

## **Power industry call for fostering Europe's competitiveness through innovation, cooperation and decarbonisation**

Dear President von der Leyen,

Dear President Costa,

As European leaders debate the future of Europe's competitiveness, we stand at a crossroads for the future of our continent: Will we accelerate the energy transition and innovation to close the competitiveness gap or do we roll back on decades of progress in European integration and industrial transformation?

As major investors in Europe's energy system with operations across Europe and globally, **we stress the importance of maintaining stable and predictable policy frameworks that underpin long-term investment and innovation.** Our shared objective must be to improve competitiveness by decarbonising and to support industries in a targeted way where needed to help them transition. On the other hand, dismantling proven market mechanisms will not solve the root causes of Europe's competitiveness problem. It would merely treat symptoms while undermining the foundations of Europe's future prosperity.

Europe already holds substantial strengths. By building on these assets, the EU can deliver a competitiveness strategy that combines ambition, pragmatism, and long-term credibility.

### **1. Driving long-term competitiveness through decarbonisation**

Europe currently suffers from a fossil fuel dependency, exposing society to price volatility and geopolitical uncertainty. Investing in affordable, fossil-free and domestically produced electricity is Europe's only path to overcome this and achieve lasting competitiveness.

The EU ETS is the cornerstone of this transition, providing a clear and efficient price signal for fossil-free investments. Moreover, it generates significant revenues that offer a way to support industries transitioning away from fossil fuels without straining public budgets. A robust ETS is indispensable to building a thriving industrial base and staying on the path to climate neutrality. Weakening it would jeopardise both Europe's long-term economic resilience and decarbonisation.

### **2. Preserving the internal electricity market and marginal pricing – the guarantors of security of supply and affordability**

The internal electricity market has delivered lower costs, higher efficiency and greater security of supply for European households and businesses. Moreover, the latest Electricity Market Design revision further strengthened ways of shielding consumers from price volatility through long-term contracts, but implementation is lacking. Marginal pricing, a foundational principle of liberalised electricity markets, ensures resources needed to meet demand are dispatched at the lowest cost, supports investment signals for new generation and flexibility from the supply and demand side, and enables efficient system operation. Undermining this would come at a high cost: reduced investment, greater fragmentation, and ultimately higher costs for consumers.

### **3. Unlocking investments through stable and predictable regulation**

Transitioning from fossil fuels to fossil-free electricity requires massive investments with long investment cycles. This makes regulatory stability essential. As businesses, we need clear, stable, and credible policies to commit capital and accelerate the transition. Policy credibility is about trust

and trust unlocks capital at scale, boosting investments in fossil-free energy and industrial modernisation.

#### 4. Strengthening the internal market – Europe’s greatest competitiveness asset

Deeper market integration is a foundation for keeping energy affordable, attracting investment and delivering the transition at the lowest possible cost for customers and society. The upcoming roadmap “One Europe, one market” has the potential to strengthen Europe’s competitiveness by completing the internal energy market. The goal must be more integration, not national interventions that fragment the market and undermine the advantages that make Europe globally competitive.

#### 5. Supporting industry in a targeted way

To complement structural measures, some industries may require additional targeted support, which can and should be designed to align with Europe’s long-term vision and ensure a level playing field among Member States, without harming well-functioning market mechanisms. In addition to facilitating the use of the existing Clean Industry State Aid Framework (CISAF) mechanism for targeted electricity price relief for industry – while avoiding distortions to the electricity market – we encourage you to

- enable the efficient redistribution of EU ETS revenues to support industrial decarbonisation and electrification;
- ensure efficient carbon leakage protection without undermining CBAM and the efficiency of the EU ETS;
- swiftly establish the Industrial Decarbonisation Bank announced under the Clean Industrial Deal to support industries as they electrify.

**Europe’s competitiveness depends on playing to our strengths** as the world’s largest single market and pioneer of the energy transition. It is only by committing to innovation, cooperation and domestically produced electricity that Europe can secure long-term competitiveness.

As major European power companies, we are already investing heavily in this future. We stand ready to continue accelerating the transition – but we need your support to maintain Europe’s global leadership.

