



## Placing Electrification at the Heart of the Industrial Decarbonisation Bank

Dear Director-General Vandenberghe,

Dear Director Paquot,

Brussels, 15 April 2025

On behalf of the Electrification Alliance, we would like to share our views on the Industrial Decarbonisation Bank, introduced in the Clean Industrial Deal on 26 February, ahead of the upcoming consultation workshop organised by DG CLIMA on 16 April.

The Industrial Decarbonisation Bank has the potential to be a game-changer in mobilising investments for the energy transition beyond the pilot phase. We welcome its support for both CAPEX and OPEX, as limiting aid to CAPEX alone would significantly hinder industrial decarbonisation.

However, we note that the current design of the Innovation Fund does not sufficiently support direct clean electrification energy projects. Its carbon avoidance methodology tends to favour carbon capture and storage (CCS) over electrification, increasing decarbonisation costs, prolonging reliance on natural gas, and overlooking the broader system-wide benefits of electrification. **To better align with Europe's climate and competitiveness objectives, we call on the Commission to introduce a dedicated funding envelope for industrial electrification projects or to establish clear criteria—such as phasing out fossil fuel dependence—to ensure that industrial electrification projects (using clean and renewable electricity) are prioritised.**

**All projects should be allowed to compete, regardless of their size:** the Innovation Fund operates in such a way, with dedicated calls for small (<20 M€), medium (<100 M€), and large-scale (>100 M€) projects. Adopting a similar approach for the Industrial Decarbonization Bank would safeguard budgets for smaller projects, preventing them from becoming uncompetitive due to scale effects when competing with very large projects.

# ELECTRIFICATION ALLIANCE

Lessons from previous Innovation Fund initiatives should be integrated to enhance the effectiveness of the Industrial Decarbonisation Bank, particularly regarding the compatibility of State Aid schemes such as Important Projects of Common European Interest (IPCEI) with funding mechanisms like the European Hydrogen Bank. Restrictive funding rules have prevented mature projects from securing the necessary investments, delaying industrial decarbonisation. **To address this, it is essential that cumulation is allowed—enabling projects that have already received some state aid to participate in targeted funding calls. Given the significant funding gap facing industrial decarbonisation, such flexibility is crucial to ensure that viable, capital-intensive projects can reach full operation without unnecessary delays.**

We appreciate the opportunity to contribute to this important discussion and look forward to engaging further in the consultation workshop. Please do not hesitate to reach out if you require any further clarification on our position.

Best regards,

Yours sincerely,

Electrification Alliance

## | Alliance members

