Alliance of Energy Intensive Industries

Joint Position Paper on the EU Electrification Action Plan

Energy-intensive industries (EIIs) provide direct employment to around 2.6 million people in the EU and represent the foundations of critical and strategic value chains for the EU economy and society. The current economic and energy outlook of the European Union is making investments in electrification and the continued business operation of our sectors at serious risk, should the energy-cost challenge not be solved.

As shown by the Powerbarometer 2025, demand for electrons is at an impasse with **a negligible 1% YoY growth in 2024 while plant closures and idling have been manifesting repeatedly across all sectors and countries of the EU**. This is translating in both slackening of our decarbonization efforts, and loss of international competitiveness. Years after the outbreak of the energy crunch and the adoption of several initiatives at EU and national level, our sectors, which make up a substantial bulk of the EU total electricity demand, are still facing **high electricity costs, in particular high wholesale market prices** (*the decoupling of fossil-fuel prices is not materializing fast enough*), **a tight PPA market and rising overall system costs associated with clean energy investments and security of supply** (i.e., network charges, RES and CRM financing, and taxes and levies).

As recently stated in Morningstar Electrification Observer (11/2025) "[...] *Europe faces the uncomfortable reality of paying the price for decarbonisation without fully capturing its benefits. With power prices expected to remain structurally high, the continent risks being stuck in an expensive and politically fragile transition — too costly to abandon, yet too slow to deliver*" as "[...] *prohibitively high electricity prices continue to undermine both household adoption of clean technologies and industrial competitiveness*".

The European Commission is in the process of adopting its Electrification Action Plan (EAP) for stimulating and boosting electricity consumption in sectors covered by the Renewable Energy Directive III, namely transport and heating/cooling and most importantly industry. **The *impasse* affecting electricity consumption and investment in electrification technologies in the EU is primarily due to high energy costs and as such this shall be the main focus of the EAP**, considering the minimum effects produced so far by recent EU initiatives.

The EAP should therefore be a constructive occasion for the EU in pursuing decarbonization and industrial competitiveness by:

a) First and foremost, **restoring as soon as possible competitive electricity prices and shielding energy-intensive sectors from total system costs** beyond the approaches and measures adopted so far in the Electricity Markets Design Reform, the Clean Industrial Deal and the Action Plan on Affordable Energy;
b) Secondly, **creating the enabling conditions to invest and to roll-out new electrification technologies in industrial processes**;
c) Thirdly, speed up the realization of the EU Single Market for Energy by increasing interconnectivity and maximizing cross-border trading capacity among the Member States as structural solution to distribute the benefits of the renewable energy transition;
d) Fourthly, **incentivise flexibility, predominantly from the supply side**, promoting the contribution of all renewable and low-carbon energy sources that can meaningfully contribute to climate neutrality as well as from other flexible technologies with a clear untapped potential. Enhancing flexibility and adopting a technology-neutral approach could play a significant role in reducing electricity prices in the short-term and could offer a more effective response to the energy cost disparities with non-EU countries.

With the **present joint position paper**, the signatories wish to recommend certain measures to make the EAP fit-for-purpose for energy-intensive industries and for the electrification of the EU:

1. **Deliver electricity costs that boost the international competitiveness of European industry and naturally drive electrification. Although designed as a temporary measure, the Clean Industrial Deal State Aid Framework provides a clear key performance indicator in this regard: 50EUR/MWh.** Under current global market conditions, a KPI of 50€/MWh should be a maximum of total electricity costs for industry, not just the wholesale price. The success of the Electrification Action Plan will be assessed against its capacity to bring industrial electricity costs in the EU closer to the 50EUR/MWh threshold – rather than targeting a percentage of electrification.
2. **Require suppliers to supply a predefined share of their publicly subsidised production at 'production cost"** to specific industries exposed to international competition, as per Draghi recommendation (Part B, pg. 37), as a matter of priority, while ensuring that it does not revert the market to a pre-liberalised structure.
3. **Maintain, enhance and extend to all energy-intensive industries and beyond 2030 the EU-wide implementation of ETS indirect costs compensation** in line with the expected protracted role of fossil-fuels as price-setting technologies in wholesale markets. The Commission and Member States must ensure that the addition of new sectors must not have a negative impact on the level of compensation received by the already eligible sectors.
4. **Improve the Clean Industrial Deal State Aid Framework (CISAF):**

a. **Section 4.5 establishing a Temporary Price Relief for EIIs:**
    i. **Remove the restriction of cumulation with ETS indirect costs compensation** (each measure addresses distinct roots of high-power costs) and extend its duration beyond 2030 and its eligibility to all CEEAG sectors' list (including full CEEAG Annex 1).
    ii. Remove the restrictive requirements that aid may cover up to 50% of the market price for 50% of annual electricity use and must not result in a price lower than 50 euros per MWh. Further, remove the requirement that 50% of aid received must be reinvested in decarbonisation.

b. Section 5 on aid for decarbonization of industry:
    i. Paragraph 131: Remove the provision that support for the reduction of indirect emissions requires on-site RES generation, as it constitutes a barrier to decarbonization and further electrification and is totally inappropriate for the needs of energy-intensive industries.
    ii. Paragraph 138: the principle limiting the increase in industrial production capacity is going against the stated objectives of the EU's Critical Raw Materials Act (CRMA) and the RESourceEU Action Plan.

c. **Section 4.3 on aid for non-fossil flexibility support schemes (paragraph 109):** The provision placing the cost of non-fossil flexibility support schemes on baseload consumers must be reworked, as baseload industrial consumers, drawing electricity in a stable and predictable manner, are not the ones putting real stress on grid infrastructure.

5. **Adopt and finance a targeted mechanism for mitigating the costs associated to the profiling of renewable-PPAs with baseload industrial electricity demand compatible with EU competition law, and expand substantially the budget of the EIB counter-party risk guarantees for industrial PPA off-takers**, building on Recommendation 1.b in the Antwerp Dialogue on Industrial Electrification and Competitiveness and a recommendation in the Draghi report (Part B, p. 35)
6. **Maximise and utilize available national and European funds to finance the costs of modernizing and expanding EU electricity grids, and implement targeted measures**, **like specific network tariff regimes for industrial consumers exposed to international carbon leakage**, to lower or at least reducing them at a minimum. As part of this, the Alliance encourages and promotes an EU funding approach to investment in cross-border infrastructure as instrumental approach to the creation of a real internal energy market and to ultimately reduce the connection costs for its industrial consumers.
7. **Acknowledge the potential but also the limitations of industrial demand-side response from EIIs**, preserving *inter alia* the voluntary nature of any scheme and fair remuneration. Where technically and commercially possible, voluntary industrial demand response projects must be incentivized through investment support and adequate remuneration.
8. **Provide robust financial support at EU level for industries to invest in electric technologies and electricity infrastructure upgrades**, as it can help overcome the initial high investment costs. The EU should also allow Member States to support OPEX costs of energy intensive companies for the electrification of carbon intensive production processes.
9. **Acknowledge the continued need for firm energy capacity and reliable system flexibility to safeguard system adequacy, stability and limit price volatility throughout the electrification**

transition. This should consider a range of solutions based upon the technology neutrality principle.

Additional transversal measures shall include:

1. **Market design:**
   1.1. **Carry-out by at the latest June 2026, an assessment of short-term market functioning on the basis of Art.69(2) of the EMD Regulation, to assess the effectiveness of the current structure and functioning of short-term electricity markets, its potential inefficiencies and impacts on competitiveness of total electricity system costs on energy-intensive industries.** This should also take into account third-countries competitors' alternative market designs, and the different options for the introduction of possible remedies and tools to be applied *inter alia* in crisis or emergency situation.
2. **Increase transparency for industrial consumers by breaking down the cost drivers of energy bills**.
3. **Introduce a periodic assessment by the European Commission of how the progressive phase-in of renewables is actually delivering the displacement of fossil-fuels in the EU wholesale market** merit-order by 2030, 2035, 2040, to provide consumers visibility on affordability.
4. **Avoid industry-specific electrification targets as the EU climate and energy regulatory framework provides already for demand-anchoring solutions**. Any proposed measures should also consider the affected sectors ability to sustain additional investment costs.