

# A Bold Ambition for European Prosperity, Strength and Security

## T&D Europe Position Paper on the EU Clean Industrial Deal

January 2025

**Together with many stakeholders, T&D Europe awaits with great anticipation the unveiling of the European Commission’s flagship publication of the Clean Industrial Deal. We expect that the Commission will formulate a clear, positive and bold ambition.**

**The Clean Industrial Deal will need to be the strategy for dramatically improving Europe’s global competitiveness, which depends on getting decarbonisation right and ensuring a just transition, while strengthening resilience. The three major reports by Enrico Letta, Mario Draghi and Sauli Niinistö outline a way forward for Europe’s prosperity, strength and security.**

**For Europe’s providers of power transmission and distribution technology for electricity grids and electricity intensive sites – including buildings, factories, data centres and hospitals – it is beyond doubt that electrification, based on renewable sources, will have to take a central place in this strategy.**

**As the Draghi report highlighted, one of the biggest breaks on our competitiveness and our industries’ ability to grow is high energy prices. EU companies still face electricity prices that are 2-3 times those in the US and natural gas prices paid are 4-5 times higher.<sup>1</sup> In short, Europe needs to bring down energy prices and eliminate its dependencies on fossil fuels.**

**The Clean Industrial Deal is the right place to set the strategic objective of structurally bringing down Europe’s electricity prices to the level of China and the**

---

<sup>1</sup> The Future of European Competitiveness, p.14

**US. Such a clear common objective, accompanied by targeted actions, will help to focus all necessary efforts by all relevant stakeholders.**

**The successful realisation of the ambition requires policy and regulatory action on three fronts: Electrification, Infrastructure and Industry.**

## **Electrification**

### **Accelerate clean energy roll-out and industrial decarbonisation**

Electrification of most of the end-uses that are currently running on fossil fuels is the way to decarbonise and reduce external dependencies. It would, inter alia, allow Europe to reduce its current spending of EUR 451 billion in 2023 on fossil fuel imports to EUR 142 billion per year between 2041 and 2050 due to electrification.<sup>2</sup>

The Clean Industrial Deal should take on board the recommendations of the [Electrification Alliance](#) and the [Antwerp Dialogue](#), in particular:

- **Financially support and incentivise** industry, car and homeowners to deploy electric equipment, electric mobility devices and electric heating, and cooling technologies. This support should be aligned with State Aid frameworks and a clear, direct-electrification pathway.<sup>3</sup>
- **Tackle taxes and levies on electricity** in the EU, which on average are respectively 3 and 3.5 times higher for household and industrial consumers than for natural gas, by ensuring fair tax policies and levies to enhance industrial competitiveness and accelerate electrification in the EU.<sup>4</sup>
- **Guarantee timely grid access** for electrified industrial processes and charging infrastructures through a combination of robust energy system planning and strict implementation of Market Design grid provisions on grid connection procedures and timelines.<sup>5</sup>

---

<sup>2</sup> Eurelectric, Grids for Speed

<sup>3</sup> Electrification Alliance, [Clean Industrial Deal Position Paper](#)

<sup>4</sup> [Antwerp Dialogue on Industrial Electrification & Competitiveness](#), p.8 and Electrification Alliance, [Clean Industrial Deal Position Paper](#)

<sup>5</sup> Electrification Alliance, [Clean Industrial Deal Position Paper](#)

- **Remove barriers to power purchasing agreements** (PPAs) and other forms of market-based long-term contracts for industrial consumers.<sup>6</sup>

## Infrastructure

### Build Europe's clean energy system

A European clean energy system needs to be in place to serve households and industry of affordable electricity. Distribution and transmission grids are the backbone of the electricity system, and their cost-effective physical expansion, digitalisation and modernisation is instrumental in supporting industrial electrification, competitiveness and decarbonisation. Building such a future-proof energy system would, inter alia, help to reduce the bill of more than EUR 4 billion in grid congestion management costs.<sup>7</sup> This requires the EU and Member States to follow through on their commitments on long-term planning and to invest in the extension and modernisation of Europe's energy infrastructure, in particular in distribution, both at medium and low voltage, and transmission grids.

In her first mandate, President Von der Leyen's Commission took the important decision to publish the Grid Action Plan.<sup>8</sup> This is the political recognition of the crucial importance of grids. The Clean Industrial Deal needs to build on the progress made by all relevant stakeholders.

T&D Europe fully supports the following recommendations, including those formulated by the [Electrification Alliance](#) and the [Antwerp Dialogue](#):

- **Provide adequate financial support** for enabling infrastructure such as electricity grids at all voltage levels. This should be achieved through the upcoming Multiannual Financial Framework 2028-2034, such as the Competitiveness Fund or the financing tools of the European Investment Bank.<sup>9</sup>
- **Provide clear long-term commitments:** Network development plans should be clearly aligned with the National Energy and Climate Plans for all voltage levels and accompanied by industrial plans, specifying the medium and long term

---

<sup>6</sup> [Antwerp Dialogue on Industrial Electrification & Competitiveness](#), p.2

<sup>7</sup> ACER, [Transmission capacities for cross-zonal trade of electricity and congestion management in the EU 2024 Market Monitoring Report](#), 3 July 2024, p.4

<sup>8</sup> European Commission, [Grids, the missing link - An EU Action Plan for Grids](#), COM(2023) 757 final

<sup>9</sup> Electrification Alliance, [Clean Industrial Deal Position Paper](#)

demand from network operators for grid technology. This would enable the T&D technology providers to make the business case with a competitive return on equity to add capacity, to organise its supply chain and to recruit and develop the necessary skills.

Ambition alone is not enough. It is paramount to move Europe's 2050 target from ambition to political and financial commitment. Planning needs to be backed by reliable commitment of governments, regulators (enabling their system operators to act on targets notably through long term framework agreements when relevant) and customers (right framework to make financial commitments).<sup>10</sup>

- Promote an increase in investments in **digital electricity infrastructure**.<sup>11</sup> Only by combining investments in physical and digital grid infrastructure and technologies such as flexibility management, the efficient and reliable grid integration and operation of distributed generation and electricity consumers can be assured and accelerated.

## Industry

### Supporting clean tech industrial capacity

The main aim of the Clean Industrial Deal is boosting Europe's competitiveness. The Commission needs to avoid the mistake to focus primarily on struggling industries. The Clean Industrial Deal needs to recognise the importance of those *silent* and often-overlooked industries that enable and underpin Europe's economic strength.

The good news is that Europe is home to a world-leading transmission and distribution technology sector, providing modern, digital, and innovative solutions for the energy system of today and tomorrow, based on an electricity backbone. The strength of the sector lies in the combination of multinational corporations and specialised SMEs. Together they form a strong industrial base in Europe, which needs to be preserved and strengthened.

---

<sup>10</sup> T&D Europe, [Towards Future-Proof Grids](#)

<sup>11</sup> T&D Europe, [Towards Future-Proof Grids](#)

That the T&D sector is one of Europe's strong points, now and in the future, was also stressed by the IEA's Executive Director Dr Fatih Birol in his speech in Copenhagen<sup>12</sup> at the end of 2024 where he stated that with adequate support Europe can be a world leader in the manufacturing equipment and technologies for offshore wind and electricity grids and smart infrastructure.

For the T&D industry to be able to play its crucial role, the Clean Industrial Deal needs to address the following important needs of the sector:

- **Europe's grid technology sector is a vital European and national interest:** We call on the Commission to qualify support for Europe's grid technology sector as a vital European and national interest. This should notably emerge as a key tangible and practical outcome of the Clean Industrial Deal. Europe needs to have strong industrial manufacturing and software development capacities that can supply and support the electricity system as a critical infrastructure. It should thus take the right measures to enable the sector to continue to operate, deliver, innovate for a secure, reliable, flexible, and resilient electricity network.<sup>13</sup>

This would require policymakers to remove existing barriers for support to manufacturers and software developers through EU funds as well as State Aid, in particular the temporary crisis and transition framework (TCTF).

- **Recognise Sustainability:** Europe-based manufacturers are following Europe's leadership in driving sustainability. Europe needs to ensure that sustainability rules do not become an additional burden for industry (like CBAM) that undermines its global competitiveness. These sustainability efforts need to be recognised as part of (public) procurement processes. Therefore, regulation should incentivise or even prescribe sustainable asset acquisition and formation where reasonable and not solely favour the most cost-efficient (or rather cheapest) option. Structured life cycle evaluations could be incorporated into procurement processes to ensure that project developers can make data-based decisions when purchasing assets based on their sustainability characteristics.<sup>14</sup>

---

<sup>12</sup> [Powering European Industry, 29 October 2024](#)

<sup>13</sup> T&D Europe, [Towards Future-Proof Grids](#)

<sup>14</sup> T&D Europe, [Towards Future-Proof Grids](#)

Structured market surveillance, to avoid unfair non sustainable products, is a must.

- **Ensure regulatory coherence:** The massive challenge to build and expand Europe's electricity network requires industry to deliver at speed and scale. The swift implementation, application and enforcement of existing EU legislation is crucial. At the same time, for manufacturing it is essential that the requirements and specifications of products and solutions do not change in a way that requires re-design or re-formulation.<sup>15</sup> PFAS, REACH, Eco-design are examples of policies that require attention.

We are looking forward with great expectations to the publication of the Clean Industrial Deal. We trust that the major challenges Europe is currently facing will be met with a bold ambition from the Commission.

Europe needs to support Europe-based manufactures and software developers in strengthening the domestic production of strategic grid technologies.

We are ready to support you in delivering such an ambition.

### **For more information**

T&D Europe

Diederik Peereboom, secretary general

Email: [secretarygeneral@tdeurope.eu](mailto:secretarygeneral@tdeurope.eu)

---

<sup>15</sup> T&D Europe, [Towards Future-Proof Grids](#)