

Eurelectric: power sector and energy intensives find consensus on how to restore competitiveness

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BRUSSELS, BELGIUM, December 9, 2024 /EINPresswire.com/ -- This year, for the first time, [Eurelectric](#) came together with energy intensive representatives CEFIC and European Aluminium in the [Antwerp Dialogues](#) to discuss how to strengthen Europe's competitiveness and electrify industry.



To get the balance between competitiveness and decarbonisation right, energy intensives should benefit from clear incentives to electrify"

Kristian Ruby - Eurelectric's Secretary General

The group – gathering more than ten sector associations – found consensus around [six key actions](#) to alleviate pressure on Europe's industrial base while maintaining the business case for decarbonised electrification: (1) facilitate access to power purchase agreements (PPAs) and long-term contracting for industrial consumers, (2) boost financing of low-carbon technologies, (3) level out electricity taxes and levies, (4) develop flexibility, (5) address infrastructure bottlenecks and (6) create high quality jobs. Eurelectric calls on the European Commission to consider these joint recommendations in the upcoming

Clean Industrial Deal.

In line with Mario Draghi's report, all Antwerp Dialogue participants recognised the need for industry to accelerate direct and indirect industrial electrification and reduce the competitiveness gap vis-à-vis trading partners while staying the course to climate neutrality.

"To get the balance between competitiveness and decarbonisation right, energy intensives should benefit from clear incentives to electrify" – said Eurelectric's Secretary General Kristian Ruby, underlining that a business case for sustained investments in the electricity system is paramount.

“A well-functioning market with long-term investment signals, incentives to reinforce infrastructure and lower taxes on electricity are no-regret solutions that can be implemented immediately” – added Ruby.

PPAs and other long-term contracting tools provide predictability to energy producers and consumers, encourage clean investments and support decarbonisation. Yet, their limited availability in EU countries could lead to more volatility and higher average prices for certain customers. The EMD revision already removes some of the existing barriers to PPAs by enabling consumers to contract with multiple suppliers, grouping demand and ensuring counter-party risks guarantees. Yet, implementation is lagging. To provide additional options to industrial consumers the European Investment Bank (EIB) should ensure a dedicated lending window and provide financial guarantees to derisk and further incentivise industrials to enter PPAs.

Beyond implementation, accelerating industrial electrification requires more public and private financing. This means increasing green funding programmes, extending grants from State Aid, a European Competitiveness Fund and the Recovery and Resiliency Facility. To further encourage investments, the EU should create an electrification bank and new electrification accelerated areas, where permitting for industrials is streamlined. Each support scheme should be targeted and avoid undue effects on the single market.

Another way we can lower energy prices and support electrification is by fixing Europe’s perverse energy taxation. Taxes on electricity in the EU as a share of the final bill are respectively three and three and a half times higher for household and industrial consumers compared to natural gas. Network charges also include several hidden taxes depending on each EU Member State. The tax burden on electricity must decrease to make it a competitive energy carrier. The EU Commission can encourage this effort by mapping the level of taxes in each Member State, distinguishing which taxes are related to the functioning of the electricity system and which ones are related to other services of general interest, such as social policies. Action on European Taxation Directive to correct this discriminatory treatment is urgently needed.

In the long-term, energy prices will also decrease as more cheap renewable and low carbon technologies enter the market. Their system integration, however, must be supported by flexible resources to match their variable supply and by reinforced electricity grids to deliver that power to the point of consumption. The need for more flexibility to stay competitive in the future decarbonised economy was especially stressed by Antwerp Dialogue participants.

On the supply side, storage, together with flexible generation, can respond rapidly to fluctuations in renewable output. On the demand side, more flexibility will be needed, too. All industrial consumers can shift their consumption to periods generally defined by lower demand or at expected points of higher renewable availability, albeit to different degrees. Encouraging demand-side flexibility requires ensuring broad voluntary access to all market participants to flexibility markets, developing capacity mechanisms – as foreseen in the EMD reform - and providing adequate remuneration and price signals.

Lastly, scaling up new industrial electrification technologies, modernising the power grid and boosting industries' production capacity will require a qualified workforce. Financial resources at national and EU levels can and must address skill shortages by re- and upskilling workers through training and lifelong learning programmes.

Eurelectric calls on the European Commission to consider the Antwerp Dialogues conclusions in its Clean Industrial Deal as a holistic approach to ensure a competitive and decarbonised economy for all.

Note to Editors:

Eurelectric represents the interests of the European electricity industry. We seek to contribute to the competitiveness of our industry, provide effective representation in public affairs and promote the role of electricity in the advancement of society.□

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