

## EREF Response to the Consultation on the draft new State aid Framework to support the Clean Industrial Deal

Brussels, 25 April 2025

EREF welcomes the Commission's proposal for a new [Clean Industrial Deal State Aid Framework](#) as an important step towards strengthening the competitiveness of European industries and accelerating the transformation to a climate-neutral, renewables-based energy system. Its long-term and enabling orientation beyond the Temporary Crisis and Transition Framework is welcome, and we support the ambition to streamline procedures and mobilise investment in strategic sectors. At the same time, effective and well-designed implementation will be crucial to ensure that the framework delivers in practice. We underline that a timely Commission approval of national aid schemes is essential to provide planning security and avoid delays that could undermine investment.

Additionally, we are concerned that the reordering of categories and the introduction of new provisions may lead to legal uncertainties if key elements remain ambiguous. Definitions and eligibility criteria must be clear, legally robust, and grounded in existing legislation to ensure consistency and predictability for all actors.

Based on EREF's full submission, we highlight the following key priorities:

- **Support must focus on fully renewable technologies.** Fossil gas, nuclear, and "low-carbon" options should be excluded to avoid lock-in effects and misallocation of public funds.
- **Aid thresholds and eligibility criteria must reflect real-world deployment conditions,** including repowering costs, small-scale exemptions, negative price rules and self-consumption models.
- **Definitions must align with EU law and reinforce the shift to renewables.** Terms such as "non-fossil flexibility" must be clearly defined and limited to renewable-based solutions.
- **Hydrogen aid must be reserved for renewable hydrogen.** Point 82 should exclude "low-carbon" blends; point 101 (gas conversion) should be deleted to avoid prolonging fossil use.
- **Point 6.2 on foreign subsidy matching must be simplified** to reduce administrative burden, especially for SMEs and early-stage clean-tech manufacturers.
- **De-risking and infrastructure support must prioritise decentralised renewables** and be accessible to SMEs, citizen-led initiatives, and energy communities.
- **Support for CCS/CCU manufacturing must be strictly limited.** Aid should prioritise renewable energy and energy efficiency first, and apply only where climate benefits are verifiable, durable, and where no extension of fossil-based production infrastructure occurs.
- **Nuclear energy must remain excluded from this framework.** Any potential future aid must follow a separate legal process under EURATOM and be subject to full scrutiny.

- **Municipally owned companies that meet SME criteria otherwise should be eligible** for higher aid intensity, regardless of ownership structure.

Generally, EREF welcomes the clarity in the guidelines draft, underlining that mechanisms which are based on general economic policies and thus not selective are not state aid and do not need notification and approval under state aid rules.

In view of the overall urgency already outlined under TCTF and enshrined in the Principle of Renewables being of overriding public interest as already defined under the SOS Regulation and in RED III, EREF welcomes the acceleration and simplification of compatibility rules.

An important aid intensity increase factor is placed on leverage for small for small and medium sized enterprises, which obviously is welcomed by EREF as the voice of independent power producers. Concerning renewable energies and their roll-out on local level, there is no question from experience that a good coordination e.g. with communal enterprises, be it communal power supplier or other actors on the local level which are part of the communal self-determination quest and obligation, as outlined in national Constitutions such as under Art. 28 of the German Constitution. Often, these are entities which are wholly or to a larger percentage owned by the municipality. This means that at present they would not fulfil the criteria the Commission refers to under 2. Definitions (9) (j) (“‘small and medium-sized enterprise’ or ‘SME’ means an undertaking that fulfils the conditions laid down in the Commission Recommendation concerning the definition of micro, small and medium-sized enterprises” EREF strongly suggests for an urgent remedy in allowing all municipal SMEs, which do fulfil all the other criteria under SME, to participate and to benefit from a higher aid intensity.

Finally, EREF welcomes the clarification in point (8) that nuclear energy is excluded from the scope of these guidelines. Given the specific legal framework for nuclear under the EURATOM Treaty, EREF insists that any potential state aid for nuclear energy must follow a separate legal pathway and be subject to extensive public consultation and policy scrutiny before any specific guidelines are developed.

Please find below EREF’s full responses to the individual consultation questions. EREF remains available to support the Commission in ensuring that the final framework delivers on its intended objectives and reflects the needs of independent renewable energy producers across Europe.

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## Section 4: aid to accelerate the rollout of renewable energy

### *Aid for renewable energy*

**Question:** Please provide any comments specific to section 4.1 of the draft framework (“Aid schemes to accelerate the rollout of renewable energy”). (5000 character(s) maximum)

EREF welcomes the commitment to speeding up RE deployment through targeted investment aid and price support mechanisms. However, several clarifications and adjustments are needed:

#### **Scope of Eligible Storage (32)**

While EREF appreciates the inclusion of storage for bioenergy, the condition that  $\geq 75\%$  of storage content must come from a directly connected production facility is overly rigid and could create discriminatory economic barriers in comparison to other technologies incl. non-renewable sectors, thus violating the overriding public interest for renewables. It risks excluding configurations fed by multiple small-scale producers or facilities in close proximity. EREF suggests re-evaluating this threshold to allow functionally equivalent configurations to qualify.

#### **Investment Aid and Repowering (40)**

EREF recognises that decoupling investment aid from energy output benefits emerging RE technologies, e.g. renewable hydrogen, with lower yields or higher conversion losses. Nonetheless, a blanket requirement for output-independence prevents pragmatic, cost-reflective support for established technologies. EREF therefore strongly suggests removing this requirement, allowing MS flexibility to apply either output-based or capacity-based aid designs, rather than mandating output neutrality.

Moreover, repowering of existing assets, such as wind turbines and hydropower, often incurs higher costs than new-build installations, owing to decommissioning, grid reinforcement and site-specific constraints, incl. fish migration mitigation due to higher ecological hydropower standards. EREF suggests explicitly allowing for higher aid intensities or bonus structures for repowering, and not limit eligibility strictly to incremental capacity.. EREF proposes the following wording: „(40) [...] ~~The aid amount will be independent from the energy output.~~ In case of repowered capacities, ~~only the additional~~ **all relevant costs** in relation to the repowered capacity are eligible for aid“.

#### **Aid Intensity and Size Thresholds (42–43)**

The base aid intensity of 45%, with possible increments of +20 pp/+10 for SMEs, may not fully capture the diversity of cost structures across technologies. A more technology-sensitive approach would ensure adequate support, particularly for capital-intensive sectors.

Additionally, EREF reconsidering the appropriateness of the 18 MW threshold for small wind projects. Given rising turbine capacities (now often  $>5$  MW), the 18 MW threshold - originally designed for 6 turbines with an average capacity of up to 3 MW - seems too low given technology advancement. Revising this threshold so limits are not based on a

maximum amount of MW but a maximum amount of 6 turbines (without capacity regulation) would preserve the intended exemptions. EREF proposes the following wording: „(43) d. for wind generation only, projects ~~with an installed capacity equal or below 18 MW~~ **with a maximum of 6 generation units**, if they are 100 % owned by small and microenterprises and/or by renewable energy communities and/or by citizen energy communities.“

Furthermore, EREF recommends basing size thresholds on “average electric capacity” rather than “installed capacity,” especially to avoid penalising flexible plants like biogas facilities. Flexibilisation often increases installed capacity without raising energy output, causing small plants to face stricter rules despite unchanged production.

#### **Exemptions for Small Installations and Two-Way CfDs (46)**

While two-way contracts for difference may be appropriate for large-scale installations, smaller actors such as RECs or SMEs often face disproportionate administrative burdens. EREF strongly supports explicitly including the exemption for small-scale renewables (fn 35) and installations below 1 MW when owned by SMEs or communities. Thus, EREF suggests including the content of fn 35 as an explicit definition under Point 9.

#### **Self-Consumption and Eligible Costs (47)**

EREF considers it essential that the eligible project costs should exclude any cost savings from self-consumption. This ensures maintaining incentives for decentralised energy models and avoids penalising system-friendly behaviours. **“It shall exclude any cost savings from self-consumption”** should be added to point 47.

#### **Negative Prices and Market Participation (50)**

Completely prohibiting remuneration during periods of negative market prices poses a disproportionate risk to smaller installations partially lacking onsite storage or demand-response. EREF recommends introducing a grace period and to soften the wording as follows: “(50) Aid ~~must~~ **shall** be designed to prevent any undue distortion [...]” - to better balance investment security and market discipline. Moreover, smaller projects should be excluded from remuneration prohibitions during negative prices if MS do not fully enforce EU law (RED, EMD), and/or where the DSO does not provide adequate mechanisms to allow feed-in of mixed electricity from 100% RE and storage via one single meter point.

### ***Completion deadlines for RE projects***

**Question:** If you consider the proposed completion deadlines or exemptions there from (see point (37)) are not appropriate, please provide concrete justification for any alternative timeline or other exemptions you would consider more appropriate. (5000 character(s) maximum)

→ *Point (37) With the exception of offshore wind, hydropower, including hydro storage, and renewable hydrogen production installations, supported projects must be completed and be in operation within [36] months after the date of granting. The scheme should include an effective system of penalties in case this deadline is not met.*

EREF recognises the value of clear and transparent timelines for the implementation of renewable energy projects, as these can support planning certainty and help accelerate deployment. At the same time, the proposed 36-month deadline under point (37) may prove overly rigid in light of persistent structural and administrative challenges across Member States.

While such a deadline may create positive pressure to deliver, its effectiveness depends on parallel improvements in permitting and administrative procedures under the implementation of Renewable Energy Directive (RED III) and the Clean Industrial Deal. Without meaningful progress on these fronts, developers risk being penalised for delays outside their control – for instance due to protracted permitting, grid connection delays, or global supply chain constraints. This is particularly relevant for projects requiring substations or grid infrastructure upgrades, where lead-times are already short under frameworks such as the German EEG. Furthermore, a clarification is needed, that the deadline refers to the implementation process between a project being granted and being operated rather than being fed-in to the grid as this may cause additional unnecessary pressure on developers.

Penalty mechanisms must therefore be designed with sufficient flexibility to distinguish between developer-driven delays and those resulting from external factors. EREF strongly recommends that any penalties imposed under point (37) take into account systemic barriers, including administrative, regulatory, or infrastructure-related bottlenecks. Developers should not face sanctions for delays caused by factors beyond their control, as this undermines investment confidence and the fairness of the aid framework.

EREF suggests enabling flexibility where justified. In particular, the possibility of deadline extensions should be explicitly available for Member States with challenging circumstances and for technologies or projects facing systemic barriers, provided this is based on clear, transparent criteria. The current list of exemptions – for offshore wind, hydropower (including hydro storage), and renewable hydrogen – should be complemented by additional exemptions for other technologies where comparable structural delays are documented.

EREF also notes that uncertainty around permitting timelines remains a significant concern in Member States such as the Netherlands, where developers face difficulties in aligning project implementation with fixed completion deadlines. A rigid 36-month cut-off may unintentionally discourage project applications or slow down investment decisions. A more flexible, technology-sensitive approach with the extension option for Member States with difficult conditions would better reflect the realities of implementation and maintain the credibility of the framework.

### *Aid for non-fossil flexibility*

Please provide any comments specific to section 4.2 of the draft framework (“Aid for non-fossil flexibility support schemes”). (5000 character(s) maximum)

EREF considers it essential that the framework includes robust support for flexibility measures, which play a central role in enabling the integration of variable renewable energy and maintaining a secure, cost-effective and decarbonised energy system. These measures contribute to the efficient use of renewable energy and reduce the need for (too often still) fossil-based backup capacity. However, several key aspects of Section 4.2 require clarification to ensure alignment with the Union's climate and energy objectives.

The term "non-fossil flexibility" as used in point (51) is currently undefined and leaves too much room for interpretation. EREF suggests that the Commission provide a precise definition that clearly excludes nuclear energy and hydrogen produced from fossil-based or otherwise non-renewable sources. References to "low-carbon" or "zero-emission" sources that do not meet established sustainability criteria should also be avoided. This clarification is particularly important in points (53) and (57), where ambiguity could undermine the necessary focus on renewables-based system solutions.

In addition, EREF considers it important that flexible and dispatchable renewable energy technologies are explicitly included in points 53 and 57 as eligible under this section. This should cover bioenergy that fulfils the RED III-criteria, hydropower, and geothermal energy – all of which provide critical system value and can contribute significantly to increasing flexibility across Member States. Their inclusion is necessary to reflect the evolving reality of energy systems built on renewable generation and reduce the risk of overlooking proven, scalable flexibility solutions.

With regard to aid allocation procedures, point (62) currently indicates a strict focus on price-based ranking. EREF suggests allowing Member States to incorporate non-price criteria into the assessment, drawing on the approach outlined in the Net-Zero Industry Act. Factors such as environmental performance, system integration value, resilience contribution, and innovation potential could meaningfully improve the quality and effectiveness of support schemes.

EREF further notes that the proposed five-year approval period for flexibility measures (point 67) may be too short to provide adequate investment security. In some Member States, such as Germany, similar schemes operate on a 12-year basis. Extending the approval period would support longer-term planning and financial viability for flexibility providers.

EREF underlines that flexibility is not only a technical necessity, but also a cornerstone of a functioning renewables-based electricity market. Clarity and precision in terminology, combined with the full recognition of renewable-based flexibility resources, will help ensure that this section of the framework delivers on its strategic purpose.

### *Aid for capacity mechanisms*

**Question:** Please provide any comments specific to section 4.3 and Annex I of the draft framework ("Aid for capacity mechanisms following a target model"). (5000 character(s) maximum)

EREF recognises that capacity mechanisms may play a role in maintaining security of supply in an energy system increasingly based on renewable generation. However, to be consistent with the Union’s climate and energy objectives, such mechanisms must be designed to facilitate the integration of renewables and support investment in green, flexible and decentralised technologies.

It is essential that eligibility is limited to renewables-based options – including demand-side response, energy storage, and dispatchable renewables such as sustainable bioenergy and hydropower – that contribute to system resilience without delaying the transition. Support for fossil-based capacity, including installations defined and remunerated as strategic reserves, risks locking in high-emissions infrastructure and distorting market signals, particularly if such plants continue to operate in energy markets. This undermines the effectiveness of both decarbonisation policy and public investment.

EREF strongly suggests that fossil-based generation assets be explicitly excluded from receiving aid under capacity mechanisms. To preserve credibility and environmental integrity, mechanisms listed in Annex I should be transparently assessed against their contribution to the 2040 and 2050 climate targets. Furthermore, the target model must be fully aligned with existing State Aid guidelines, including the 2022 CEEAG, to ensure consistency and legal certainty across instruments. Prioritising renewable, flexible capacity – including demand-side response and system integration resources – is necessary to ensure that public support accelerates, rather than delays, the transformation of Europe’s energy system.



## Section 5: Aid to deploy industrial decarbonization

### *Aid to deploy industrial decarbonisation*

**Question:** Please provide any comments specific to section 5 of the draft framework ("Aid to deploy industrial decarbonisation"). (5000 character(s) maximum)

EREF supports measures that accelerate the decarbonisation of industry through the deployment of renewable energy, energy efficiency, and innovative clean technologies. Public support schemes should focus on enabling long-term investments in truly sustainable solutions that reduce greenhouse gas emissions while supporting industrial competitiveness and system resilience. In this context, EREF stresses the need for a clear prioritisation of all renewable-based technologies – including renewable electricity, heat, and renewable hydrogen – and the exclusion of fossil-based or nuclear pathways.

EREF is concerned that the current draft leaves too much ambiguity around the definition and eligibility of “low-carbon” technologies across several provisions (e.g. points 73, 75, 98, 100–108, 111). This risks undermining the coherence of EU decarbonisation efforts and may lead to the diversion of funds away from fully renewable and sustainable options. Any reference to “low-carbon” or “zero-emission” alternatives must be “renewable” or “renewable-based” or must at least be narrowly defined and must not include fossil-based hydrogen, nuclear energy, or other non-renewable sources.

In addition, EREF emphasises the importance of developing strong demand-side signals for green industrial products to support the business case for clean industrial transformation. This includes creating enabling conditions and regulatory tools, such as those being considered under the announced Decarbonisation Accelerator Act, that help green products reach markets and compete fairly. The Clean Industrial Deal rightly highlights this need, and it should be reflected in the implementation of CISAF.

### *Prioritisation of technologies for decarbonisation of industrial heat*

**Question:** If you consider that the prioritisation of technologies for decarbonisation of industrial heat in this section on decarbonisation and energy efficiency is not appropriate (see point (73)), please explain and provide evidence for other criteria you would consider more appropriate. (5000 character(s) maximum)

→ *Point (73) Investments aiming at the decarbonisation of industrial heat will prioritise (non-biomass-based) renewable heat, flexible direct electrification and the reuse of waste-heat, in particular below 400°C. Nevertheless, in duly justified cases, the use of other technologies can also be accepted but natural gas must deliver energy savings of at least [30]% or greenhouse gas emission savings of at least [60]%.*

EREF welcomes the recognition of renewable heat, electrification, and waste-heat recovery as key elements in the decarbonisation of industrial heat. These are indeed vital components of a sustainable energy transition. However, the explicit de-prioritisation of biomass-based renewable heat in point (73) is neither justified by evidence nor appropriate

in practice – especially in light of the parallel inclusion of fossil gas under comparatively lenient efficiency and emissions thresholds.

Industrial heat accounts for a substantial share of final industrial energy demand and remains one of the most challenging sectors to decarbonise. In many Member States, the renewable share of industrial heat remains very low – in some cases below 10% – despite the high overall energy use in the sector. In this context, bioenergy represents a readily available, dispatchable, and scalable renewable option, particularly well-suited for medium-temperature processes below 500°C. It is precisely in this temperature range that biomass-based heat – such as from wood energy – offers reliable and climate-compatible solutions.

Excluding this option risks leaving industries without viable renewable options, particularly where electrification is not yet feasible or affordable, and renewable hydrogen is not available at scale. The result may be a continued reliance on fossil gas, despite its incompatibility with long-term climate targets.

EREF considers that all renewable heat technologies meeting sustainability and environmental criteria should be eligible for support under this section. The current prioritisation should be revised to explicitly include sustainable biomass-based renewable heat, as well as aquathermics, alongside flexible direct electrification and waste-heat reuse. Sector-specific circumstances – including process temperature, infrastructure compatibility, and regional renewable fuel availability – should be taken into account to determine the most appropriate decarbonisation pathway.

In parallel, EREF strongly suggests removing the inclusion of fossil gas – including high-efficiency or lower-emissions variants – as an eligible solution in decarbonisation schemes. Even when subject to emissions or energy savings thresholds, fossil gas and its continued subsidisation runs counter to the objectives of the Clean Industrial Deal and the Union’s trajectory to net-zero. Permitting fossil-based heat solutions while excluding fully renewable alternatives undermines credibility and delays structural change. To allow greenhouse gas emission savings of natural gas of only 60% is not justified at all and contradicts the requirements of the revised renewable energy directive (RED III) for GHG-savings. Art. 29, para 10 RED III obliges newly installed biomass installations to reach at least 80% GHG-savings. The inclusion of fossil gas, predominantly coming from Russia and its allies would not only increase instability in the energy sector but also counteract the overriding public interest for renewable technologies. It endangers our binding obligations under the Paris Agreement.

Support mechanisms should reflect a consistent, renewable-based approach to industrial transformation. Priority must be given to solutions that align fully with the long-term direction of EU climate policy and that can be scaled sustainably in the near term.

***Scope: industrial hydrogen investment aid***

**Question:** For aid schemes covering investments relying wholly or partly on the use of hydrogen, section 5, point (82), the new framework takes into account the fact that Article 22a

of [Directive \(EU\) 2018/2001](#) on the promotion of the use of energy from renewable sources (RED) establishes targets for renewable fuels of non-biological origin (RFNBO) for hydrogen in industry. The draft framework does so by laying down a minimum share of renewable hydrogen calculated by reference to the average share of electricity from renewable sources in the Member State concerned, as such project-level contribution to meeting national targets established by EU law is considered a positive effect in the balancing exercise under Article 107(3)(c) TFEU. If you consider that the scope for aid for investments for industrial use of hydrogen should be defined differently, please provide justification and any available evidence for the scope of projects for which you consider that State aid for other types or combinations of hydrogen is required. (5000 character(s) maximum)

→ *Point (82) For aid schemes covering investments relying wholly or partly on the use of hydrogen, Member States must impose conditions ensuring that projects use only renewable hydrogen<sup>48</sup>, or a combination of renewable hydrogen, hydrogen which is produced from biomass compliant with the sustainability and greenhouse gases emissions saving criteria in Directive (EU) 2018/2001 and its implementing or delegated acts, and low carbon hydrogen<sup>49</sup>. In the latter case, the share of renewable hydrogen must equal at least the average share of electricity from renewable sources in the Member State concerned as measured two years before each year of operation [plus [10] percentage points].*

EREF supports the promotion of renewable hydrogen as a key pillar of industrial decarbonisation. However, the inclusion of “low-carbon” hydrogen under point (82) risks undermining the objective of a fully renewables-based energy system and weakens investment signals for truly sustainable technologies. As defined in Article 2(11) of Directive (EU) 2024/1788, low-carbon hydrogen includes fossil-based and nuclear-derived hydrogen. Supporting hydrogen derived from fossil or nuclear energy alongside renewable hydrogen, even if meeting emissions thresholds, diverts investment and limited public funds away from renewable hydrogen and slows the transformation away from fossil fuels toward a renewables-based industrial energy system.

EREF strongly suggests that state aid for hydrogen use in industry be restricted to renewable hydrogen only. This includes renewable fuels of non-biological origin (RFNBOs) and biogenic hydrogen, provided they comply with the sustainability and greenhouse gas emissions saving criteria set out in Directive (EU) 2018/2001 and its implementing or delegated acts.

The current formulation – which allows blending of renewable and non-renewable hydrogen based on national electricity averages – creates uncertainty and may incentivise hybrid projects that do not fully contribute to the de-fossilisation objectives. It also risks artificially inflating the share of non-renewable hydrogen supported through public aid, weakening investment signals for scaling up renewable hydrogen production and infrastructure.

EREF recommends that point (82) be revised to ensure that public support is exclusively available for hydrogen produced from renewable sources.

*Zero indirect emissions presumption for electrification projects*

**Question:** If you consider that the zero indirect emissions presumption for electrification projects in this section on decarbonisation and energy efficiency is not appropriate (see point (98)), please explain and provide evidence for an alternative presumption you would consider more appropriate. (5000 character(s) maximum)

→ *Point (98) Indirect emissions from the electricity used in decarbonisation projects receiving aid*

*under the scheme are deemed to be negligible and therefore do not need to be taken into account to verify that the projects deliver overall greenhouse gas emission reductions, if the scheme provides for any of the following conditions:*

- a. projects can only be located in bidding zones where in the previous calendar year either the average proportion of renewable electricity exceeded 90 %, or the emission intensity of electricity was lower than 18 gCO<sub>2</sub>eq/MJ;*
- b. projects can only use fully renewable electricity;*
- c. the expected increase in electricity demand stemming from the scheme can be entirely covered by an increase in supply of renewable or low-carbon electricity, as projected in the most recent National Energy and Climate Plan ('NECP') of the Member State concerned or by more updated plans to increase renewable or low-carbon power generation, if these are adopted after the latest update of the NECP. The expected increase in demand must not increase peak demand or lead to increase in electricity production from fossil fuel-based power generation.*

EREF acknowledges the Commission's intention to streamline the verification of indirect emissions from electricity use in decarbonisation projects. Simplification of administrative procedures can play a helpful role in accelerating investment. However, the current formulation of point (98) raises several concerns and may inadvertently undermine the environmental integrity of the framework.

While the second condition – that “projects can only use fully renewable electricity” – is an important safeguard in principle, it must be accompanied by clear and enforceable monitoring and verification obligations. Without robust mechanisms to ensure that the electricity used is indeed 100% renewable and additional, the provision risks encouraging indirect fossil-based emissions elsewhere in the system.

EREF considers sub-point (a) particularly problematic. It allows a presumption of zero indirect emissions not only if the project is located in a bidding zone where renewable electricity exceeds 90% but also where the average electricity emissions intensity is below 18 gCO<sub>2</sub>eq/MJ. This alternative threshold opens the door to include electricity from nuclear or other non-renewable sources under the guise of climate neutrality. EREF suggests removing this clause and limiting the presumption strictly to verifiably renewable electricity sourcing, in line with definitions under Directive (EU) 2018/2001.

Sub-point (c) similarly introduces the term “low-carbon electricity” in reference to projected supply increases under National Energy and Climate Plans (NECPs). EREF notes that this

term lacks a harmonised legal definition and opens the door for nuclear or fossil-based electricity with abatement technologies to be included en par with renewable electricity. To maintain alignment with the Union’s climate and energy legislation, EREF considers it essential that only additional renewable electricity generation, as defined in RED and its delegated acts, be recognised under this provision.

In summary, EREF suggests limiting the presumption of zero indirect emissions to projects that:

- source fully renewable electricity verified through transparent mechanisms;
- are backed by additional generation capacity that meets EU sustainability and additionality criteria;
- and are excluded from relying on undefined “low-carbon” or “low-intensity” electricity pathways.

This approach would ensure the credibility of the framework and uphold the principle that public support should accelerate the deployment of renewables, not open pathways for indirect fossil or nuclear-based emissions.

Finally, EREF also suggests on a general note that all energy carriers used in decarbonisation projects must be assessed consistently, with a clear distinction between fossil and renewable CO<sub>2</sub> sources, in line with life cycle emissions accounting where applicable.

### *Safe harbour for natural gas based projects*

**Question:** If you consider that the safe harbour for natural gas based projects in this section on decarbonisation and energy efficiency is not appropriate (see point (101)), please explain and provide evidence for an alternative presumption you would consider more appropriate. (5000 character(s) maximum)

→ *Point (101) The conditions set out in point (100) are deemed satisfied if the scheme provides for the following cumulative conditions:*

- a. *The natural gas-consuming equipment must be capable of being operated using exclusively hydrogen or other renewable or low-carbon gases, without substantial additional investments or the need to replace the equipment;*
- b. *beneficiaries must commit to phase out natural gas, and substitute it with hydrogen complying with the conditions in point (82) or other renewable or low-carbon gases by the end of the project’s lifetime; the scheme provides for an effective system of penalties in case of non-compliance with this commitment, which the Member State commits to monitor.*

EREF strongly suggests excluding the safe harbour provision for fossil gas-based power generation installations under the decarbonisation and energy efficiency section of the draft framework. Allowing state aid for fossil fuel-based energy production systems – even

with conditional conversion requirements – risks locking in carbon-intensive assets and undermining the Union’s commitment to a fully renewable, climate-neutral energy system. Gas transport infrastructure, such as pipelines, should be dedicated to transporting renewable gases like biomethane or renewable hydrogen only, and must not support continued fossil gas use.

Point (101) assumes that gas-consuming equipment can be converted to hydrogen or other gases without substantial reinvestment. This is not supported by current technical or economic evidence. In practice, such conversions often require significant upgrades or entirely new infrastructure. The clause also fails to define what constitutes “project lifetime,” leaving room for excessively long delays and weak enforcement.

Moreover, the reference to “low-carbon” gases introduces additional ambiguity. While the term is defined in Directive (EU) 2024/1788 as referring to gases that achieve a 70% greenhouse gas reduction compared to a fossil fuel comparator, it includes hydrogen derived from fossil fuels with carbon capture as well as nuclear-based hydrogen. Supporting fossil gas installations on the basis of future conversion to such sources risks prolonging fossil fuel use, misdirecting public funds and sending unclear signals to industry and investors.

EREF considers that state aid should not be granted to fossil gas-based energy generation projects under any circumstances. The focus must be on accelerating investments in renewable-based, future-proof technologies that deliver immediate and verifiable emissions reductions. Any attempt to retain fossil gas under the framework – regardless of stated conversion intentions – compromises the credibility of EU decarbonisation policy and misallocates limited public resources.

For these reasons, EREF recommends that point (101) be deleted in its entirety, and that point (100) be revised to ensure that fossil gas-based power generation infrastructure cannot be supported through state aid mechanisms under CISAF.

### ***5% flexibility margin for production capacity increase***

**Question:** The draft framework allows to provide support for investment costs related directly to the achievement of the greenhouse gas emission savings or energy efficiency. Such support for these investment costs does not cover production capacity increases, but it also does not prevent companies from proceeding at the same time with capacity increases insofar as the increases are not financed by State aid under the decarbonisation section. This is without prejudice to the compatibility of aid for such capacity increases under other sections of the framework, other frameworks or the Treaty. For simplification reasons, the draft framework nevertheless allows increases of capacity up to 5% without having to differentiate between costs for decarbonisation and those related to capacity increases (see point (103)). Do you think the 5% flexibility margin proposed to be appropriate? If not, please substantiate your view with concrete evidence and data. (*5000 character(s) maximum*)

→ *Point (103) The Member State must demonstrate that the aid does not finance an increase of the overall production capacity of the beneficiary. This is without prejudice to limited capacity increases resulting from technical necessity not exceeding [5%] compared to the situation before the aid.*

EREF acknowledges the practical value of allowing a limited flexibility margin in the context of industrial decarbonisation projects. In many cases, minor capacity increases may occur as a result of technical specifications or design optimisations that accompany the installation of more energy-efficient or cleaner technologies. In this regard, the proposed 5% margin appears broadly appropriate as a default threshold, helping to avoid unnecessary administrative complexity where such changes are clearly incidental to the primary decarbonisation objective.

However, EREF notes that a fixed ceiling may not be suitable across all sectors or technology types. In particular, certain industrial processes may see unavoidable capacity adjustments that slightly exceed 5% when deploying integrated renewable or energy-efficient solutions. To accommodate such cases without undermining the framework's environmental integrity, EREF suggests that Member States be given the option to justify a modestly higher flexibility margin on a case-by-case basis, provided that:

- the increase is directly attributable to the technical characteristics of the supported decarbonisation measure,
- it does not dilute or contradict the project's climate or efficiency goals, and
- it is subject to transparent monitoring and reporting safeguards.

EREF considers this approach preferable to a blanket exemption, as it maintains a clear baseline while providing proportionate flexibility where warranted.



## Section 6: Aid to ensure sufficient manufacturing capacity in clean technologies

### *Aid to ensure sufficient manufacturing capacity in clean technologies*

**Question:** Please provide any comments specific to section 6 of the draft framework ("Aid to ensure sufficient manufacturing capacity in clean technologies"). (5000 character(s) maximum)

EREF welcomes the Commission's recognition of clean-tech manufacturing as a strategic priority within the EU's climate and industrial agendas. Expanding the production capacity of net-zero technologies – including wind turbines, solar PV, electrolysers, storage systems, and related components – is essential to achieving the objectives of the Clean Industrial Deal and the Net-Zero Industry Act (NZIA). A resilient, competitive, and innovation-driven manufacturing base will be a cornerstone of the EU's long-term energy sovereignty.

To be effective, state aid under this section must be designed to address concrete market failures that currently hamper investment in European clean-tech manufacturing. These include high capital costs, limited investor appetite in emerging industries, and persistent supply chain dependencies on non-EU countries. Without public support, many technologies would not reach the scale needed for commercial viability. Aid schemes should therefore be targeted to support early-stage scale-up, de-risk investments, and enable long-term industrial competitiveness in strategic sectors.

The aid framework should also reflect the international context in which European clean-tech manufacturers operate. Structural cost disadvantages – such as higher energy and labour costs, and complex regulatory obligations – remain a persistent challenge. The framework should support the EU's strategic autonomy and industrial resilience, and must not be constrained solely by competition-neutrality principles if it is to enable fair global positioning.

Moreover, EREF highlights a specific concern with point 6.2, which introduces a requirement for aid applicants to provide "credible evidence" of subsidies they would receive in non-EEA countries. While the goal of avoiding subsidy races is valid, this provision raises significant concerns in terms of administrative burden, enforceability, and business confidentiality. It may discourage participation in aid programmes and create legal uncertainty or unequal treatment across Member States. EREF therefore recommends that this clause be clarified and simplified to ensure legal consistency and proportionality in implementation.

Furthermore, EREF notes with concern that the maximum aid amounts per project have been reduced compared to the levels allowed under the Temporary Crisis and Transition Framework (TCTF). In the absence of a deeper Capital Markets Union or increased national fiscal flexibility, this reduction risks limiting urgently needed investments in clean-tech manufacturing. Strategic green technologies require funding at scale to reach competitive production capacity. EREF therefore recommends maintaining the higher



thresholds provided under the TCTF to enable sufficient support for transformative industrial projects.

EREF also supports close alignment between CISAF and other relevant frameworks, including the NZIA and national green industry strategies, to avoid duplication and ensure consistency. However, this alignment must remain focused on fully renewable technologies. Aid for clean-tech manufacturing should explicitly exclude nuclear and other non-renewable sources to ensure coherence with the Union’s climate and energy objectives. This ensures that public money is used effectively to accelerate the deployment of green, future-proof technologies and does not prolong reliance on unsustainable energy sources. Finally, access to support must remain open to both large-scale manufacturers and SMEs.

***Scope: aid for clean tech manufacturing equipment and components activities***

**Question:** The list of clean technologies in point (122) eligible for manufacturing aid should be defined by reference to identifiable market failures in ensuring resilient supply of such technologies. Please indicate whether you consider that the scope for aid for clean tech manufacturing equipment and components activities under section 6 should be aligned with the scope of the corresponding section of the Temporary Crisis and Transition Framework (as set out in the draft for consultation of stakeholder views), with the scope of the Annex of the Net Zero Industry Act, or with some other sub-set of such technologies. Please provide justification and any available evidence for the scope of projects for which you consider that State aid for additional manufacturing capacity is required. (5000 character(s) maximum)

→ *Point (122) Provided that the conditions in section 3 and in this section are met, the Commission will consider compatible with the internal market on the basis of Article 107(3), point (c), of the Treaty, aid granted to incentivise investment projects that create additional manufacturing capacity for:*

- a. the production, including with secondary raw materials, of relevant equipment for the transition towards a net-zero economy, namely [batteries, solar panels, wind turbines, heat-pumps, electrolysers, and equipment for carbon capture usage and storage (CCUS)] [see also the corresponding question in the survey on other possible technologies listed in the Net Zero Industry Act62]; and/or*
- b. the production, including with secondary raw materials, of key components designed and primarily used as direct input for the production of the equipment defined under point (a); and/or*
- c. (c) the production of new or recovered related critical raw materials necessary for the production of the equipment or key components defined under points (a) and (b).*

EREF welcomes the support for strengthening Europe’s clean-tech manufacturing capacity, which is critical for achieving energy sovereignty, industrial resilience, and the EU’s climate targets. Aid under this section should be targeted to support technologies that are fully aligned with the transition to a renewables-based energy system and must

address real market failures, such as supply chain dependencies and high capital requirements in key strategic sectors.

EREF supports aligning the scope of eligible technologies with the Net Zero Industry Act (NZIA), provided that this alignment is limited to fully renewable energy technologies. Nuclear energy and other non-renewable sources, while included in parts of the NZIA, should be explicitly excluded from aid eligibility under this framework to maintain consistency with the Union's climate objectives and to ensure that public funds accelerate, rather than delay, the transition to renewables.

To reflect this, EREF recommends explicitly including hydropower technologies – such as hydro turbines and generators – within point (122)(a), alongside wind, solar, electrolysers, and other renewables-based equipment. Hydropower remains a key source of renewable electricity and flexibility in many Member States and its manufacturing base should be strengthened.

However, EREF wishes to underline one specific concern regarding the inclusion of equipment for carbon capture and storage (CCS) and carbon capture and utilisation (CCU) as eligible for manufacturing aid under point (122). While these technologies may serve a limited, complementary role in hard-to-abate industrial sectors, their generalised inclusion risks diverting public funding away from renewable energy deployment and undermining the EU's long-term climate objectives.

Aid for the manufacturing of CCS equipment should only be permitted where the captured CO<sub>2</sub> is permanently stored and contributes to verifiable, durable climate mitigation. EREF considers such aid to be appropriate only in very specific use cases – notably, where carbon is captured from sustainable biogenic sources (e.g. through Bioenergy with Carbon Capture and Storage, BECCS), under strict sustainability and lifecycle emissions criteria. Fossil-based CCS infrastructure should not be eligible, as it prolongs fossil fuel use and presents risks of carbon lock-in, upstream methane leakage, and distortion of energy and grid markets.

Similarly, support for CCU equipment must be limited to processes where the captured CO<sub>2</sub> is demonstrably utilised in products or applications that achieve meaningful and long-term emissions reductions. Aid should not be directed toward utilisation pathways with limited climate impact or temporary carbon storage effects. In both cases, aid eligibility should be clearly linked to climate integrity and should not create incentives to delay the energy transition or redirect resources away from renewables and energy efficiency.

Finally, EREF supports combining a long-term strategic approach, grounded in the NZIA's renewable-related provisions, with short-term flexibility drawing on measures from the Temporary Crisis and Transition Framework (TCTF), to address urgent market gaps, particularly in wind and solar component supply.

This dual approach ensures that support is both timely and strategically aligned with Europe's decarbonisation pathway, strengthening manufacturing without undermining the priority of renewables.

## Section 7: Aid to reduce risks of private investments

### *Aid to reduce risks of private investments*

**Question:** Please provide any comments specific to section 7 of the draft framework ("Aid to reduce risks of private investments in renewable energy, industrial decarbonisation, clean technology manufacturing and energy infrastructure"). (5000 character(s) maximum)

EREF supports the inclusion of targeted de-risking instruments within the Clean Industrial Deal State Aid Framework. Facilitating access to finance for renewable energy, clean-tech manufacturing, and industrial decarbonisation is essential to closing the current investment gap and accelerating the transition to a climate-neutral energy system. Well-designed de-risking mechanisms – such as guarantees, concessional loans, and equity-based instruments – can lower the cost of capital, reduce barriers for first movers, and stimulate greater private sector engagement, particularly in high-risk or capital-intensive segments of the transition.

To be effective, state aid rules must offer clarity, transparency, and long-term predictability. This includes clearly defined eligibility conditions, streamlined access for beneficiaries, and safeguards to ensure that financial support reaches those developers who genuinely face market-based financing barriers. Importantly, these instruments must be accessible not only to large industrial actors, but also to SMEs, energy communities, and citizen-led initiatives – all of which play a critical role in building a decentralised, renewables-based energy system.

De-risking must also reflect the long-term nature of many renewable energy investments. For example, hydropower projects, which provide reliable, flexible renewable generation, require long investment horizons and stable financial frameworks. Similarly, offshore wind developments involve high capital costs and extended lead times, making long-term security essential for mobilising private investment. Ensuring financial stability for such projects is crucial to unlocking their full contribution to a resilient, renewables-based energy system.

EREF underlines that public investment must be used strategically to crowd in private capital and accelerate the energy system transformation. De-risking tools must reinforce – not replace – the necessary reforms to regulatory frameworks and market design that ensure renewables and flexibility options become competitive by default. These instruments should enhance the long-term viability and scalability of renewable energy and clean technology investments, while avoiding dependencies or distortions that undermine the shift toward sustainable, future-proof solutions.

### *Inclusion of aid to investors in energy infrastructure projects*

**Question:** Do you agree that the inclusion of aid to investors in energy infrastructure projects as foreseen in point (146) is necessary? If no, please explain why and provide justification for any alternative scope. (5000 character(s) maximum)

→ (146) *In addition to the measures described in sections 4 to 6, Member States can choose to incentivise private investors to invest in projects within the scope of sections 4 to 6 in the areas of renewable energy, industrial decarbonisation and clean tech manufacturing, [as well as energy infrastructure within the framework of a legal monopoly<sup>69</sup>.]*

EREF supports the inclusion of energy infrastructure under the scope of eligible areas for investment de-risking. A well-developed, modern, and resilient energy infrastructure is essential for delivering on the Union’s climate and energy goals. Infrastructure bottlenecks – particularly in grid capacity, system flexibility, and interconnection – remain among the most significant barriers to the transformation toward a renewables-based energy system and the decarbonisation of industry.

The ability to offer state aid to de-risk private investments in energy infrastructure – for example through public banks, guarantee schemes, or blended finance instruments – is both necessary and timely. However, this support must be embedded within a stable and coherent regulatory environment that ensures long-term predictability for investors. Clear rules on cost recovery, access conditions, and infrastructure planning are as important as financial tools in enabling successful and strategic project delivery.

EREF also considers it important that infrastructure-related aid measures are closely aligned with broader regulatory developments – including the implementation of the electricity market reform, national grid development plans, and the National Energy and Climate Plans (NECPs). Coherence across these instruments is crucial to avoid duplication, enhance cost-efficiency, and ensure that support drives forward anticipatory and system-serving infrastructure deployment.

Support should prioritise investments that enable the integration of renewable energy, decentralised generation, and flexibility solutions. This includes smart grids, energy storage systems, and infrastructure that supports renewable-based system integration. The role of legal monopolies must be clearly defined to ensure that public support does not reinforce structural lock-in but instead fosters innovation, fair market access, and the integration of smaller renewable actors.

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