Accelerating Europe's Sustainable Industrial Transition: ENZA's Vision for a Competitive and Net Zero Economy

ENZA recommendations on the Clean Industrial Deal

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Introduction

The European Net Zero Alliance (ENZA) is a coalition of 25 European associations representing a myriad of sectors – from manufacturing, clean energy production and infrastructure, and construction to mobility and agriculture – and SMEs and local and regional energy companies. We also represent a wide range of energy vectors – namely liquid and gaseous fuels, heat and cold, and electricity. Together, we advocate for solutions that connect different types of energy, such as electricity, heat, solid, gaseous and liquid fuels, with sectors that rely on them. By doing so, we aim to create a more efficient, competitive and sustainable energy system, ultimately helping Europe reach climate neutrality by 2050.

ENZA acknowledges the Clean Industrial Deal (CID) as a first important step towards supporting the EU's competitiveness while decarbonising its economy, but a more technology-inclusive approach is needed to unlock an affordable and secure energy transition. A policy framework that emphasises competitiveness is essential for aligning climate ambition with meaningful action, and building a resilient, climate-neutral EU economy.

Ensuring access to funding for all viable decarbonisation solutions will be essential to the energy transition, security of supply, and achieving Europe's long-term sustainability goals. This includes support for renewable energy sources such as direct renewable heat, biomass, biogas, and biomethane, low-carbon energy carriers like renewable and low-carbon hydrogen and its derivatives, as well as key enabling technologies such as cogeneration and CCUS. We welcome the CID's emphasis on circularity and highlight the need for stronger support for solutions enabling it, such as CCUS (notably by establishing an EU regulatory framework for CO2 transport and storage) or waste-derived hydrogen.

Our alliance is committed to support delivering climate neutrality by providing expertise to assist policy makers in building a successful regulatory and investment environment. ENZA stands ready to help address these concerns and ensure the Clean Industrial Deal delivers for Europe's environment, economy and industry.

Recommendations

In line with ENZA's principles, we propose the following measures to unlock an affordable and secure energy transition:

1. Encourage public and private investment in a broader range of decarbonisation technologies and solutions

We believe a more balanced and less burdensome approach to funding decarbonisation mechanisms is required to realistically achieve a fully climate-neutral system. The creation of an Industrial Decarbonisation Bank is a promising initiative which will enable a technology-open support for innovation and decarbonisation solutions across different energy-intensive sectors.

However, some of the investment mechanisms mentioned in the CID currently favour one decarbonisation option over the others – an outcome that should be avoided when defining priorities of the Innovation Fund 2025 pilot auction and InvestEU. By ensuring equal access to support for all viable decarbonisation solutions, the CID should help address sector-specific challenges, and reduce emissions, costs and uncertainty for industries navigating the energy transition.

What is more, the Clean Industrial Deal must ensure a streamlined access to public funding and targeted support for SMEs. All of those principles should be reflected in the Clean Industrial State Aid Framework (CISAF) that aims at accompanying the CID and replace the Temporary Crisis and Transition Framework ('TCTF') transition provisions.

2. Ensuring affordable energy prices through a multi-energy approach

The cost of energy and access to cost-efficient sustainable energy sources is among the biggest challenges to decarbonise the European energy intensive sectors. As part of the CID, the Affordable Energy Action Plan seeks to lower energy costs for citizens, businesses, and energy-intensive industries. While mentioning natural gas and nuclear power, the CID's focus is largely on electricity, which represents only one part of the EU's energy mix.

Achieving an affordable, sustainable and secure energy transition requires a broader, multi-energy approach that integrates a diverse mix of renewable energy sources (e.g. bioenergy, solar thermal, geothermal, hydrogen) and efficient supply technologies (E.g. heat pumps, cogeneration) across different energy vectors (e.g. electricity, heat and molecules) , optimised at both system and local levels to maximise efficiency and resilience. A key element of such an approach is system integration, which ensures that different parts and actors of the energy system (such as electricity, direct renewable heat sources, gas, and hydrogen) work together seamlessly by making the most of available resources and allowing the system to better adapt to changes in supply and demand.

In the Affordable Energy Action Plan, the European Commission has confirmed that it will explore revising the Heating and Cooling Strategy for 2026. This presents a great opportunity to increase access to affordable renewable and low-carbon energy for consumers. While this is a positive development, it needs to be accompanied by more efforts across all sectors to ensure a fully integrated and cost-efficient energy system.

The upcoming Commission's initiatives should be an opportunity to apply a genuine sector integration and technology-neutrality logic. The following proposals and communications will be of key importance:

- **New auctions under the Innovation Fund** should support investments by energy-intensive industries in a wide range of decarbonisation technologies, rather than being limited to electrification solutions.
- **New funds** should be set up using revenues from the ETS to support, among others, industrial electrification using established (rather than exclusively innovative) technologies.
- I**ndustrial Decarbonisation Accelerator Act** should play a key role in enabling energy-intensive industries to adopt a diverse range of decarbonisation technologies and solutions.
- **European Grid Package** will help coordinate the development of hydrogen and other renewable and low carbon gases, electricity, and CO_2 infrastructures leading to a multi-energy system.
- **Electrification Action Plan** should aim at facilitating the deployment of optimisation technologies for gas, heat and power networks to help manage the variability of renewables, speed up their integration, and make better use of transmission capacity by safely reducing operational constraints.

3. Promote EU-made clean technologies and their deployment

We welcome the CID's ambition to create lead markets for clean technologies and their deployment by energy-intensive industries. The CID suggests "offering guarantees for sustainable manufacturing of clean products". It is crucial to acknowledge that the primary objective is to ensure energy security and robust energy production within European borders. These technologies ensure a stable and secure energy supply, making Europe less vulnerable to global energy market fluctuations. A strong manufacturing base in Europe enables the EU to lead in innovation and quality, setting global standards for clean energy technologies. This approach not only supports local industries and creates high-quality jobs but also fosters economic growth and job creation within Europe, whilst enabling other industries to lower their emissions and stay in Europe.

The hybridisation of energy systems and the synergies between technologies are crucial for achieving a stable energy mix. By integrating various renewable and low carbon energy sources (such as renewable electricity, solar thermal, bioenergy, renewable and low-carbon hydrogen and its derivatives, alternative fuels including biomethane, and geothermal energy), with energy efficient solutions (including heat pumps and cogeneration), we can create a robust and interconnected energy system. CCUS can play an additional role in reducing emissions in hard-to-abate sectors and even delivering negative emissions in the case of bioCCS and biochar. These technologies complement each other, enhancing overall efficiency and reliability.

Such an energy system will accelerate emission reductions and ensure security of supply at the lowest cost for consumers. It enables us to optimise the use of renewable energy sources, and lower greenhouse gas emissions. Through an integrated approach, we aim to accelerate the transition to a net-zero economy, ensuring a cleaner, more efficient, competitive, and interconnected energy landscape.

Our Call to Action

In the context of the ongoing debate around the Clean Industrial Deal, ENZA members look forward to working with policymakers to accelerate Europe's transition to both a more sustainable and more competitive economy.

ENZA advocates for integrated energy planning with a view to:

- supporting a technology-inclusive, multi-energy approach to industrial decarbonisation, with improved access to finance, fair support for all viable clean technologies, and stronger system integration;
- aligning different sectors as well as methane, hydrogen, CO_2, heat and electricity network planning;
- addressing the regulatory and financial gaps that hinder investment and innovation in clean technologies;
- delivering a cohesive, future-proof and integrated energy system for Europe.

As highlighted during our recent ENZA event surrounding the EU Sustainable Energy Days, ensuring system integration across different sectors and energy vectors is essential for achieving climate goals while supporting European competitiveness and energy security.

About ENZA

The European Net Zero Alliance (ENZA), is a coalition of 25 European associations, representing a myriad of economic and industrial sectors – from manufacturing to energy infrastructure, building and construction, mobility, and agriculture – and different energy vectors – namely liquid and gaseous fuels, heat and cold, as well as electricity. The alliance was born from the commitment to deliver climate neutrality by 2050 based on a multi-energy approach combining sectors and energy vectors for a cost-efficient, speedy decarbonisation.