

DISCUSSION NOTE

Informal Meeting of Ministers responsible for Competitiveness (Internal Market and Industry), 9 - 10 July 2026 (Dublin Castle)

Powering Industrial Decarbonisation: Energy Systems, Grids and Competitiveness in the EU

Industrial decarbonisation is not solely a climate objective; it is now a critical competitiveness imperative for the EU. European businesses increasingly compete on the global stage based on their environmental efficiency, product innovation, and progressive quality standards.

However, aligning our industrial base with the green transition remains a formidable challenge. As highlighted in the Draghi Report, the commercial incentives for electrification are currently undermined by stark structural barriers:

- **The Energy Cost Gap:** EU industrial electricity costs remain structurally higher than fossil fuels, sometimes sitting at 2-3 times higher than those faced by competitors in the United States and China.
- **Infrastructure Bottlenecks:** Insufficient electricity network capacity and deeply delayed connection processes continue to stall critical investments.
- **Regulatory Friction:** Slow, complex permitting processes and overarching policy uncertainty deter the confident allocation of capital.

Overcoming these barriers is essential to achieving the EU's 2050 climate neutrality targets while simultaneously securing our industrial edge.

Advancing this transition requires a dual approach. First, we must stimulate demand for low-carbon products, sending clear market signals that embed decarbonisation into core business strategies. Second, Member States must drastically reduce the administrative burden, and cost of doing business, on companies undertaking these critical investments and implement policy frameworks that mobilise the massive scale of capital required.

Energy grids are the backbone of this transition. For industry to commit financially to accelerated electrification, the cost gap between electricity and fossil fuels must be closed, and grid access must be expedited. There is a broad willingness within European industry to adopt innovative technologies and enhance energy security, provided the infrastructure and pricing models support them.

Questions for Discussion

1. **Bridging the Cost Gap:** How can Member States redesign electricity pricing and deliver support mechanisms to accelerate industrial electrification, alert to the cost-competitiveness of our energy-intensive sectors?
2. **Unlocking the Grid:** What immediate, short-term regulatory measures, such as scaling of flexible connection agreements, must be prioritised to bypass current gridlock and accelerate deployment?

