

SCIENCE4POLICY BRIEFING – ENSURING AFFORDABLE ENERGY AND A COMPETITIVE EUROPEAN INDUSTRY WITH THE CLEAN INDUSTRIAL DEAL

Publication date:

June 2025

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ABOUT:

The Institute for European Environmental Policy (IEEP) organises a series of Science4Policy briefing events on European environmental policies. With these events, IEEP wants to create an open dialogue where MEPs, civil society, research institutes and businesses can gain insight on environmental topics relevant to the work of the European Parliament, as well as gathering input from other key stakeholders participating in the discussion.

BRIEF

At the Science4Policy briefing “Ensuring affordable energy and a competitive European industry with the Clean Industrial Deal” held on 4 June 2025 at the European Parliament, the [Institute for European Environmental Policy \(IEEP\)](#), with the support of the [Heinrich Böll Stiftung European Union](#) and the [MEP Group on “Climate Change, Biodiversity and Sustainable Development”](#) convened MEPs, Commission officials, and civil-society experts to discuss the Action Plan for Affordable Energy Prices, the Clean Industrial Deal, and how the EU provide low-cost clean energy while remaining competitive on an industrial level. Hosted by **MEP Christophe Grudler (Renew Europe)** and **MEP Ludek Niedermayer (EPP)** and moderated by **Chiara Antonelli**, Head of Programme – Climate and Circular Economy at IEEP, the session featured a keynote presentation by **Andreas Rüdinger**, Energy Transition Expert at IDDRI, followed by a panel discussion with **Baiba Miltovica**, Head of Section at European Economic and Social Committee, **Andreas Brieger**, Director of SMEUnited, **Tzeni Varfi**, Head of Policy at SmartEn, and **Jörg Mühlenhoff**, Head of Programme European Energy Transition at Heinrich-Böll-Stiftung EU.

MEP Christophe Grudler

“The Clean Industrial Deal is a new roadmap to decarbonising industries while strengthening competitiveness in the EU. This approach is key to reducing emissions while keeping industrial jobs in Europe.”

MEP Ludek Niedermayer

“We must focus on building a true single EU market for energy, because variation in energy prices at the Member State level is a significant issue.”

This brief presents the main takeaways from the discussion, focusing on how the EU can ensure affordable energy while remaining competitive at an industrial level within the Clean Industrial Deal framework.

To ensure affordable energy and industrial competitiveness while meeting climate goals, the [Clean Industrial Deal \(CID\)](#) must be supported by a socially just and efficiently implemented policy framework. This includes embedding equity across all policy measures, accelerating clean tech deployment through streamlined permitting processes, and harmonising energy infrastructure across the EU. Additionally, strategic investment in EU-based clean technology industries is crucial to strengthen Europe's energy independence and industrial competitiveness. Achieving the CID's objectives will require strong political leadership, binding sectoral emissions targets, and coordinated action across all levels of government.

The following are the key policy recommendations that were discussed during the Science4Policy briefing event:

1. Define A New Social Contract for the Energy Transition

While the CID aims to make clean energy affordable in the long term, the strategies in use to achieve decarbonization may lead to higher energy costs in the short term, especially for vulnerable groups like SMEs and lower-income households. The Clean Industrial Deal must account for the needs of vulnerable groups in both emergency and structural policy frameworks, and the concept of a new social contract for the energy transition that ensures no one is left behind should be at the forefront of policy discussions.

- 1.1. Require comprehensive **distributional impact assessments** for all the measures included in the CID to evaluate their effects across income groups, regions, and business sizes. This will ensure that policies do not disproportionately impact vulnerable groups.
- 1.2. Support SMEs and vulnerable households in participating in **energy prosumerism** (individuals who both generate their own energy and consume it) and **energy sharing schemes**, which can enhance their energy independence and lower costs. However, it is important to ensure that the energy sharing model does not exacerbate existing inequalities between communities.
- 1.3. **Integrate social equity into energy pricing, industrial subsidies, and public funding decisions**, ensuring fairness in cost and benefit distribution, as well as access to support (e.g. SMEs vs. large firms, low-income households vs. industrial actors).

2. Ensure Efficient, Well-Funded, and Coordinated Implementation

The CID lays out an ambitious roadmap for decarbonising Europe's industrial sector, but the briefing suggested that a significant gap persists between policy objectives and concrete, funded initiatives needed

for implementation. Thus, strong political leadership is needed to bridge long-term climate goals with immediate socio-economic needs, particularly surrounding affordability, employment, and competitiveness. Furthermore, harmonising implementation frameworks at local and regional levels was highlighted as crucial for effectiveness and creating a true single EU market for energy.

- 2.1. Establish a **comprehensive, multi-annual, and adequately funded implementation strategy** for the CID that is backed by strong political leadership and that reconciles long-term climate goals with immediate socio-economic needs.
- 2.2. Develop and mandate harmonised implementation frameworks, standards, and processes across Member States, regions, and local authorities to **create a true EU single market for energy**. Further integration of EU energy markets will reduce prices and increase stability.
- 2.3. Establish binding **sectoral decarbonisation benchmarks** (e.g., for steel, chemicals, transport) and set conditions for public funding relative to measurable progress in emissions reduction and technology deployment. This results-based funding model will improve accountability and drive investment from the private sector. Likewise, future support mechanisms aimed at reducing electricity prices for industries should be harmonized through common guiding principles at the EU level and increasingly conditioned to clear decarbonization measures.

3. Reform the Energy Market and Improve Grid Flexibility

Additionally, it was highlighted that local grid infrastructure and smart flexibility tools are underfunded, undermining electrification and decarbonisation efforts. Through the Clean Industrial Deal, the EU needs systemic reforms that target both the economic signals and physical infrastructure needed for a stable, clean, and consumer-responsive energy system.

- 3.1. Encourage and mainstream **long-term energy contracts such as Contracts for Difference (CfDs)** for both large industry and SMEs to stabilise prices for consumers and de-risk investments in clean technologies for producers.
- 3.2. Allocate EU and national funding for **investment in local grid upgrades** and smart grid technologies to support rising electrification demands and connect distributed energy resources.
- 3.3. Promote demand-side flexibility through consumer-friendly schemes that incentivise households and SMEs to shift electricity usage to off-peak hours, including **time-of-use pricing and support for flexible appliances** (e.g., heat

pumps, EV chargers). This will help reduce price spikes and negative price episodes, and lead to a more stable and sustainable energy system.

4. Facilitate Clean Infrastructure Deployment through Faster Permitting and Unified Standards

Permitting, alongside a shortage of harmonised technical standards, remains a major obstacle for clean energy and industrial projects under the CID. To meet the CID's electrification and decarbonisation targets, the EU must speed up infrastructure approvals and ensure interoperability of smart technologies.

- 4.1. Mandate **reduced permitting timelines for grid, storage, and clean infrastructure projects**, with grid readiness and flexibility integration as project prioritization criteria.
- 4.2. Support Member States in aligning infrastructure planning between permitting bodies and grid operators.
- 4.3. Develop and adopt **EU-wide standards for smart, remote-controllable green technologies** (e.g., EV chargers, heat pumps) to enable seamless grid integration and real-time responses to price signals.

5. Strengthen the Clean Tech Industrial Base

To maintain competitiveness and reduce external dependencies, Europe must scale up clean technology industries such as heat pumps, batteries, and grid services. This will help achieve EU climate targets and provide accessible clean energy to SMEs and individuals.

- 5.1. **Prioritise EU-based clean tech sectors** (e.g., batteries, heat pumps, solar photovoltaics) for strategic funding, job creation, and industrial policy alignment within the CID framework.
- 5.2. Expand access to low-cost capital for renewable energy and clean industrial projects through **green bonds, 0% interest loans for SMEs, and blended finance instruments** that combine EU guarantees with private capital.

Further reading:

1. García-Muros, Xaquín, Claudia Dias Soares, Jesus Urios and Eva Alonso-Epelde (2023) [‘Who took the burden of the energy crisis? A distributional analysis of energy prices shocks’](#), Policy Report, Institute for European Environmental Policy.
2. Regulatory Assistance Project (RAP): [Flex-ability for all](#), January 2024
3. Green European Foundation/Heinrich-Böll-Stiftung EU: [Boosting participation in the energy transition. Five action areas for the new EU policy cycle](#), November 2024
4. Jörg Mühlenhoff: [EU’s Clean Industrial Deal: what next for Europe’s energy transition?](#) March 2025



This work has been produced with the financial support of the LIFE Programme of the European Union. The paper reflects only the views of its authors and not the donors.