

FSR Regulatory Policy Workshop Series 2024-2025

A CLEAN INDUSTRIAL DEAL FOR EUROPE

5 March 2025

TownHallEurope, Square de Meeûs 5-6, 1000 Brussels, Belgium

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To connect online (listening only)

<https://eui-eu.zoom.us/j/97579352957?pwd=gxKrrAArR1rbHqInu24Qb40cPISogS.1>

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Introduction

In her Political Guidelines in July 2024^[1], Ursula von der Leyen committed to a Clean Industrial Deal for a competitive EU industry and quality jobs among the objectives for the new Commission within its first 100 days. The Deal will focus “*on supporting and creating the right conditions for companies to reach our common goals. This means simplifying, investing and ensuring access to cheap, sustainable and secure energy supplies and raw materials*”.

The Clean Industrial Deal is expected to be tabled on 26 February 2025. Key areas that the Deal is anticipated to cover include a new industrial policy and simplification of administrative procedures, a revision of State aid rules, and measures to deliver lower energy costs and improve the functioning of energy markets.

This Workshop, that will take place shortly after the tabling of the Clean Industrial Deal, will look at the measures proposed by the Communication and assess how they will meet the challenges faced by EU industry and enable it to compete and decarbonise at the same time, also considering that the US is likely to step away from the Paris agreement and China is strategically investing in and trying to capture Green Deal markets.

In particular, the Workshop will dissect the Clean Industrial Deal in three thematic sessions – industrial policy and climate, competition policy, and energy.



- **Session I**, in the morning, will focus on the new industrial policy elements of the Clean Industrial Deal – what measures will be taken by the EU to enable its industry to weather the storm that it is facing from a combination of decarbonisation costs not fully shared by its international competitors, high European energy prices, intense and questionably fair trade from China, and an incomplete Internal Market. In this session, we look forward to discussing to what extent the Clean Industrial Deal will provide answers to this challenge, and in particular:
 - During the next Commission, the EU will set its 2040 greenhouse gas (GHG) emissions reduction commitment. President von der Leyen has committed to proposing a 90% reduction compared to 1990, on the road to Net-Zero. The sectors included in the EU Emissions Trading System (ETS), including the electricity sector, will need practically to be fully decarbonised by 2040 to meet such a target. This means significantly higher ETS costs for industry. It is yet unclear whether the Carbon Border Adjustment Mechanism (CBAM) will be able fully to protect EU industry from the unfair advantage that international competitors not facing similar decarbonisation obligations might have. This challenge is at the core of the EU climate and industrial policies. How will the Clean Industrial Deal address it?
 - In her confirmation hearing, President von der Leyen referred to a technology-neutral energy and climate policy. Voices in the European Parliament and industry have called for a cost-effective, technology-neutral decarbonisation policy to be at the centre of a Clean Industrial Deal. What does this mean in practice?
 - The EU has never attempted a Green Deal Industrial Policy like the Chinese are adopting. Will this change? Will Airbus be a model for the EU's future Green industrial development? How could Europe deliver?
 - President von der Leyen promised a new Competitiveness Fund. Will this be based on Draghi's call for a European *renaissance* on strategic industrial investment? What will the new Fund look like? Will Member States agree to fund it at the necessary scale? Will the Commission invest in important projects of common European interest (IPCEIs)?
 - The new Commission promised a major initiative on simplification. Will this streamline reporting requirements or lead to a real substantive reduction in the administrative cost of the Green Deal on industry?
- **Session II**, also in the morning, will explore how the Clean Industrial Deal will affect competition policy, and in particular:
 - In order to face global competition, some are proposing 'European Champions' to compete, for example, with the Chinese EV industry and a combined Nissan and Honda. Will the EU's approach to merger control change?
 - State aid to energy intensive industry to deal with high energy prices, including high electricity prices, has always been restrictively allowed by the Commission, to protect the Internal Market. As the need to meet global competition increases, will the Commission become more open to such aid?
 - Until now, State aid has arguably been focused on driving renewable forms of energy and been less willing to approve aid to fossil fuel-based transition technologies (hydrogen ready gas turbines...). With a more technology-neutral energy and climate policy, will this change?
 - How will the Commission's simplification agenda affect Competition Policy enforcement?
- **Session III**, in the afternoon, will look at which further enhancements of the energy market rules and their implementation might be required to support the Clean Industrial Deal, and, in particular:
 - The Commission will focus on reducing energy costs, how will this be achieved in practice?
 - In order to deliver the Clean Industrial Deal, electricity prices in the EU need to be competitive, but as seen in countries with high renewables levels – Spain, Germany and the Netherlands – grid issues and balancing costs threaten to hinder investments in renewable-based generation capacity and drive costs up. Could such a situation be addressed by further revising the Electricity Market Design, and, if so, how?
 - Bidding zones have moved from specialist interest to front-page headlines as a result of Green Deal investments. How will the Commission ensure that the delicate balance between cost, efficiency and public acceptance is achieved?
 - ACER has recently indicated that more than a quarter of the terms and conditions or methodologies required for the implementation of the market and system rules in the network codes are delayed. How can such delays be avoided? Should the governance of the Internal Electricity Market be enhanced and, if so, how?
 - The targets for the development of the EU's renewable hydrogen market in the REPowerEU Plan – 10

million tonnes produced in the EU and 10 million tonnes imported – are not on track. Currently the cost of renewable hydrogen delivered in the EU is many times higher than the fossil fuel-based hydrogen it must replace and the infrastructure to transport it is, aside from in a few Member States, still at the planning stage. What action can the Commission propose to accelerate the market in line with the Green Deal competitiveness objectives?

– The Commission is committed to making carbon capture and storage (CCS) a core part of its decarbonisation strategy, but a legislative proposal on regulatory requirements for grids will not actually catalyse investment in CCS until the ETS prices reach close to €200/tonne. The EU risks having a state of the art regulatory framework but nothing to regulate. Will the Commission propose a convincing investment strategy to catalyse its grid development in time for when such grids will be needed by EU's industry?

Sustainability assessment

The FSR assesses the sustainability and carbon footprint of all its Workshops of the Regulatory Policy Workshop Series. This Workshop is run 'in presence' to promote more effective interaction and discussion. Participants travelling to Florence by car or by air will be encouraged to offset any carbon emissions related to their travel. It is considered that, in this way, a suitable balance is achieved between the effectiveness of the policy dialogue and the net carbon footprint of the event.

Gender balance statement

At FSR we actively work to achieve gender-balanced representation at all our events. As a platform that connects diverse voices and perspectives in the sector, we firmly value inclusive and gender-balanced panel debates and training courses.

[1] Available at:

https://commission.europa.eu/document/download/e6cd4328-673c-4e7a-8683-f63ffb2cf648_en?filename=Political%20Guidelines%202024-2029_EN.pdf.

Programme

09.00 – 09.10 Welcome and introductory remarks
Alberto Pototschnig | Florence School of Regulation

09.10 – 09.40 Keynote address
Dirte Juul-Joergensen | Director General, DG Energy, European Commission

SESSION I – THE CLEAN INDUSTRIAL DEAL: INDUSTRIAL POLICY AND SIMPLIFICATION

Moderator: **Christopher Jones** | Florence School of Regulation

09.40 – 10.00 Opening address
Tom Van Ierland | DG Clima, European Commission

10.00 – 11.00 Industry Roundtable
Chiara Martinelli | CAN Europe
Sylvie Lemoine | CEFIC
Alex Eggert | EUROFER

11.00 – 11.30 Roundtable of representatives of FSR Donors and general discussion
Piotr Kuś | Entsog
Bernard De Clercq | Elia

11.30 – 11.45 Coffee Break

SESSION II – THE CLEAN INDUSTRIAL DEAL AND COMPETITION POLICY

Moderator: **Leigh Hancher** | Florence School of Regulation

11.45 – 12.15 Opening address
Astrid Cousin | DG Comp, European Commission

12.15 – 13.00 Comments from Industry and FSR Donors: how far the Commission should go?
Lucie Boost | GIE

13.00 – 14.15 Lunch Break

SESSION III – THE CLEAN INDUSTRIAL DEAL AND ENERGY MARKETS AND INFRASTRUCTURE

Moderator: **Catharina Sikow-Magny** | Florence School of Regulation

14.15 – 14.30 Opening presentation
Mechthild Wörsdörfer | DG Energy, European Commission

14.30 – 14.45 The regulatory perspective: how should energy market evolve?
Mathieu Fransen | ACER

- 14.45 – 16.00 Energy Market and Infrastructure and European Competitiveness
Isabelle Chaput | IFIEC
Cillian O'Donoghue | Eurelectric
Naomi Szabo | ENTSO-E
Viktoriya Kerelska | WindEurope
Kamila Waciega | HydrogenEurope
- 16.00 – 16.30 Roundtable of representatives of FSR Donors and general discussion
Natalie Weiss | TransnetBW
Michele Stratti | Europex
Sara Piskor | Entsog
Manuel Galvez | Elia
Lucie Boost | GIE
- 16.30 – 16.45 Concluding remarks
Leonardo Meeus | Florence School of Regulation