Renewables also have minimal operating costs and reduce dependence on imported fuels, which are subject to volatile global markets. They contribute to driving down wholesale electricity prices, by up to 53% in 2030 below 2023 levels according to the European Environment Agency²².

The Citizens Energy Package is an opportunity to help households benefit from lower prices coming from renewables and by better empowering and protecting people. This must come primarily from the strengthened implementation of the various pieces of legislation impacting prices, notably the Electricity Market Design (EMD), which includes provisions to protect vulnerable consumers, such as a ban of disconnection, and requires member states to promote long term contracts, which have the potential to incentivise investments for renewables while stabilising prices. The Commission should support member states in implementing those provisions while paying specific attention to vulnerable households, for instance by including clear rules for revenue redistribution from Contracts for Difference towards consumers.

¹⁹ <https://wind-rat.de/>

²⁰ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52025DC0072>

²¹ <https://www.lazard.com/news-announcements/lazard-releases-2025-levelized-cost-of-energy-plus-report-pr/>

²² <https://www.eea.europa.eu/en/newsroom/news/renewables-and-electrification-key-to-cutting-costs-and-powering-eus-clean-industry-and-competitiveness>

Moreover, the Commission should incentivise Member States to put in place revenue capture mechanisms during crises, so that revenues from inframarginal generators can be redistributed to consumers, especially vulnerable groups. The Commission should also encourage Member States to lower prices thanks to revamped electricity charges and taxes in a way to favour electricity over fossil fuels, by aligning taxes and levies with climate and societal goals, while supporting vulnerable households. This is particularly needed in the heating sector²³, where switching to electricity must be facilitated thanks to revamped taxes and mechanisms to level up the field between electricity and non-electricity heating. Alignment with the forthcoming EU electrification action plan should be made to facilitate the uptake of renewable-based electric heating, including by envisioning mechanisms such as taxes to encourage switching devices for affluent households.

As the EU transitions towards a cleaner energy system where the share of renewable energy sources is growing and electrification is expanding, it is essential to unlock flexibility to better handle fluctuations in electricity supply and demand and ensure grid stability. In this regard, citizens must be empowered so that they can benefit from a more decentralised, flexible and renewable-based energy system in a way to better manage their energy consumption and be rewarded. This must be done in a fair way minding the possibilities and needs of households.

Retail pricing mechanisms offer a powerful tool to encourage behavioral changes and reward consumers to adjust their electricity consumption. The Commission should support member states in implementing tariffs that incentivise demand side flexibility, such as dynamic tariffs which can ensure consumers benefit from cheaper prices coming from renewables, as is the case already for instance in Finland, where residential consumers are able to monitor electricity prices in real time, and either choose a fixed or dynamic price contract²⁴. Access to dynamic tariffs is already required in the EMD (article 11 of the electricity directive), which mandates member states to ensure access to dynamic contracts, clearer information, contract choices, grid effective pricing and protection for consumers. However the enforcement of this provision should be strengthened by the European Commission, so that consumers can take advantage of low-cost, locally-produced renewable power when supply is high, reflecting the low marginal cost of renewables at the time and place of generation, leading to lowered energy bills. In particular, the Commission should define guidance, minimum standards and best practices for dynamic pricing and flexibility offers for households to reduce their bills, for instance by setting EU-wide definitions for dynamic contracts and requiring risk mitigation tools to be clearly disclosed. Attention to vulnerable households is needed, so it is important to ensure they can also benefit from the services of aggregators to get reductions to their flat traditional offer. The flexibility support schemes should be used to specifically support households to purchase or replace their home device with smart flex-ready ones (for instance to reduce the purchase cost of smart heat pump with the condition that they are used in a flexible way) and specifically target

²³ <https://www.raonline.org/wp-content/uploads/2023/09/Taxes-and-levies-final-2022-july-18.pdf>

²⁴ <https://energiavirasto.fi/en/-/national-report-on-electricity-and-natural-gas-markets-in-2023-published>

vulnerable groups to cover smart meters, energy management systems and appliances. The Commission should also promote the use of small scale storage assets in homes, over large scale ones which increase network charges, as well as encourage net metering or net billing models. New, innovative collaboration models, also with new technologies, could be promoted through pilots and experiments with citizen participation.

To accompany the rollout of dynamic tariff and flexibility mechanisms it is crucial to advance the roll-out of smart meters and automated solutions, which should be promoted under a clear framework and with specific funding. Enforcing energy sharing rights and energy communities should also be strengthened at all EU member-states, to allow people to jointly produce, store, trade and self-consume renewable energy. Finally, it is crucial to invest in local capacity and technical support to help local actors implement flexibility projects.

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