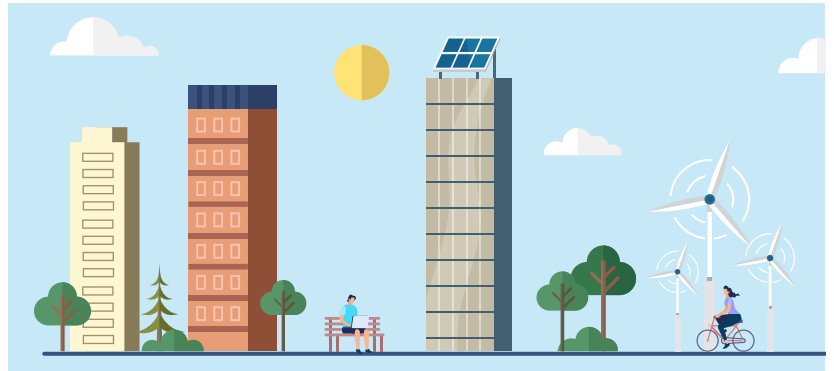


Renewable energy: what's in it for consumers?

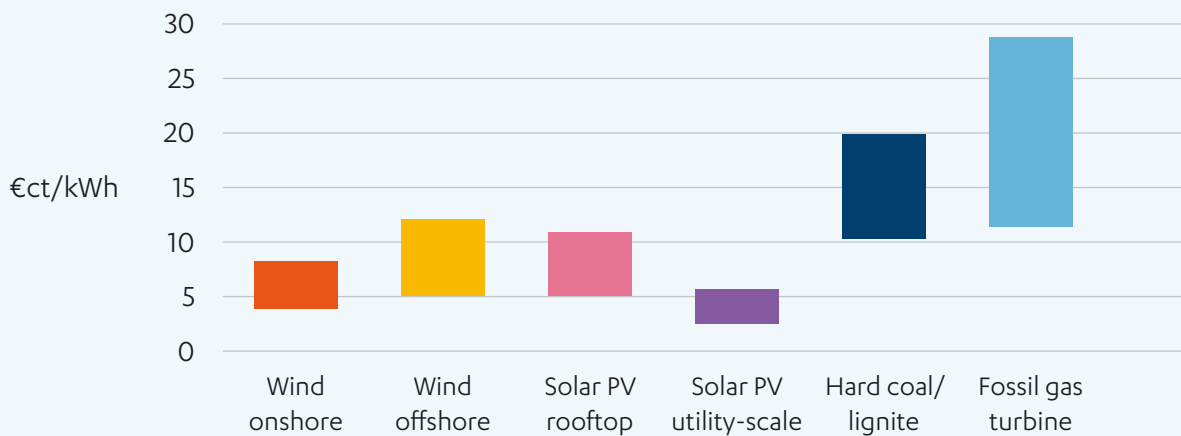
The unseen increase in fossil gas prices puts household budgets under big pressure. The ongoing reform of the EU electricity market needs to prevent future price shocks by reaping the benefits of renewable energy for consumers.



1. Producing electricity with renewables is cheap

Renewable energy sources have become the cheapest source of electricity generation in Europe. Producing a kilowatt-hour of power from solar is now **ten times cheaper** than by fossil gas.

Levelised cost of electricity from newly installed power plants in Europe 2021 (source: Fraunhofer ISE 2021)



2. More renewables mean lower energy bills for consumers

Consumers benefit from the low production costs of renewable electricity because these impact the wholesale market. A high share of renewables in the electricity mix lowers wholesale electricity prices. Renewables squeeze expensive fossil gas turbines out of the market. Although the share of wind and solar was only 23% across the EU during the first half of 2022, this already had a strong deflationary impact on the EU economy. The cost of electricity supply to EU consumers would have even been **€40bn lower** if the contribution of renewables had been as high as **40%**.¹

¹ [International Energy Agency: World Energy Outlook 2022, October 2022](#), fig. 6.12.

3. More renewables mean better protection against fossil price hikes

Consumers are very vulnerable to fossil price hikes because the EU depends heavily on imports of almost all of its gas, oil, and coal. The Russian invasion of Ukraine painfully reminded Europeans that their energy supply can be weaponised by authoritarian regimes that finance their military aggression through fuel exports to the EU. The EU's **import bill rose to €328bn** during the first half of 2022 alone, more than the total bill for the entire previous year. Gas import costs would have been even higher still without renewables: solar and wind power saved €99bn alone during that time.¹

¹ [E3G/Ember: More renewables, less inflation. Restoring EU economic stability through investment in renewables, October 2022.](#)

4. More renewables protect our health and save lives

The link between burning fossil fuels and health costs is often forgotten but undeniable. As we are heading towards a global temperature increase of **3°C**, mortality from extreme weather in the EU will mount to ca. **100,000 victims per year**.¹ In addition, air pollution from fossil fuels alone led to **650,000 premature deaths** in 2020, which will only continue without more renewable energy.²

¹ [European Commission Joint Research Centre: Economic analysis of selected climate impacts, May 2020.](#)

² Potential total premature deaths in 2020 when lower concentrations of key pollutants (PM2.5, NO3, O3) are considered, see: [Euro-pean Environment Agency: Air quality in Europe 2022, February 2023.](#)

What should policymakers do?

We cannot afford fossil fuels anymore. Switching to renewables is consumers' best insurance policy against volatile fossil fuel prices. The reform of the EU electricity market should accelerate the transition towards renewables to cut household bills by:

1. Requiring electricity suppliers to provide consumers stabler prices, by purchasing electricity through long-term contracts with renewable power plants,
2. Channelling excess revenues from electricity companies into more public investments in energy savings such as home renovation and renewables,
3. Broadening access to affordable renewable electricity to more consumers through country-wide energy sharing and fairer costs for using the electricity grid.

Find out more about BEUC's detailed proposals for reforming the EU electricity market in our [position paper 'Reaping the benefits of renewables for consumers'](#).

July 2023

