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COMMUNICATION FROM THE COMMISSION

**Framework for State Aid measures to support the Clean Industrial Deal
(Clean Industrial Deal State Aid Framework)**

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1. INTRODUCTION

On 25 June 2025, the Commission adopted the Clean Industrial Deal State Aid Framework ('CISAF') ⁽¹⁾, implementing objectives for the area of State aid set out in the Clean Industrial Deal ('CID') ⁽²⁾. The CISAF builds on the experience gained with the Temporary Crisis and Transition Framework ('TCTF') ⁽³⁾, which it replaced. The CISAF will be in force until the end of 2030, allowing for a longer planning horizon and providing stable investment conditions.

This document sets out the CISAF's rationale, the evidential basis and feedback the Commission has relied on and describes the decision-making process leading to the adoption of the CISAF.

1.1. Summary of the main elements in each CISAF section

Section 1 CISAF introduces the State aid framework and provides the general justification for the need of this framework. Section 2 CISAF provides for the applicable definitions and Section 3 CISAF covers the general compatibility criteria in view of the applicable legal basis, namely Article 107(3), point (c) of the Treaty on the Functioning of the European Union ('TFEU' or the 'Treaty').

Section 4 CISAF provides Member States with the relevant guidance to notify State aid measures to support the rollout of renewable energy and of low-carbon fuels, to promote non-fossil electricity flexibility and capacity mechanisms, and to grant a temporary relief on the electricity price for energy intensive users active in specific sectors.

Section 5 CISAF sets out the assessment criteria the Commission will apply to State aid notified by Member States for the decarbonisation of industry, including by supporting investments for reducing the greenhouse gas emissions or for improving the energy efficiency of industrial activities. This section also covers carbon capture projects.

Section 6 CISAF provides the assessment principles the Commission will apply to aid measures designed to ensure sufficient manufacturing capacity in clean technologies in Europe, including support for secondary raw materials, covering their production or recovery. In addition to aid schemes based on specific aid intensities, Member States may also provide *ad hoc* aid to single beneficiaries in order to prevent a concrete risk of investments being artificially diverted away from Europe due to third country subsidies. This section also covers aid in the form of accelerated depreciation, intended to support demand for clean-tech products.

Section 7 CISAF specifies the applicable criteria under which Member States may be allowed to support investments that have been positively assessed under the Innovation Fund and that have been awarded a Sovereignty Seal. The objective of this section is to increase consistency between EU rules and ensure simple procedures.

⁽¹⁾ Communication from the Commission, Framework for State Aid measures to support the Clean Industrial Deal (Clean Industrial Deal State Aid Framework), OJ C, C/2025/360, 4.7.2025, ELI: <http://data.europa.eu/eli/C/2025/3602/oj>.

⁽²⁾ Communication from the Commission, The Clean Industrial Deal: A joint roadmap for competitiveness and decarbonisation, COM(2025) 85 final, 26.2.2025, Document [52025DC0085](#).

⁽³⁾ Communication from the Commission, Temporary Crisis and Transition Framework for State Aid measures to support the economy following the aggression against Ukraine by Russia, OJ C 101, 17.3.2023, p. 3.

Section 8 CISAF covers aid to promote specific investments in line with the CID objectives provided by Member States to de-risk private investment into portfolios of eligible projects, in order to mobilise additional private funding.

Section 9 CISAF contains monitoring and reporting obligation and the final provisions in Section 10 CISAF deal with the application *ratione temporis* of the CISAF.

1.2. Legal basis

The CISAF is based on Article 107(3), point (c), TFEU, which establishes that State aid to facilitate the development of certain economic activities or of certain economic areas may be compatible with the internal market, where such aid does not adversely affect trading conditions to an extent contrary to the common interest.

Aid under the CISAF facilitates the development of economic activities by providing Member States with additional possibilities to support investments and activities contributing to achieving the CID objectives. The relevant development of economic activities is ensured by the CISAF by enabling Member States to provide State aid with the objective of improving access to affordable energy, boosting demand and supply of clean tech products, and unlocking public and private investments to decarbonise industrial production in Europe.

Under Sections 6.1 and 7 CISAF, increased aid intensities and aid amounts for specific ‘assisted areas’ may be permissible. While such aid will also be assessed by the Commission based on Article 107(3), point (c), TFEU, the reference to Article 107(3), point (a), TFEU in the specific provisions ensures consistency of State aid measures assessed under Article 107 TFEU.

To ensure compatibility with these applicable conditions, the CISAF specifies the elements the Commission considers for its compatibility assessment. With the CISAF, the Commission exercises its discretion provided by the Treaty. It provides guidance for Member States and constitutes a self-imposed limitation on the Commission’s discretion in accordance with the principle of equal treatment. The CISAF neither derogates from primary or secondary EU law, nor does it affect in any way the interpretation of the Treaty by the competent Union Courts.

1.3. Subsidiarity

The review of State aid measures, as defined in Articles 107 and 108 TFEU, constitutes a competence exclusively assigned to the European Union by the Treaties, as confirmed in Article 3(1), point (b), TFEU, and is carried out solely by the Commission, as provided for by Article 108 TFEU.

Considering the above, the principle of subsidiarity, as set out in Articles 5(3) TEU, is not applicable in view of the legal basis proving an exclusive competence to the Union.

1.4. Relation to other EU rules and Commission initiatives

1.4.1. The CISAF complements the State aid rulebook

The CISAF is complementary to other existing State aid guidelines and does not affect their scope or application with the exception of the TCTF, which it replaces. Other State aid guidelines like especially the Climate, Environmental protection and Energy

Aid Guidelines ('CEEAG'),⁽⁴⁾ and the Regional Aid Guidelines ('RAG')⁽⁵⁾ remain in force and are not altered by the CISAF. Member States may also continue implementing State aid measures in this field under the General Block Exemption Regulation ('GBER')⁽⁶⁾, without the need to notify them to the Commission.

Equally, the CISAF does not affect the assessment by the Commission of State aid cases outside its scope, including cases concerning the exploitation of nuclear energy. As already states in the CISAF: *"Fully recognising Member States' rights to determine their energy mix, the Commission will conduct a timely assessment of State aid cases for nuclear energy generation, including for small and advanced modular reactors, with a view to ensuring legal certainty for such aid, in line with the Treaty or with any applicable guidelines, fully respecting technological neutrality."*⁽⁷⁾

In as far as a specific measure may fall under different State aid guidelines, Member States are free to design measures based on the most suitable rules. The Commission will ensure in its assessment that the correct guidelines will be chosen for the assessment. In many instances, the CISAF provides more flexibilities and simplified criteria for the assessment of measures that could otherwise also be assessed under the CEEAG. This overlap is intended, as the objective of the CISAF is to lower the administrative burden for specific types of measures that are required to reach the CID objectives and for which sufficient case practice exists to allow for simplified rules. One example is that measures under the CISAF typically do not require Member States to conduct a prior public consultation, while this requirement exists in many situations for measures for the reduction and removal of greenhouse gas emissions assessed under Section 4.1 CEEAG. Measures for which the impact on competition is less predictable or measures that are more complex and therefore remain outside the scope of the CISAF may still be assessed under the CEEAG or other applicable State aid guidelines which may require a more detailed assessment.

Another example for a relation the new rules have with existing guidelines is the new Section 4.5 CISAF, which serves the specific purpose of avoiding relocation of industrial activities and providing a bridge until the further renewable roll-out will show its positive effects on electricity costs in Europe. However, in practice such support may overlap with an application of the ETS State aid Guidelines⁽⁸⁾, which cover, at least partially, the same eligible costs but not the same sectorial scope, which is significantly broader under the CISAF. Furthermore, aid intensities are typically lower than for indirect ETS cost compensation under the ETS State aid Guidelines. Any possible overcompensation is avoided by strict cumulation rules.

⁽⁴⁾ Communication from the Commission, Guidelines on State aid for climate, environmental protection and energy 2022, OJ C 80, 18.2.2022, p. 1.

⁽⁵⁾ Communication from the Commission Guidelines on regional State aid, OJ C 153, 29.4.2021, p. 1.

⁽⁶⁾ Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187, 26.6.2014, p. 1, ELI: <http://data.europa.eu/eli/reg/2014/651/oj>.

⁽⁷⁾ See point (13) CISAF, referring to the decisions adopted by the Commission in cases SA.58207 – Czechia, Support for Dukovany II (OJ L, 2025/429, 12.3.2025, ELI: <http://data.europa.eu/eli/dec/2025/429/oj>); and SA.106107 – Belgium, Lifetime extension of two nuclear reactors (not yet published) as examples.

⁽⁸⁾ Communication from the Commission Guidelines on certain State aid measures in the context of the system for greenhouse gas emission allowance trading post-2021, OJ C 317, 25.9.2020, p. 5.

In as far as the CISAF replaces the TCTF, it is important to note that the approval of more than EUR 85 billion in aid by June 2025 ⁽⁹⁾ under the ‘transition’ sections of the TCTF demonstrates that simplified State aid rules can increase both the scale and willingness of Member States to utilise State aid for green transition objectives. Furthermore, the fact that a majority of Member States had already begun implementing the measures to accelerate the clean transition under the TCTF underscores the practical experience gained and the need for a stable, long-term framework to replace the temporary one and continue supporting industrial decarbonisation. ⁽¹⁰⁾ The CISAF delivers on this objective.

1.4.2. *The CISAF is one element of a coherent EU policy*

As a State aid tool, the CISAF is complementary to other policy initiatives. Following the principle of appropriateness, State aid may only be granted where less distortive instruments are not available to reach the same objectives. This is in line with the Commission’s comprehensive approach as outlined in the CID which includes State aid as just one tool among others. The CID identifies six business drivers, namely affordable energy, lead markets, financing, circularity and access to materials, global markets, and skills and quality jobs. As already emphasised in the first Communication on delivering on the CID ⁽¹¹⁾, the CISAF is one crucial component in achieving the ambitions and objectives of the CID. It ensures full coherence with other parallel initiatives, including the affordable energy action plan ⁽¹²⁾, the Net Zero Industry Act (‘NZIA’) ⁽¹³⁾ and its implementing acts, the Critical Raw Materials Act ⁽¹⁴⁾, and the Automotive Action Plan ⁽¹⁵⁾.

As already announced, the actions taken already in the context of the CID will be further complemented by upcoming initiatives including the Industrial Accelerator Act, the Circular Economy Act, the Advanced Materials Act, the review of the public procurement framework (including in the area of defence and security), coordinated external action and a simplification and strengthening of the carbon border adjustment mechanism among others. ⁽¹⁶⁾

⁽⁹⁾ See Competition State Aid Brief No 1/2025 “The use of crisis State aid measures in response to the Russian invasion of Ukraine (March 2022-June 2024)”, available here: https://competition-policy.ec.europa.eu/document/download/caca35f8-a881-475e-8ca7-c204e702fe99_en?filename=state_aid_brief_1_2025_kd0125001enn_ukraine.pdf, updated with internal Commission statistics.

⁽¹⁰⁾ See also the Communication from the Commission – Delivering on the Clean Industrial Deal I, 2.7.2025, COM(2025) 378 final.

⁽¹¹⁾ Communication from the Commission – Delivering on the Clean Industrial Deal I, 2.7.2025, COM(2025) 378 final.

⁽¹²⁾ Communication from the Commission – Action Plan for Affordable Energy Unlocking the true value of our Energy Union to secure affordable, efficient and clean energy for all Europeans, Brussels, 26.2.2025, COM(2025) 79 final.

⁽¹³⁾ Regulation (EU) 2024/1735 of the European Parliament and of the Council of 13 June 2024 on establishing a framework of measures for strengthening Europe’s net-zero technology manufacturing ecosystem, OJ L, 2024/1735, 28.6.2024, ELI: <http://data.europa.eu/eli/reg/2024/1735/oj>.

⁽¹⁴⁾ Regulation (EU) 2024/1252 of the European Parliament and of the Council of 11 April 2024 establishing a framework for ensuring a secure and sustainable supply of critical raw materials and amending Regulations (EU) No 168/2013, (EU) 2018/858, (EU) 2018/1724 and (EU) 2019/1020, OJ L, 2024/1252, 3.5.2024, ELI: <http://data.europa.eu/eli/reg/2024/1252/oj>.

⁽¹⁵⁾ Communication from the Commission – Industrial Action Plan for the European automotive sector, COM(2025) 95 final

⁽¹⁶⁾ An overview of the CID activities is available here: https://commission.europa.eu/topics/eu-competitiveness/clean-industrial-deal_en.

2. PROBLEM DEFINITION AND OBJECTIVES PURSUED BY THE CISAF

The CISAF is set to address several key issues identified in the CID and will support the economic development of Member States and the Union overall. The CID is based on several scientific studies and recommendations and is part of a long-term strategy, approved by the European Council ⁽¹⁷⁾ and welcomed by the European Parliament ⁽¹⁸⁾, as set out below.

2.1. Relevant context

The relevant background of the initiative can be found in the findings of the report prepared by Enrico Letta “Much more than a Market” (the ‘Letta report’) ⁽¹⁹⁾, which concludes that further private and public investments are required in the framework of a long-term competitive industrial strategy to improve EU competitiveness in a changing global context. Along similar lines, also the report prepared by Mario Draghi (the ‘Draghi report’) ⁽²⁰⁾ identifies a fundamental competitiveness gap of Europe vis-à-vis other world regions and underlines the importance of a joint plan for decarbonisation and competitiveness – especially in view of high energy prices in Europe – and the need to reduce dependencies from third countries in key technology areas.

As called for in the Draghi report, State aid control should closely consider the coherence of State aid with any EU-wide industrial policy and allow for greater amounts of aid where EU coordination is enhanced. The Draghi report also acknowledges that steps towards making this type of assessment feasible have already been taken, for instance in the CEEAG. Nevertheless, the Draghi report concludes that these steps are not sufficient and further changes to the State aid rules are necessary, including a price relief mechanism that should be part of a new strategy on energy. ⁽²¹⁾ The CISAF delivers on these objectives.

The CISAF also delivers on the political ambition for competitive industries and quality jobs, set out by President von der Leyen in her political guidelines ⁽²²⁾ and specified in the mission letter to Executive Vice-President Ribera, which states: “*As part of the Clean Industrial Deal, you should develop a new State aid framework to accelerate the roll-out of renewable energy, to deploy industrial decarbonisation and to ensure sufficient manufacturing capacity of clean tech. This should build on the experience of the Temporary Crisis and Transition Framework and preserve cohesion objectives. Strong State aid control continues to play a key role to address market failures while avoiding inefficiencies in public spending.*” ⁽²³⁾

⁽¹⁷⁾ <https://www.consilium.europa.eu/en/press/press-releases/2025/03/20/european-council-conclusions-on-competitiveness-european-defence-and-security-and-migration/>.

⁽¹⁸⁾ https://www.europarl.europa.eu/doceo/document/TA-10-2025-0137_EN.html.

⁽¹⁹⁾ Enrico Letta: “Much more than a market: Speed, Security, Solidarity - Empowering the Single Market to deliver a sustainable future and prosperity for all EU Citizens”, April 2024, <https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf>.

⁽²⁰⁾ Mario Draghi: “The future of European competitiveness”, 9 September 2024, https://commission.europa.eu/topics/eu-competitiveness/draghi-report_en.

⁽²¹⁾ Draghi report, Part B, p. 301.

⁽²²⁾ https://commission.europa.eu/document/download/e6cd4328-673c-4e7a-8683-f63ffb2cf648_en.

⁽²³⁾ https://commission.europa.eu/document/download/5b1aace5-681f-470b-9fd5-ace14e106196_en?filename=Mission%20letter%20-%20RIBERA.pdf.

As outlined in the Competitiveness Compass, adopted by the Commission in January 2025 ⁽²⁴⁾, State aid may play an important role especially in relation to decarbonising European industries. It is important to allow Member States to effectively support the EU's climate, energy and competitiveness goals, while maintaining longer-term predictability beyond previous crisis-driven frameworks. The Competitiveness Compass, based on the Draghi report, outlined three necessities to boost EU Competitiveness: (1) close the innovation gap, (2) decarbonise the economy, and (3) reduce dependencies. To address these issues, State support for the decarbonisation of (especially energy intensive) companies was deemed necessary. The Competitiveness Compass also announced a new State aid framework in particular to encourage decarbonisation while avoiding market distortions. To incentivise private investments in decarbonisation, the Member States were also invited to adjust their tax systems accordingly, e.g. via depreciation rules or tax credits.

Building on the Competitiveness Compass, the Commission adopted on 26 February 2025 the CID, the EU's joint roadmap for competitiveness and decarbonisation. In Section 4.3 CID, the Commission announced its intention to simplify State aid rules by June 2025 to accelerate the roll-out of renewable energy, deploy industrial decarbonisation and ensure sufficient capacity of clean tech manufacturing in Europe. The CID identified the need to improve access to affordable energy, in particular via enabling support for the rollout of renewable energy sources, and the reduction of the dependence on the import of expensive fossil fuels, a main driver of high energy prices, via clean, domestically generated energy. It also focused on the importance to develop a lead market for European clean technologies and products, via supporting demand for clean tech products.

Global competitiveness and the protection of domestic industries must be balanced with the ongoing need to maintain a level playing field in the EU internal market. As also clearly emphasised in the Draghi report, State aid control is a founding element of the European Union and plays a key role to avoid inefficient subsidy races among Member States and the waste of public resources. ⁽²⁵⁾ Effective competition internally is a precondition to economic success in a fair global competitive market.

2.2. Clean energy production needs to accelerate to reach net zero objectives

The revised Renewable Energy Directive ⁽²⁶⁾, adopted in 2023, raises the EU's binding renewable energy target for 2030 to a minimum of 42.5%. The European Environment Agency (EEA) estimates that meeting the new minimum EU target will demand doubling the rates of renewables deployment seen over the past decade and a deeper transformation of the European energy system. ⁽²⁷⁾ As shown in Figure 1 below, the path towards further renewable energy generation needs to be accelerated to reach the defined goals. The [European Climate Law](#) specifies binding targets for reducing net greenhouse gas ('GHG') emissions by at least 55% by 2030, compared to 1990

⁽²⁴⁾ Communication from the Commission of 29 January 2025, C(2025) 30 final.

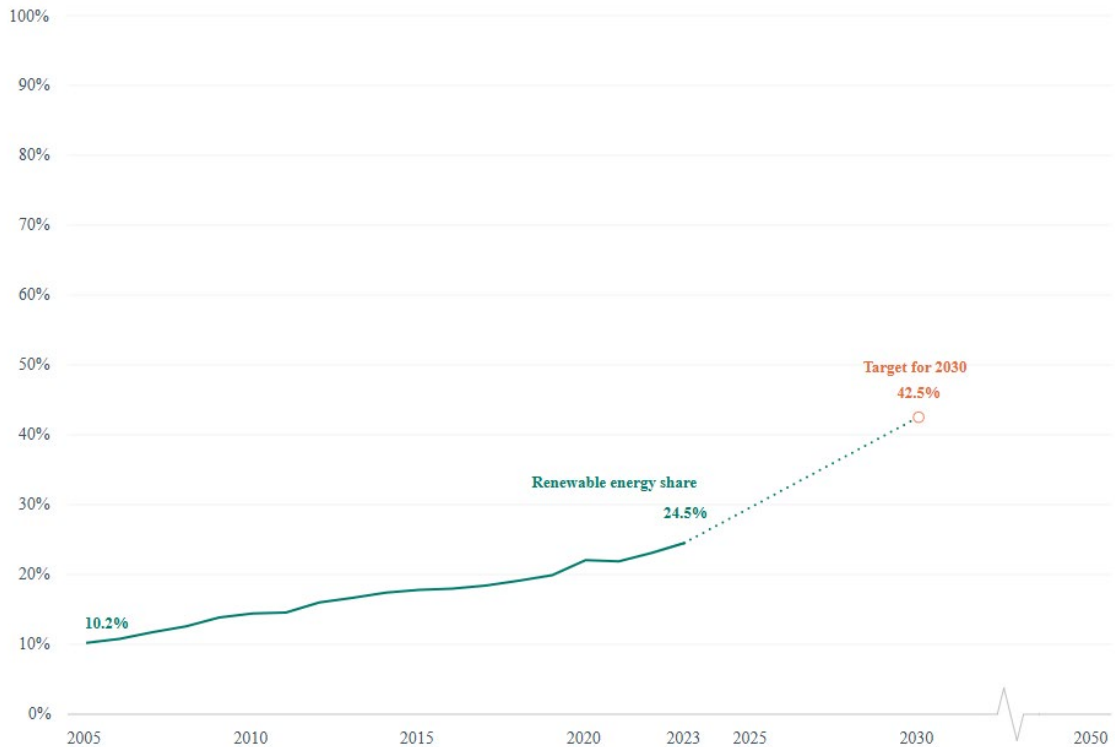
⁽²⁵⁾ Draghi report, Part B, p. 301.

⁽²⁶⁾ Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (recast), (OJ L 328 21.12.2018, p. 82, ELI: <http://data.europa.eu/eli/dir/2018/2001/oj>).

⁽²⁷⁾ <https://www.eea.europa.eu/en/analysis/indicators/share-of-energy-consumption-from>.

levels. ⁽²⁸⁾ In July 2025, the Commission proposed an amendment to the EU Climate Law, setting also a 2040 EU climate target of 90% reduction in net GHG emissions, compared to 1990 levels, as requested by the Commission Political Guidelines for 2024-2029. ⁽²⁹⁾ Without additional investment, the defined targets will likely not be reached.

Figure 1: Progress towards renewable energy source targets for EU-27



Source: EEA, 16.1.2025

Energy prices are higher and more volatile than for many of our trading partners, in particular due to the dependency on fossil fuel imports. This situation has been exacerbated by the recent energy crisis and the weaponisation of gas supply by Russia. The current geopolitical and market uncertainty drive up investment costs which are passed on to consumers. Accelerating the rollout of home-grown renewable and low carbon energy generation is also an important contributor to reduce dependence from fossil fuel imports and contribute to lower prices over the longer term. The decarbonisation of the energy system is also an opportunity to increase the affordability and security of supply. However, it will take time to reap the full benefits of the energy transition. ⁽³⁰⁾

The lack of sufficient quantities of renewable and low-carbon fuels is also an issue for decarbonising other economic activities. In many instances, the lack of sufficiently reliable production quantities is an obstacle for investments in measures depending on

⁽²⁸⁾ Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law'), OJ L 243, 9.7.2021, p. 1, ELI: <http://data.europa.eu/eli/reg/2021/1119/oj>.

⁽²⁹⁾ Commission proposal for a Regulation amending Regulation (EU) 2021/1119 establishing the framework for achieving climate neutrality, COM(2025) 524 final, 2.7.2025.

⁽³⁰⁾ See also Draghi report, Part B, p. 19.

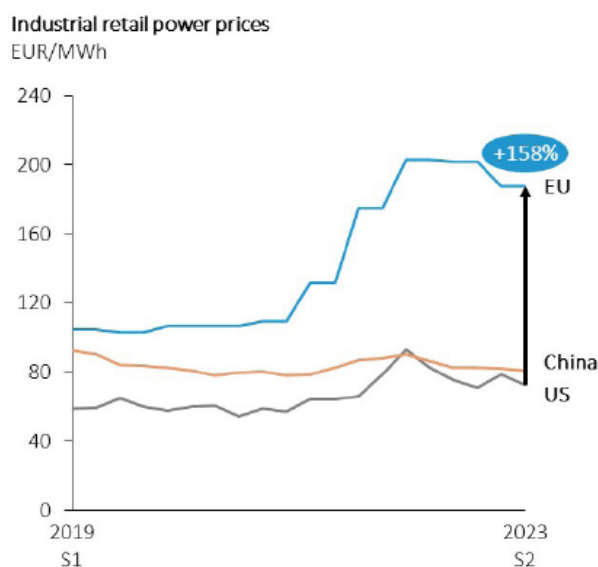
such fuels. A successful acceleration of decarbonisation measures relying on such fuels therefore also requires sufficient rollout of production capacities.

Part of the decarbonisation strategy is the increase of electrification of industrial activities and change in the electricity generation introducing more renewable energy to the system. The share of electricity produced by renewable energy sources, predominantly solar and wind, is expected to grow from 37% in 2020 to more than 60% by 2030. In 2022, renewables made up 41.2% of EU's gross electricity consumption⁽³¹⁾. At the same time, electricity must also be produced and delivered in sufficient quantities when there is no wind or sun and when electricity consumers cannot adjust their consumption downwards. This is why the EU adopted new electricity market design rules on 21 May 2024 that entered into force on 16 July 2024. While markets will adapt to better integrate renewable energies and attract investment in non-fossil flexibility technologies that can complement variable energy production, such as demand side response and energy storage, additional financial incentives may be required to maintain the stability of the electricity system. Given that market forces alone will not always ensure sufficiently stable and reliable electricity systems, additional support may be required to address variations in energy supply or demand via non-fossil flexibility systems or ensure adequate generation capacity for exceptional periods that are typically held outside the market.

2.3. High electricity prices slow industrial production

Electricity prices in Europe have increased significantly due to the energy crisis caused by Russia's war on Ukraine. While prices have stabilised somewhat, they are still significantly higher than before the crisis and in particular more elevated than in some of the most important trading partners globally. As shown in Figure 2 below, and as identified also in the Draghi report, electricity retail prices – specifically those for industrial sectors – are currently two to three times those in the US and China while historically, retail electricity prices in the EU have rather been up to 80% higher than those in the US while moving around the same level as in China.⁽³²⁾

Figure 2: Industrial Retail power price gap: EU vs. US and China



⁽³¹⁾ <https://ec.europa.eu/eurostat/en/web/products-eurostat-news/w/ddn-20240221-1>.

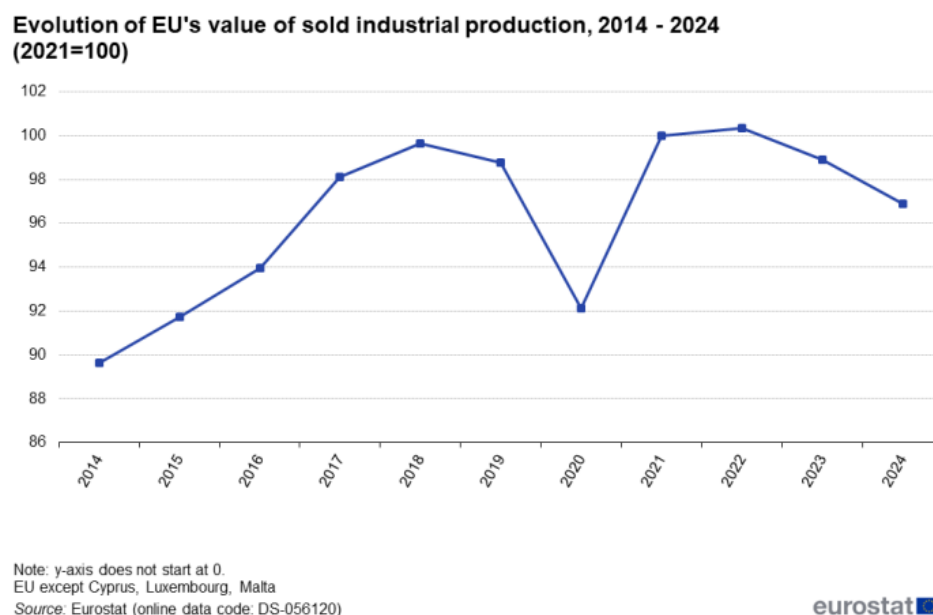
⁽³²⁾ Draghi report, Part B, p.5.

Source: Draghi report, Figure 1, based on European Commission, 2024, Eurostat (EU), EIA (US) and CEIC (China), 2024.

Member States may see a justified need to temporarily support companies active in sectors where high energy prices increase the risk of industrial production relocating outside the Union to locations where environmental regulations are absent or less ambitious, even beyond the list covered by the Emission Trading System State aid guidelines ('ETS GL')⁽³³⁾. While the measures outlined in the CID will transform the Union's economy in line with the EU's ambitious climate goals, these effects may not be immediate. Until the decarbonisation of the Union's electricity system fully translates into lower electricity prices, industries within the Union will continue to face higher costs compared to competitors in jurisdictions with less ambitious climate policies.

At the same time, there is a need to act now to stop a trend of declining industrial production in Europe. In fact, industrial production in Europe is declining, as can be seen in Figure 3 below, and fell in 2024 below the value of the pre COVID-19 pandemic. While State aid to temporarily lower electricity prices cannot be the only solution, it may contribute to stop this decline with immediate effect by avoiding production being shifted away from Europe.

Figure 3: Evolution of EU's value of sold industrial production, 2014-2024 (2021=100)



Source: Eurostat (online data code : DS-056120)

⁽³³⁾ Communication from the Commission - Guidelines on certain State aid measures in the context of the system for greenhouse gas emission allowance trading post-2021 (OJ C 317, 25.9.2020, p. 5).

It is against this background that the Draghi report calls for “clear and harmonised rules considering temporary electricity price relief” especially for energy intensive industries. ⁽³⁴⁾

2.4. Speed of decarbonisation of industry not sufficient

The Union has committed to achieving climate neutrality, (i.e. net zero emissions or emissions after the deduction of removals) by 2050. In order to reach this goal, Regulation (EU) 2021/1119 of the European Parliament and of the Council ⁽³⁵⁾ sets a binding Union climate target to reduce net GHG emissions by at least 55 % by 2030 compared to 1990.

While overall, the EU’s net GHG emissions in 2023 are in line with the hypothetical linear reduction path towards the EU’s 2030 target of reducing GHG emissions by at least 55% compared with 1990 level, an emission reduction of 134 Megatons of CO₂ equivalent emissions (‘MtCO₂-eq’) needs to be achieved every year from now until 2030. This is a slightly larger reduction compared with the annual average cut of about 120 MtCO₂-eq seen over 2017-2023 and will require continuous efforts, especially for the ‘harder-to-abate’ sectors. ⁽³⁶⁾

Reaching these targets requires investments in energy efficiency and industrial decarbonisation measures that market forces alone are unlikely to deliver in the required timeframe.

As also found by the Draghi report, especially European energy intensive industries have been leading in the adoption of green technologies. ⁽³⁷⁾ However, increasing decarbonisation efforts may threaten global competitiveness, especially where investment requirements are high and expected economic benefits too uncertain to ensure sufficient investments by private market operators alone.

2.5. Europe does not have sufficient clean tech manufacturing capacity required to support EU strategic open autonomy objectives

The need to enhance European manufacturing capacity for net-zero technologies and their key components has already been recognised by the NZIA ⁽³⁸⁾.

While the NZIA will increase the competitiveness of net-zero technology sectors, attract investments, reduce barriers and improve market access for clean tech in the EU, certain clean tech investments will not be sufficiently provided by private operators without adequate public incentives to make sure that capacity is increased in the Union, thereby allowing the acceleration of the net-zero transition and increasing European resilience in this area.

The European economy is open and supports a fair global trading system. However, investments may be diverted away from Europe also due to subsidies available in third

⁽³⁴⁾ Draghi report, Part B, p. 106.

⁽³⁵⁾ Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (“European Climate Law”) (OJ L 243, 9.7.2021, p. 1).

⁽³⁶⁾ Report from the Commission to the European Parliament and the Council – EU Climate Action Progress Report 2024 (SWD(2024) 249 final), 31.10.2024.

⁽³⁷⁾ Draghi report, Part B, p. 95.

⁽³⁸⁾ See also the assessment in the Commission Staff Working Document “Investment needs assessment and funding availabilities to strengthen EU’s Net-Zero technology manufacturing capacity” of 23 March 2023, SWD(2023) 68 final.

countries. Member States do not always have sufficient tools available to support investments that would otherwise not take place in Europe.

This is particularly the case for investments not located in assisted areas and that are therefore not eligible for regional aid. However, allowing for aid to support such investments creates a tension with cohesion objectives: on the one hand, a specific risk for investments not taking place in Europe is acute for all areas, on the other hand, such new capacity investments are typically highly mobile, which may lead to new investments being attracted by more developed areas to the detriment of cohesion objectives. Considering also that assisted areas in general require higher support in view of their structural disadvantages, this can be mitigated by aid levels differentiated based on location.

While the consultation results clearly identified the need for simple rules and the reduction of complexity, it is also true that specific individual cases may exist, in which a certain investment is concretely threatened to be diverted by subsidies offered in third countries. Such individual projects may require relatively large aid amounts, which in turn justify a close individual scrutiny to ensure that Member States are, on the one hand, capable to match the subsidies available outside the European Economic Area ('EEA'), while, at the same time, ensuring that such support remains proportionate and avoids overcompensation.

Furthermore, and as already recognised in the CID, clean-tech manufacturing in Europe also requires sufficient European demand in order to be sustainable. This is why supply side incentives may not always be sufficient, and Member States may require tools to also support demand especially in lead markets. Tax incentives can be an effective tool for this purpose. While in many situations, tax measures can be structured as general measures that are not selective, this is not the case for all situations, especially concerning accelerated depreciation for specific key products. There is therefore a need to also provide compatibility rules for such situations.

2.6. Private investment alone not sufficient to reach CID objectives

In order to reach the objectives of the Fit-for-55 package and RepowerEU, the Commission estimates energy system investment needs at EUR 565 billion per annum in the period 2021-2030. This is a significant increase from the annual average of around EUR 250 billion in the period 2011-2020, a decade with low investment levels. By far the greatest part of this investment will have to come from private funding. However, such private funding will not be mobilised sufficiently without additional public incentives. Therefore, in order to overcome the problems identified in this paper, and in order to reach the objectives of the CID, the question arises how additional funding could be attracted.

Most private investments will be made on the basis of market behaviour and competition, without any public support. Certain investments will be eligible for public support, including State aid under the CISAF; such measures normally do not cover the full investment costs and therefore also crowd-in private funds. Member States can also contribute capital to help financing projects, in particular by co-investing with private investors, which falls outside of State aid rules if done on market terms.

However, there is a lack of funding available on the market to finance certain private investments. As set out in the Letta report, this is partly due to the remaining fragmentation of European capital markets. However, the high risk aversion, in particular of large, institutional investors – which play a significant role in these markets –, presents a barrier to financing projects that present increased risks, e.g. due to the use of innovative technologies. This means that significant parts of private funds

in Europe are not available to projects that require funding and should be supported in order to achieve the objectives set in the CID.

The institutional investors, notably insurance companies, pension funds, and credit institutions, are limited in their ability to take risk as they need to preserve their ability to meet their payment obligations under any circumstances. This limited risk tolerance is reflected in the regulatory framework applicable to them (including Solvency II Directive and the Capital Requirements Directive IV).

The Draghi report proposes to use de-risking instruments to raise the necessary funding for the different stages of the critical raw materials supply chain. Much of the required investment needs in the European Union must come from the private sector. The public sector must strategically de-risk investment across the value chain such that private investment can provide the needed amounts.

To address this problem, there is a specific need to de-risk investments in specific areas to allow also for further participation of existing investors in priority areas identified in the CISAF as well as other investments that are crucial for reaching the CID objectives, such as investments in energy infrastructure and circularity.

2.7. The need for simplification

The need for simplification, timely implementation and a reduction of administrative burden is a policy priority of the Commission. In the CISAF, the Commission implemented significant steps to simplify and accelerate both the approval processes and the aid granting by Member States.

This includes the interplay of the State aid rules with other relevant EU instruments, in particular EU funds that contribute to financing CID objectives. For instance, cumulation rules have been clarified in the CISAF based on simple principles.

A specific situation is funding for projects under the Innovation Fund. Highly promising projects that have been assessed and received a Sovereignty seal⁽³⁹⁾ may in the end not be supported in view of the limitation in the fund's budget. Given that such projects have already been selected in view of their strategic importance, and that a specific methodology has already been applied to establish the necessary level of support needed, there should be a simplified State aid assessment to avoid a duplication of assessments and reduce administrative burden.

2.8. The need to protect the level playing field

Any State aid that addresses the problems identified on this section may only be approved by the Commission if it does not adversely affect trading conditions to an extent contrary to the common interest. Allowing State aid that addresses the identified market failures has to be balanced with the need to avoid fragmentation of the internal market and to limit any potential distortions to free trade within the Union. This is why the CISAF has to provide rules that strike the right balance between allowing Member

⁽³⁹⁾ The Sovereignty seal is set up by the Regulation (EU) 2024/795 of the European Parliament and of the Council of 29 February 2024 establishing the Strategic Technologies for Europe Platform (STEP). The Seal is awarded to all Innovation Fund projects that have been assessed under the Innovation Fund and that comply with the minimum quality requirements set out for in a relevant call for proposals under Commission Delegated Regulation (EU) 2019/856 of 26 February 2019 supplementing Directive 2003/87/EC of the European Parliament and of the Council with regard to the operation of the Innovation Fund (OJ L 140, 28.5.2019, p. 6).

States to provide State aid that addresses the identified problems and protecting the level playing field and in particular avoiding subsidy races between Member States.

Conceptually, the simplified assessment under the CISAF applies to measures that are not suitable for block exemption under GBER but still present a sufficiently limited risk to competition to not require an in-depth assessment and appropriate safeguards under the existing State aid guidelines. With the objective of accelerating investments, the CISAF provides for reduced procedural and evidentiary requirements that are designed in a way that facilitates State aid but also limits the risk of competition distortions. One concrete example of this is the approach taken to public consultations, which are in principle a requirement for measures under for the reduction and removal of greenhouse gas emissions section 4.1 CEEAG, but not for measures with a similar objective under the CISAF.

3. APPLICATION OF BETTER REGULATION PRINCIPLES

The adoption of the CISAF has been announced as a political priority in the mission letter by President von der Leyen to Executive Vice-President Ribera. The initiative had to be completed swiftly as it addresses urgent needs of the European economy and contributes to reaching the objectives of the CID. A timely adoption was also essential in view of the phasing out of the TCTF and the need to provide Member States and investors with a stable funding perspective.

In view of this political urgency, an exception to the requirement to conduct an Impact Assessment (with the current SWD replacing it) was granted by the Commissioner for Implementation and Simplification, in line with Better Regulation rules. ⁽⁴⁰⁾

The Commission has also put a strong emphasis on the involvement of all potential stakeholders, including in particular Member States, ensuring a participative approach. The stakeholder consultations *ex ante* as further outlined in Section 3.5 below as well as the provision of the underlying evidence in this document ensure transparency.

Given that the consultation of stakeholders is important for the Commission, it was ensured in various ways in the preparation of the CISAF to identify concrete needs and concerns of specific stakeholders, and to build on past experiences comprehensively. The consultation process provided the basis for an assessment of the expected needs of Member States, economic stakeholders and consumer, as well as the positions of other stakeholders.

The feedback received during the consultation process has confirmed the approach and need to act but also underlined the high importance of striking the right balance between global competitiveness and preserving the EU internal market, fundamentally based on cohesion and a level playing field.

3.1. The CISAF provides for a coherent approach

By providing the CISAF as an additional tool, the Commission complements the existing State aid toolbox. The CISAF replaces the TCTF and it is fully consistent with other State aid guidelines and the relevant Treaty provisions. With the CISAF, Member States get a simplified tool to notify State aid measures for which the Commission has sufficient experience. More complex measures and those with higher potential for

⁽⁴⁰⁾ The exception was granted in line with tool #1.3 of the Better Regulation toolbox, available here: https://commission.europa.eu/document/download/9c8d2189-8abd-4f29-84e9-abc843cc68e0_en?filename=BR%20toolbox%20-%20Jul%202023%20-%20FINAL.pdf.

market distortions remain possible, in particular under the CEEAG, where additional safeguards may apply. Smaller and less distortive measures also remain eligible under the GBER, which allows Member States to implement State aid without prior notification to the Commission. The CISAF is therefore a complementary element in full coherence with the remaining State aid rulebook. It also needs to be seen in the wider context of the CID, of which it provides one element, complementing the other regulatory instruments described therein.

3.2. The CISAF is based on lessons learned from preceding frameworks

The Commission has addressed the recent series of multiple crises with temporary rules that allowed to address changing needs identified by Member States in line with the volatile economic developments and the changing global challenges. Following the COVID-19 pandemic, the Commission has adopted a Temporary Framework. This framework was amended seven times in line with the developing stages of the pandemic and the required restrictions imposed by Member States. After Russia's unjustified attack on Ukraine, the Commission also quickly enacted temporary State aid rules. The first set of such rules was the Temporary Crisis Framework, which was later further developed into the Temporary Crisis and Transition Framework ('TCTF'). This framework was in particular used by Member States to address in particular the extraordinary situations in energy markets.⁽⁴¹⁾ In addition to the rules addressing direct crisis effects, the TCTF already included tools that allowed Member States to incentivise the transition away from fossil fuel imports and accelerate the transition towards a net-zero economy.

The Commission has monitored Member States activities under the respective tools. While the State aid scoreboard provides information on the actual spending by Member States on State aid overall, the Commission has also specifically monitored Member States' use of the respective crisis tools.⁽⁴²⁾ In the period March 2022 to June 2024, nearly EUR 796 billion of aid was approved either under the TCTF or directly under the Treaty based on TCTF principles. Around EUR 219 billion was actually granted to companies, representing 27% of the aid approved and corresponding to 0.5% of EU27 GDP in 2022, 2023 and the first half of 2024.

Focusing on the sections of the TCTF to foster support measures in sectors which are key for the transition to a net-zero economy, as of the end of June 2024, 11 Member States have started the implementation of measures under those sections. Around EUR 2.38 billion have been granted for such measures, representing 1% of the EUR 218.36

⁽⁴¹⁾ As explained in the Competition State Aid Brief No 1/2025, see Fn. (9) above.

⁽⁴²⁾ See European Commission: Directorate-General for Competition, Mathieu Collin, A., Cannas, G., Van de Castele, K. and Ferraro, S., *The use of COVID-19 related state aid measures by EU Member States – First semester 2021 update*, European Commission, 2022, <https://data.europa.eu/doi/10.2763/41582>; European Commission: Directorate-General for Competition, Cannas, G., Ferraro, S., Mathieu Collin, A. and Van de Castele, K., *Looking back at the state aid COVID temporary framework – The take-up of measures in the EU*, European Commission, 2022, <https://data.europa.eu/doi/10.2763/631679>; European Commission: Directorate-General for Competition, Cannas, G., Ferraro, S. and Van de Castele, K., *The use of crisis state aid measures in response to the Russian invasion of Ukraine*, European Commission, 2023, <https://data.europa.eu/doi/10.2763/850906>; European Commission: Directorate-General for Competition, Ferraro, S., Cannas, G. and Van de Castele, K., *The use of crisis state aid measures in response to the Russian invasion of Ukraine (until end-June 2023)*, European Commission, 2024, <https://data.europa.eu/doi/10.2763/394754>; European Commission: Directorate-General for Competition, Ferraro, S. and Landa, A., *The use of crisis State aid measures in response to the Russian invasion of Ukraine (March 2022-June 2024)*, European Commission, 2025, <https://data.europa.eu/doi/10.2763/2837179>.

billion granted to companies under the TCTF or based on its principles since March 2022, and around 11% of the aid granted in the first half of 2024. Compared to the total budget approved for these measures in the same time frame (EUR 47.25 billion), only 5% has been granted. Around EUR 150 million have been granted under Section 2.5 – Aid for accelerating the rollout of renewable energy, storage, and renewable heat relevant for REPowerEU, EUR 240 million under Section 2.6 – Aid for the decarbonisation of industrial production processes through electrification and/or the use of renewable and electricity-based hydrogen fulfilling certain conditions and for energy efficiency measures and EUR 1.99 billion under Section 2.8 – Aid for accelerated investments in sectors strategic for the transition towards a net-zero economy of the TCTF.

The data covering aid granting is also reflected in the regular monitoring of actual spending, done via the Commission State aid scoreboard.⁽⁴³⁾ Based on the latest available data, overall spending dropped to EUR 186.78 billion in 2023 from EUR 243.27 billion in 2022. This most notable reduction in spending was caused by the phasing out of the crisis aid aimed to mitigate the effects of the coronavirus pandemic and the Russian invasion of Ukraine. This means State aid spending entered a normalisation phase in 2023.⁽⁴⁴⁾

While these figures clearly show that Member States have notified significantly more aid under the direct crisis related sections of the TCTF based on Article 107(3), point (b), TFEU, this should not be interpreted in a way that the transition focused elements, which have been a role-model also for the CISAF and are based on Art. 107(3), point (c), TFEU, have been less important. Rather there are two important differences to consider: first, the reaction to the subsequent crises showed that Member States tended to notify higher aid amounts at the beginning of the crisis than what was actually used. This can be seen as a preventive approach, contributing to the calming of capital markets and economic stability. Second, an important difference between crisis related and transition-oriented measures is the inherent crisis related urgency. Transition-supporting State aid tools are longer-term oriented than measures to remedy a serious disturbance in the short term and require more time to be set up and take effect. This further corroborates the need voiced by Member States in the stakeholder consultation for a longer-term time-horizon for such tools – which is precisely what the CISAF delivers.

The findings of the Commission from monitoring the crisis aid granted under the different temporary frameworks is also reflected in the Letta report, which concludes that past temporary frameworks were able to mitigate negative effects on the real economy. The CISAF builds on the lessons learned from these crisis tools and provides a stable legal context for the specific needs that exceed the short-term crisis framework. The CISAF therefore addresses the need of a more permanent State aid framework that contributes to stability and predictability for Member States and potential investors.

3.3. Survey among Member States

The Commission has conducted a survey among Member States (plus EFTA States and the EFTA Surveillance Authority) from 8 to 22 January 2025 regarding their experiences with the TCTF transition provisions towards a net-zero economy.

⁽⁴³⁾ https://competition-policy.ec.europa.eu/state-aid/scoreboard_en.

⁽⁴⁴⁾ https://ec.europa.eu/commission/presscorner/api/files/document/print/en/ip_25_952/ip_25_952_en.pdf.

The survey showed that, overall, the Member States considered the TCTF transition sections 2.5, 2.6 and 2.8 provisions useful for accelerating investments. This is particularly true for investments in renewable energy. However, several Member States found the decarbonisation provisions too rigid, and there were notable concerns about potential distortions to fair competition under the investment support rules, especially since most aid schemes currently aim at supporting relatively small projects well below the maximum thresholds permitted under the TCTF, leading to varying approaches of Member States regarding the aid amounts and intensities required. One Member State's experience highlights a tension, as the strict cohesion safeguards intended to maintain a level playing field have in some cases limited the ability to provide State aid, underscoring the need for a more balanced and flexible approach.

In addition, and as announced in Affordable Energy Action Plan ⁽⁴⁵⁾, the Commission has also collected Member States' views on a clean flexibility instrument based on power purchase agreements and industry committing to consume clean electricity, while designing it in a way that sufficiently limits the risks of competition distortions and subsidy races in the internal market, as required by State aid rules. While the results of this consultation were rather mixed, there was a clear concern that energy prices in Europe are significantly higher than in other geographic areas globally.

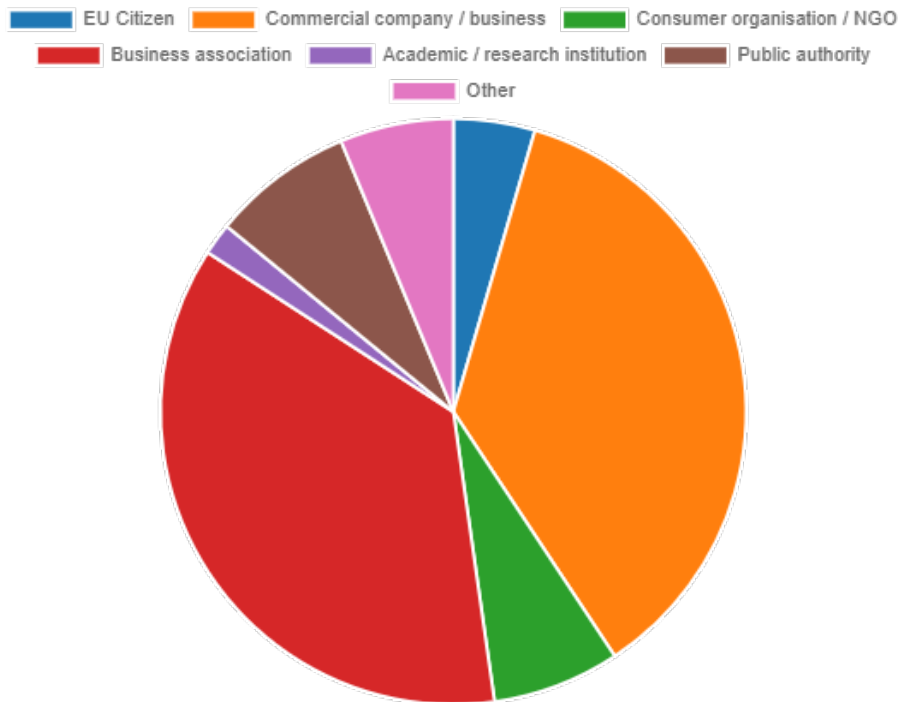
3.4. Stakeholder consultation

In the stakeholder consultation, conducted from 11 March to 25 April 2025, the Commission received 511 replies via its public website.

As regards the type of stakeholder that submitted input, 23 (5%) stakeholders self-qualified as EU citizen, 40 (8%) as public authority, 185 (36%) as business, 186 (36%) as business association, 36 (7%) as consumer or non-governmental organisation, 9 (2%) as academia or research institution, and 32 (6%) as other (see Figure 4 below).

⁽⁴⁵⁾ Communication from the Commission – Action Plan for Affordable Energy Unlocking the true value of our Energy Union to secure affordable, efficient and clean energy for all Europeans (COM/2025/79 final), 26.2.2025.

Figure 4: Types of stakeholders participating in the stakeholder consultation

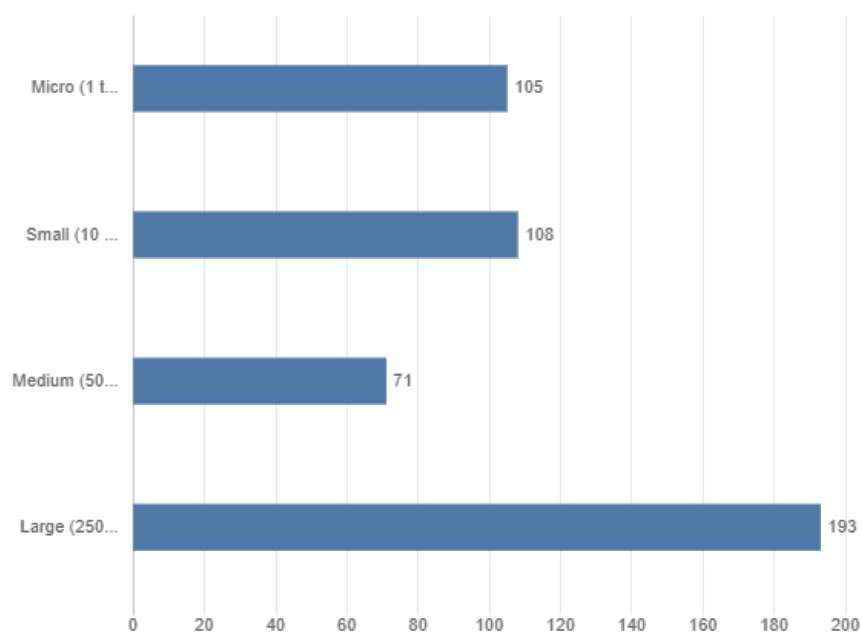


Source: European Commission, 2025

The varying participation of the different types of stakeholders in the consultation limits the representativeness and generalisability of the results. The findings were interpreted with statistical caution and supplemented with additional data.

Regarding the size of the organisations participating in the stakeholder consultation, 193 stakeholders self-classified as large (250 or more employees), 71 as medium-sized (50 to 249 employees), 108 as small (10 to 49 employees) and 105 as micro (1 to 9 employees).

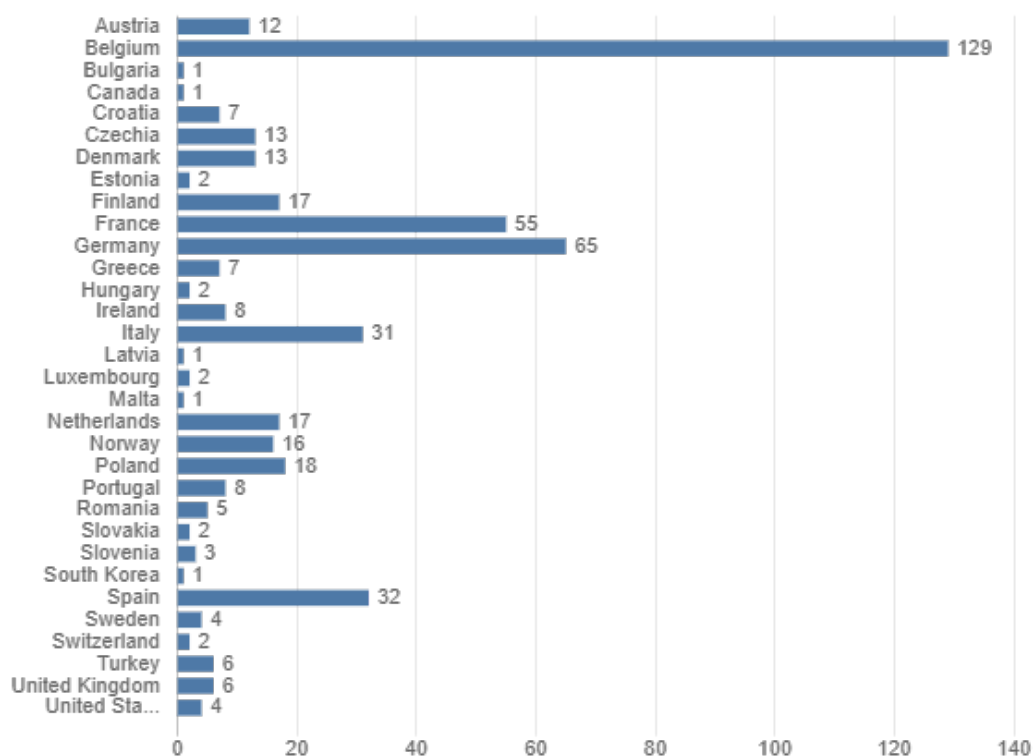
Figure 5: Size of participating organisations



Source: European Commission, 2025

As regards the country of residence or the location of headquarter of the organisation or company represented, the Commission received replies from 32 different countries. The high number of representations located in Brussels is correlated with the number of business associations and consumer organisations located in Brussels.

Figure 6: Country of residence or location of headquarter



Source: European Commission, 2025

Following the stakeholder consultation, more than 750 documents were received and systematically reviewed. The contributions received are publicly available online. ⁽⁴⁶⁾

Generally, a large majority of stakeholders submitted positive feedback and considered the fundamental approach as potentially beneficial in contributing to the overall strategy. As a general trend, businesses and business organisations tended to argue in particular in favour of more lenient rules for their specific area of activity.

Many stakeholders argued for a wider scope of eligible technologies, both to ensure technological neutrality and to allow support for a wider range of productive investments. This should in their view be accompanied by more generous limits, e.g. in the form of higher aid intensities and less strict implementation deadlines. Most stakeholders also underlined the need for further simplification and more guidance to facilitate implementation.

At the same time, some public authorities, especially from smaller Member States, raised concerns regarding a relaxation of State aid rules, calling to maintain EU cohesion and the internal level playing field. Some stakeholders also argued that State

⁽⁴⁶⁾ https://competition-policy.ec.europa.eu/public-consultations/2025-cisaf_en.

aid should be made subject to various conditionalities, e.g. in relation to resilience, environmental and social objectives.

Stakeholders also provided a high number of technical comments and drafting suggestions that allowed the Commission to further improve the proposal.

An analytical summary of the submissions received in the stakeholder consultation is contained in the Annex.

3.5. Stakeholder Engagement in Commission Expert Groups

3.5.1. SAM WG 24 March 2025

During the meeting of the Working Group of Member States on State Aid Modernisation on 24 March 2025, Member States shared their practical experience with sections 2.5, 2.6 and 2.8 TCTF, as they served as a basis for the corresponding CISAF provisions.

Many Member States explained to have limited experience with the discussed TCTF sections 2.5 (rollout of renewable energy and energy storage), 2.6 (decarbonisation of industrial production processes) and 2.8 (accelerated investments in sectors strategic for the transition towards a net-zero economy). Some Member States noted that their implementation process was still ongoing.

The Commission took note of the discussion among Member States and the experience with the implementation of the transition sections of the TCTF, already based on Article 107(3), point (c), TFEU, informed the further development of CISAF.

3.5.2. Multilateral Meeting on 27 March 2025

On 27 March 2025, a Commission expert group “Multilateral Meetings on State aid” was held on the draft CISAF. After a presentation on the state-of-play, national authorities shared their comments and questions regarding the draft CISAF.

Most Member States were generally in favour of the objectives of the proposed framework. The key points raised in the meeting were:

- The need for fast, streamlined processes and a coordinated approach between the application of the CISAF and the other existing frameworks or guidelines. Member States also raised concerns about the feasibility of certain safeguards, e.g. completion deadlines should generally be longer.
- Better implementation of the technological neutrality principle, including the question on the treatment of low-carbon hydrogen compared to renewable hydrogen.
- A further reflection on the scope of the CISAF, in particular as regards certain areas (e.g. circular economy or natural gas) and the scope of application of Section 6 CISAF (aid to ensure sufficient manufacturing capacity in clean technologies).
- A number of Member States voiced general concerns about the impact of certain provisions on the level playing field within the internal market, in particular with regard to the matching aid tool under Section 6 CISAF.

The full minutes of this expert group meeting are available online. ⁽⁴⁷⁾

⁽⁴⁷⁾ https://competition-policy.ec.europa.eu/state-aid/legislation/commission-expert-groups-state-aid_en

3.5.3. *Informal Information Session for Member States on 23 June 2025*

On 23 June 2025, the Commission held an informal information session for Member States, the EFTA Surveillance Authority, EFTA States and the EFTA Secretariat, presenting key changes in the revised draft of the CISAF.

Member States had the opportunity to ask for clarification and submitted final comments.

3.6. **Discussions with other European institutions**

In addition, the Commission presented the CISAF proposal in the following fora and received comments:

- 10 April 2025: Council of the European Union – Working Party on Competition; ⁽⁴⁸⁾
- 7 May 2025: European Parliament – Plenary discussion on the Annual Competition Report; ⁽⁴⁹⁾ and
- 14 May 2025: European Parliament, Committee on Economic and Monetary Affairs – Competition Working Party.

4. **THE CISAF DELIVERS ON ITS OBJECTIVES**

4.1. **Contribution to competitiveness in Europe**

The CISAF will enable Member States to address the issues identified in section 2 above, thereby, directly or indirectly, improving the competitiveness of European industry. This section provides a broad overview of the impact of the CISAF on competitiveness; details on individual provisions of CISAF can be found in section 4.3 below.

The CISAF builds on the lessons learned from the transition sections of the TCTF, namely sections 2.5, 2.6 and 2.8. While a direct comparison may not be fully accurate in view of the differences in scope, it is noteworthy that as of 1 July 2025, the Commission has taken 64 decisions on these bases, approving approximately EUR 85.4 billion of State aid budgets. Given the date of expiry of the TCTF, these schemes will phase out on 31 December 2025. Assuming that Member States will continue to put in place similar schemes also for the full duration of the CISAF until 31 December 2030 with similar budget and further considering that State aid contributes only partly to the investment, always leveraging additional private funds, the CISAF could mobilise investments within the range of three-digit billions. Bearing this in mind, the CISAF remains simply an enabling framework and it remains fully within the competence of Member States to introduce State aid schemes and to determine their budgets.

⁽⁴⁸⁾ See <https://data.consilium.europa.eu/doc/document/CM-2199-2025-REV-1/en/pdf>.

⁽⁴⁹⁾ The European Parliament subsequently adopted a resolution on the 2024 Annual Competition Report (see <https://oeil.secure.europarl.europa.eu/oeil/en/document-summary?id=1813311>), which welcomed the Commission's commitment to introduce a new State aid framework to accompany the Clean Industrial Deal, while ensuring that this does not hamper innovation, increase prices or reduce competition in the internal market.

4.1.1. *Cost and price competitiveness*

The CISAF will contribute to an improvement for European industry as regards a number of factors crucial to its competitiveness by allowing Member States to:

- Lower the costs of energy in Europe, both by accelerating the rollout of renewable energy and temporarily reducing electricity prices for certain electro-intensive sectors in the short term;
- Improve the energy efficiency and accelerate decarbonisation of European industry to make it more efficient and resilient;
- Help financing the production capacity for certain clean technology products, components and critical raw materials, thereby not only incentivising investment in these sectors but ensuring availability of inputs for the whole economy in the medium term;
- Incentivise the purchase of clean technology products and thereby the modernisation of European industry; and
- Improve the access to finance by de-risking investments related to CID objectives, thereby crowding-in private funds.

At the same time, the CISAF contains adequate safeguards to preserve competition and a level playing field in the internal market, ensuring that economic operators are efficient and subject to competitive pressure to lower prices.

4.1.2. *International competitiveness*

Improving the competitiveness of European industry will directly impact its international competitiveness. In addition, certain provisions in the CISAF take specific account of the international challenges to competitiveness:

- Temporary electricity price relief is designed to help electro-intensive industry faced with strong international competition where there is a real risk of such industry leaving Europe;
- Support for manufacturing capacity in certain clean technology products, components and critical raw materials is subject to the requirement that the project in question would otherwise not materialise in Europe and contributes to resilience;
- Member States are required to include any mandatory resilience criteria (e.g. from NZIA) and are explicitly encouraged to consider further conditionalities when designing aid measures.

4.1.3. *Capacity to innovate*

The CISAF also contributes to facilitating innovation in Europe. First, by promoting investments in both the production and deployment of innovative energy and decarbonisation technologies, it contributes to developing relevant markets for key innovative technologies. Second, it also aligns State aid rules with the Innovation Fund, providing Member States with simplified tools to support selected projects that cannot receive sufficient funding from the EU fund directly. This facilitation will enable additional innovative projects to get required support in a simplified manner directly via Member State resources.

4.1.4. *SME competitiveness*

The CISAF contains specific provisions to allow Member States to support small and medium sized enterprises (SMEs) with increased aid intensities and – where

appropriate – subject to simplified conditions, as further described in section 4.3.1 below.

This ensures that SMEs can fully benefit from the provisions of CISAF and Member States can support all eligible projects and activities appropriately irrespective of the size of the beneficiary. The increased aid intensities allowed under CISAF for SMEs allow Member States to accommodate the structural challenges that SMEs face in access to finance and specifically recognise the contribution that SMEs bring to the Union's economy.

4.2. Overall contribution to simplification and administrative saving objectives

The CISAF further simplifies and accelerates the process for Member States to grant aid by providing clearer and more flexible criteria for assessing State aid measures, offering a longer planning horizon, and increasing investment predictability and security for businesses. In line with the objectives of the CID, it targets all industrial undertakings, with a focus on energy-intensive industries and the clean-tech sector and introduces aid measures to accelerate the rollout of renewable energy, investments in industrial decarbonisation and in manufacturing capacity for clean tech. Member States will be able to help financing the expansion of clean technologies manufacturing in Europe, using both recycled and primary input, contributing to strengthening the resilience of European supply chains. It will also allow Member States to reduce the electricity cost of energy-intensive users operating in industries at risk of relocating outside the Union to countries where environmental regulations are absent or less ambitious, in return for decarbonisation investments. The new framework promotes the attraction of private funds by reducing investment risks in projects aligned with the objectives of the CID.

4.2.1. Simplification

The CISAF contains a number of elements that contribute to the simplification objectives.

First, the CISAF generally promotes the use of State aid schemes by Member States. The use of schemes is significantly simpler and a faster way of granting aid to individual companies compared to individual aid notifications, as the approval process for an aid scheme is generally more streamlined than for individual measures. This is due to the Commission only having to assess the abstract rules of the national aid scheme on the basis of which the Member State concerned intends to grant State aid, whereas for notified individual measures the Commission also has to examine the facts related to the concrete beneficiary, including for instance the plans and financials of the proposed project.

Once a scheme is approved, individual aid under the scheme can be granted without any further interaction with the Commission limiting administrative burden and speeding up the process for undertakings. Only in two exceptional cases does the CISAF require individual notification: Under Section 5 CISAF if an individual aid amount exceeds 10% of a scheme's budget or EUR 200m for the Commission to verify the funding gap calculation, as well as for *ad hoc* matching aid under Section 6.2 CISAF given the increased risk of distortions to competition.

Compared to other State aid guidelines, the CISAF imposes only very limited administrative requirements by introducing simple compatibility conditions. For instance, Sections 4 and 5 do not require a prior public consultation, as for example Section 4.1 CEEAG does. Section 5 CISAF also proposes safe harbours to enable the fast processing of notifications.

Finally, the CISAF does not require an ex-post evaluation of aid schemes, irrespective of their overall budget.

4.2.2. *Reduction in reporting requirements*

The CISAF removes the specific reporting requirements of the TCTF, e.g. for the use of aid schemes under point (85) TCTF.

The CISAF thus does not impose any additional reporting requirements beyond the Member States' general reporting obligations for State aid.

4.2.3. *Administrative costs*

The simplifications and reduction in reporting requirements set out above will keep administrative burden for Member States as well as – albeit indirectly – for economic operators, low:

- Less administrative costs in preparing one single notification of an aid scheme instead of having to notify all individual aid projects, which would also require the submission of detailed project data from the intended beneficiaries to the Commission (with associated indirect cost savings for the economic operators concerned);
- Limiting costs for both national administrations and – indirectly – economic operators given that no ex-ante public consultation is required;
- Flexibility for Member States to decide between using competitive processes and administrative aid calculations, which allows Member States to choose the most cost-effective methodology;
- Limiting costs for Member States related to reporting requirements.

4.3. **Specific contribution provided by each CISAF section**

As further shown below for each of the relevant sections, the CISAF delivers also more specifically on the objectives defined above in view of the particular problems that it is designed to overcome.

4.3.1. *General principles*

Based on Article 107(3), point (c) TFEU, the Commission may consider compatible with the internal market State aid to facilitate the development of certain economic activities or of certain economic areas (positive condition), where such aid does not adversely affect trading conditions to an extent contrary to the common interest (negative condition).

Therefore, any aid granted under the CISAF has first to comply with the positive condition of developing certain economic activities or areas. As explained in Section 3 CISAF, the Commission considers that aid under this Communication aims at incentivising investments and activities in certain sectors that contribute to the objectives defined in the CID, thereby facilitating the development of the specific economic activities within its scope. This creates a presumption that aid for investments covered by the relevant sections of the CISAF will develop certain economic activities or areas.

Specifically for aid in the form of temporary electricity price relief for energy intensive users under Section 4.5 CISAF, on the one hand, any such support ensures, on the one hand, that economic activity is not further lost in Europe (see also Figure 3 in section 2.3 above). On the other hand, any such support requires decarbonisation investments

by the beneficiaries, which will contribute to their own economic development but also create further demand for the required technologies in Europe.

In addition, aid under Article 107(3), point (c), TFEU needs to comply with the negative condition that it will not adversely affect trading conditions to an extent contrary to the common interest. This means that aid may only be granted if it is necessary, appropriate and proportionate. As set out in point (26) CISAF, the Commission presumes that any aid falling within the scope of the CISAF and complying with all conditions in the applicable sections is necessary. This assumption is based on the problems identified in section 2 above, considering that the measures specified in the respective CISAF sections are directly addressing investments that market forces alone would not deliver to the required extent to overcome the problems identified. The measures under the CISAF are therefore addressing specific market failures and therefore are necessary to reach the defined objectives.

State aid is only one of the tools that contribute to the achievement of the CID objectives. The CID identifies a range of other regulatory measures that will contribute as well. However, where such measures are not sufficient to overcome the problems identified, the Commission concludes that State aid is an appropriate tool to address the problems identified given that less distortive measures are also applied but will not be able to deliver the same results. The Commission explicitly acknowledges the interplay of State aid measures under the CISAF with related policy objectives. In particular, the Commission encourages Member States to include European preference criteria in notified measures as long as such conditions do not breach Union law including the Union's international obligations (for instance, clauses conditioning the aid directly or indirectly on the origin of products or equipment, such as requirements for the beneficiary to purchase domestically-produced products) or contradict more specific conditions in the CISAF. The CISAF also ensures consistency with other EU rules and, in particular, with requirements provided by the NZIA that address specific market failures regarding the intertwined issues of resilience and decarbonisation. Finally, also wider social and environmental policy objectives should be considered by Member States to ensure coherent policies. Social conditions are particularly relevant in this context. The CISAF encourages Member States to include conditions to address resilience objectives in particular with a view to strengthen the European value chain in clean technology, as well as conditions to address wider social and environmental policy objectives, including to anticipate the changes resulting from the transition to a net-zero economy and promote equitable labour market outcomes such as fair wages, decent working conditions, training and fair job transitions. The Commission has explicitly invited Member States to develop further conditions together with social partners and in line with the applicable rules to ensure that the economic activities developed via measures under the CISAF contribute to the creation of quality jobs and their durability. The Commission has indicated its readiness to assist Member States on how to design conditions related to social objectives.

As regards proportionality, each section of the CISAF sets out the specific methods to ensure that public support is limited to the minimum necessary and to avoid overcompensation. There is, however, a trade-off between the administrative burden associated with a detailed verification of individual aid amounts and the need for speed and simplicity to enable the required acceleration of the needed investments and actions. In general, this balance is addressed in the CISAF by applying different tools, depending on the specific situation. One element is the aid amount, given that typically, smaller aid amounts tend to pose lower risks for market distortions than larger ones. Figure 7 below provides a typology of the correlation between aid instruments most suitable depending on the aid amount.

Figure 7: General principles to determine proportionality in relation to aid amounts

Amount of aid		
Small	Medium	Large
Aid intensities, potentially modulated by bonuses (e.g. location, company size, etc.)	Competitive tendering (if homogenous projects and sufficient interest)	Competitive tendering (if homogenous projects and sufficient interest)
	<i>Possible alternative based on specific context:</i> General or scheme-specific aid intensities (from reference project) potentially capped or modulated by bonuses (e.g. location, company size, etc.)	<i>Possible alternative based on specific context:</i> Individual funding gap, with or without pre-determined caps
	<i>Possible alternative based on specific context:</i> Individual funding gap (with or without additional limits) and claw-back	

Source: European Commission, 2025

Based on the considerations above, administratively set aid amounts using standardised aid intensities can be an effective method to ensure proportionality, especially in areas where the Commission already has experience from case practice that justifies the calibration of the aid limits.

Competitive tendering is typically a very effective tool to establish proportionate aid amounts, where several potential beneficiaries exist that offer commoditised, mature and relatively homogeneous economic activities. In view of the administrative requirements for Member States as regards tender design, it is typically suitable for medium or larger aid amounts. In certain areas, such as aid for renewable energy generation, competitive tendering is also required by sectoral legislation ⁽⁵⁰⁾.

In specific cases, where aid is to be granted to individual projects, the CISAF requires a more detailed funding gap assessment. This method is particularly suitable for large amounts of aid whenever competitive tendering is not possible, e.g. when projects are heterogeneous, or when an insufficient number of bidders are expected. While it requires a more detailed financial analysis, the applicable methods are standardised and well-established, also as this allocation instrument is required by a number of other State aid rules.

Where a funding gap assessment is required, it should typically be combined with a claw-back mechanism. This tool has been introduced to prevent overcompensation and to limit the public funding to the amount necessary. Claw-backs function by allowing authorities to recover excess aid if, for example, the actual costs or revenues differ

⁽⁵⁰⁾ For instance, under Article 4 of the Renewable Energy Directive.

from initial forecasts, or if projects are not implemented as planned. These measures incentivise beneficiaries to minimise costs and increase project efficiency, ensuring efficient use of public funds and compliance with EU state aid rules. The tool addresses inherent difficulties of the funding gap assessment linked to the asymmetry of information between the beneficiary on the one side and the granting authority and the Commission on the other. It also ensures fairness by limiting unexpected profits for beneficiaries that would not have been possible without the initial public support.

In addition to the general principles, two situations are relevant where specific market failures exist that justify higher aid intensities and amounts (where applicable). The first situation applies to SMEs, and the second to investments located in assisted areas.

Despite their importance for the European economy overall, SMEs often face difficulties in gaining access to finance, including for investment purposes. At the heart of those difficulties lies a problem of asymmetric information: start-ups and SMEs, especially when they are young or in new or high-tech sectors, are often unable to demonstrate their creditworthiness or the soundness of their business plans to investors and banks. In such circumstances, the type of active screening and research that investors undertake for providing finance to larger or more established companies may not be worthwhile in the case of transactions involving SMEs because the screening costs are too high relative to the value of the investment. Therefore, irrespective of the quality of their investment project, SMEs will likely not be able to access the necessary finance as long as they lack a proven track record and sufficient collateral. That problem may be particularly pronounced as regards investments into innovative technologies, including clean tech. As a result of that asymmetric information, business finance markets may fail to provide the necessary equity or debt finance to SMEs, resulting in a persistent capital market failure preventing supply from meeting demand at a price acceptable to both sides, which negatively affects SMEs' growth prospects and undermines the internal market's productivity growth and overall resilience of the Union's economy. The impact of these market failures depends on the size of the undertaking. To address these market failures, the sections of the CISAF on investment aid foresee the possibility to allow higher aid intensities and (where applicable) aid amounts for SMEs, with a higher bonus for small enterprises and a lower bonus for medium-sized ones.

EU cohesion can furthermore be enhanced by varying aid limits depending on regional specificities and needs. The background for this additional support for the least favoured European regions is the cohesion objective, by providing such regions with the possibility to catch up and to reduce disparities in terms of economic well-being, income and unemployment. Higher aid intensities for new investment projects in such disadvantaged regions are justified based on structural differences, covering for differences in infrastructure, access to finance and many other factors that typically create additional investment hurdles for such areas that affect location decisions⁽⁵¹⁾. The higher aid intensities provided for in Sections 6.1 and 7 CISAF differentiate between areas designated in a regional aid map approved by the Commission in application of Article 107(3), point (a) or (c) of the Treaty and ensure proportionality and a level playing field between areas that are characterised by different factual

⁽⁵¹⁾ The location decisions for energy projects covered by Section 4 CISAF generally depend on other factors, e.g. the presence of natural conditions suitable for renewable energy production. Section 5 CISAF does not contain higher aid intensities for assisted regions as eligible investments only concern existing industrial facilities, i.e. the initial decision to invest in the assisted region has already taken place.

contexts. The link to the existing aid maps ensures consistency across different State aid instruments, namely the GBER and the RAG.

4.3.2. *Aid to accelerate the rollout of clean energy and support electricity costs (Section 4 CISAF)*

4.3.2.1. Aid to accelerate the rollout of clean energy (Sections 4.1 and 4.2 CISAF)

As described in section 2.2 above, the Renewable Energy Directive raises the EU's binding renewable energy target for 2030 to a minimum of 42.5%. While the greatest part of the investments needed to achieve these targets will have to come from private funding, market operators alone will not deliver such investments within the timeframe required by the policy objectives in view of high investment costs and in many instances uncertain or too low returns. Therefore, State aid has an important role in supporting this investment challenge as it can leverage and crowd in private investments, bridging the gap where market forces alone are not sufficient to drive investments.

The CID recognises the importance of accelerating the decarbonisation of energy systems in a cost-effective way, to promote the competitiveness and resilience of the European Union. In this context, Section 4.1 CISAF provides a set of streamlined rules for the approval of State aid for the renewable energy sources, with the aim of facilitating investments to accelerate and expand the availability of renewable energy.

Building on the case practice under Section 2.5 TCTF, Section 4.1 CISAF provides for simplifications for investment and operating aid schemes to promote renewables compared to other State aid frameworks, in particular Section 4.1 CEEAG:

First, Section 4.1 CISAF does not require Member States to demonstrate the necessity and incentive effect of State aid measures on the basis of a detailed funding gap analysis, which, although being the most accurate methodology for this assessment, often requires in-depth discussions with Member States on the assumptions and methodologies used, and which would likely cause delays that run counter to the objective of Section 4.1 CISAF to accelerate the roll-out of clean energy..

Second, while fully recognising the requirements of the applicable sectoral rules⁽⁵²⁾, Section 4.1 CISAF provides flexibility as regards the requirement for aid to be granted in a competitive process, by providing exemptions for small installations and demonstration projects for the production of electricity. These simplifications are in particular available for projects with a limited risk of competition distortion and includes investments not aimed at the production of electricity. For such projects, Section 4.1 CISAF allows, irrespective of the size of the project, aid to be granted administratively on the basis of pre-defined aid intensities. The applicable aid intensities have been calibrated based on the case practice of the Commission, taking inspiration from funding gap calculations provided by Member States under the CEEAG and reflect the general need for support identified.

Third, Section 4.1 CISAF ensures a streamlined administrative process and allows fast procedures as it does not require public consultations to be carried out before the implementation of certain aid measures. While the corresponding requirement under the CEEAG is important, especially for novel or complex measures, the projects within the scope of the CISAF are sufficiently tested based on previous case practice. The CISAF

⁽⁵²⁾ Article 4 of the Renewable Energy Directive obliges Member States to allocate support for electricity from renewable sources in an open, transparent, competitive, non-discriminatory and cost-effective manner, subject to certain exceptions.

also in no way hinders Member States' ability to conduct such consultations to make sure a specific design addresses the needs of potential beneficiaries. This simplification and the corresponding acceleration are therefore warranted for the projects covered by Section 4.1 CISAF while the consultation requirement continues to apply under the CEEAG for measures not covered by the new rules.

Finally, Section 4.1 CISAF does not include the CEEAG requirement to calculate the subsidy per CO₂ emissions avoided for each notified measure and, instead, assumes a positive environmental contribution of supported project, subject to compliance with the 'do no significant harm' ('DNSH') principle.

These simple conditions will facilitate support for investments in renewable energy sources, thereby better contributing to the target set in the Renewable Energy Directive. The increased rollout of renewables will also reduce the dependence of the Union from fossil fuel imports, thus bringing down energy prices and mitigating price volatility.

While Section 4.1 CISAF relaxes some of the requirements included in the CEEAG, it ensures that potential competition distortions are kept to a minimum. Firstly, the scope of Section 4.1 CISAF remains confined to schemes that support investments for the production and storage of renewable energy sources. The limitation to schemes reduces the risk of potential distortions of competition, which are more likely to occur in the case of individual aid measures. Section 4.1 CISAF also imposes as a condition for eligibility that investments comply with the 'do no significant harm' principle. This ensures that the positive effects of supported projects on the achievement of the EU targets are not outweighed by negative environmental impacts. By requiring competitive bidding or, alternatively, aid intensities set on the basis of the Commission case practice, to establish the amount of aid for each beneficiary, Section 4.1 CISAF ensures that aid remains limited to what is necessary to incentivise the supported activities. Finally, the elimination of the requirements to consult publicly on the design of a measure and to calculate the subsidy per CO₂ emissions avoided is expected to have a negligible impact on competition distortions especially in view of the limited scope of this section.

On balance, the simplifications provided by the CISAF compared to the CEEAG are therefore fully justified, especially given the previous experience with similar measures covered by Section 2.5 TCTF and the input received in the stakeholder consultation which showed that overall, the possibilities provided by the TCTF are considered to make an important contribution to accelerating the rollout of renewable energy.

Nevertheless, the results of the stakeholder consultation also provided the basis for certain improvements in Section 4.1 CISAF compared to Section 2.5 TCTF. First, Section 4.1 CISAF features additional flexibility for investments in the production of renewable fuels of non-biological origin ('RFNBOs') to produce a maximum of 20% of low-carbon fuels. This is an important widening of the support possibilities and will significantly extend the scope of projects concerning in particular hydrogen production. This additional flexibility allows RFNBOs producers to optimise production during periods when renewable electricity supply is scarce or expensive, by temporarily relying on other non-fossil inputs. At the same time, the remaining limits ensure that renewable production remains attractive and will continue to be rolled out.

Second, while implementation deadlines remain key to incentivise the acceleration of investments in renewables, Section 4.1 CISAF recognises that longer deadlines (increased to 48 months) might be necessary and that delays beyond the control of the aid beneficiaries should not be penalised. This improvement is based on feedback received during the stakeholder consultation but also based on experience gained in the application of the TCTF.

Third, Section 4.1 CISAF also introduces the possibility for Member States to use additional aid instruments for operating support for the production of energy other than electricity. By maintaining the requirement for aid for the production of electricity to be granted in the form of two-way contracts for difference, the CISAF maintains coherence with the applicable sectorial legislation, while providing additional flexibility for other types of energy. It ensures that administrative burdens are minimised and enables a swift assessment of State aid measures.

In addition to the greater flexibility provided for support for the rollout of renewable energy, the CISAF includes a new section on support for low-carbon fuels. Section 4.2 CISAF was introduced as a direct response to the stakeholder consultation, where stakeholders called for a more technologically neutral approach to aid for the production of hydrogen, with a view to support the creation of a hydrogen market and to contribute to the achievement of the targets for the decarbonisation of the aviation and maritime sectors.

The Commission acknowledges the Member States' right to determine the conditions for exploiting its energy resources, its choice between different energy sources and the general structure of its energy supply, as specified in Article 194(2), subpara. 2 TFEU. Unlike RFNBOs, low-carbon fuels can be produced from fossil fuels or using electricity which does not qualify as renewable. It is therefore appropriate that public support does not put RFNBOs and low-carbon fuels on the same footing, and that it recognises the greater contribution that RFNBOs will make to decarbonisation and the management of system costs. Rather, a differentiated approach is required to avoid crowding-out support for RFNBOs and in view of the added value that these fuels can bring to the electricity system compared to their low-carbon counterparts. In fact, the production of RFNBOs relies on electricity that complies with the principle of additionality. Therefore, in order to produce RFNBOs, electrolyzers should be operated flexibly, ramping up when there is excess renewable generation and reducing output when supply is scarce. This flexible operation reduces the need for redispatching, thereby lowering overall system costs.

While Section 4.2 CISAF follows a similar approach to Section 4.1, it adds specific requirements applicable only for support to low-carbon fuels, which are not covered under Section 4.1. These include the requirement for measures targeted at the production of low-carbon fuels to be also open to investments in the production of RFNBOs, reserving at least 30% of their aid budget to the latter. The minimum percentage of budget serves at ensuring that investments for the production of low-carbon fuels take place in parallel to investments in the production of RFNBOs. Section 4.1 CISAF acknowledges the difference costs structure of RFNBOs and low-carbon fuels (see *Table* below), by providing a lower aid intensity for the latter.

Table 1. Levelised costs of hydrogen for different production technologies

Type of hydrogen	Production technology	Estimated Cost of H ₂ (€/kg)	Carbon footprint
Grey	SMR ⁽⁵³⁾	2.4 – 4.6	High
Blue	SMR with carbon capture	3.3 – 5.5	Medium–Low
Pink/Purple	Electrolysis powered by nuclear	2.5 – 6.5	Low
Green	Electrolysis powered by directly connected renewable electricity production	3.6 – 10.1	Zero

Sources: European Hydrogen Observatory, *Hydrogen production costs 2024* ⁽⁵⁴⁾, International Energy Agency, *Global Hydrogen Review 2023* ⁽⁵⁵⁾

With respect to operating aid, Section 4.2 CISAF requires aid to be granted in a competitive bidding process and sets an hourly limit to the aid that can be granted for the production of low-carbon fuels from grid electricity to 80% of hours in a year. This requirement aims at creating an incentive for producers of low-carbon fuels to offer flexibility in their production profile (e.g. by installing electricity batteries).

This approach aligns with the EU decarbonisation strategy, prioritising renewable energy sources, while transitionally allowing for low-carbon options to accelerate economic competitiveness, independence and technological deployment.

4.3.2.2. Aid for non-fossil flexibility support schemes and capacity mechanisms following a target model (Sections 4.3 and 4.4 CISAF)

The EU electricity market supports the clean energy transition and increases energy security by ensuring an efficient use of the assets across the Union. It helps ensure affordability by boosting competition and fostering an efficient operation of the system. In order to ensure security of supply and decarbonisation of the electricity system, Member States may have to take additional measures also involving State aid. This includes two separate types of measures that are covered by CISAF in Sections 4.3 and 4.4. of CISAF: non-fossil flexibility support schemes and capacity mechanisms.

Both types of measure contribute to secure and decarbonise the electricity system, as they provide tools to support investments in the reliable and flexible capacity needed to accompany increasing shares of variable renewables. As such, they contribute to accelerate reaching net-zero objectives as explained in section 2.2 above.

⁽⁵³⁾ Steam Methane Reforming ('SMR').

⁽⁵⁴⁾ <https://observatory.clean-hydrogen.europa.eu/sites/default/files/2025-09/Hydrogen%20production%20costs%202024.xlsx>.

⁽⁵⁵⁾ <https://iea.blob.core.windows.net/assets/ecdfc3bb-d212-4a4c-9ff7-6ce5b1e19cef/GlobalHydrogenReview2023.pdf>.

Section 4.3 CISAF provides new State aid rules to accompany the revised Electricity Regulation following the Electricity Market Design reform, which introduced new requirements for Member States to define, on the basis of a flexibility needs assessment report, indicative non-fossil flexibility objectives and an option for them to introduce new non-fossil flexibility support schemes to help achieve them where investment in non-fossil flexibility is insufficient. ⁽⁵⁶⁾ Non-fossil flexibility support schemes are mechanisms providing support for new investments in the development of flexibility solutions like demand response and energy storage, where market-based solutions are insufficient and shall not go beyond what is necessary to achieve the indicative national objective. Increasing the electricity system's flexibility is key to integrate intermittent renewable energy sources and ensure a stable, secure, and decarbonised electricity system. These schemes aim at providing long-term stability for investments, promote innovation in flexible, clean technologies, and ensure that investments in flexibility contribute to grid stability and congestion reduction. These schemes need to be designed in a way that provides incentives for the integration in the electricity markets in a market-based and market-responsive way, while avoiding unnecessary distortions of the efficient functioning of electricity markets and competition and shall promote the opening to the cross-border participation.

Based on Section 4.3 CISAF, Member States may support new investments in non-fossil flexibility technologies, up to the amount needed to reach the non-fossil flexibility objective established based on a flexibility needs assessment report that is prepared in line with the dedicated European methodology ⁽⁵⁷⁾. This will allow Member States to better integrate renewables in the system, address ramping needs to match consumption and electricity production in the context of increased intermittent electricity production and mitigate grid constraints. Support must be granted through an open and transparent competitive bidding process, to which all non-fossil technologies contributing to the flexibility objective should be able to participate up to the level of their contribution. All non-fossil flexibility sources, such as storage and demand response, should be eligible to participate to all existing electricity markets in a non-discriminatory manner, or else non-fossil flexibility measures may not be approved for a duration longer than 2 years.

Section 4.4 CISAF provides new State aid rules to enable a fast-track approval of capacity mechanisms, in line with the Commission's 12 March 2025 Report and proposals on streamlining procedures for capacity mechanisms ⁽⁵⁸⁾. Capacity mechanisms are support measures that EU countries can introduce to remunerate power plants for security of electricity supply. Such measures enable power plants to be available for generating electricity when needed. In exchange, the mechanisms provide payments to these power plants. These capacity payments need to be designed in a way that does not create undue market distortions and not limit cross-zonal trade.

The fast-track approval for capacity mechanisms in Section 4.4 CISAF is implemented via 'target models' for two different types of capacity mechanisms, that have emerged as best practice in Europe. The checklist approach provided via an annex will minimise administrative burdens the designing of such schemes by Member States and enable a swift assessment and approval by the Commission. The checklist was developed based

⁽⁵⁶⁾ See also https://energy.ec.europa.eu/topics/markets-and-consumers/electricity-market-design_en.

⁽⁵⁷⁾ Decision No 05/2025 of the European Union Agency for the cooperation of energy regulators of 25 July 2025 on the type and format of data and the methodology for TSOs' and DSOs' flexibility needs analysis.

⁽⁵⁸⁾ https://energy.ec.europa.eu/news/report-and-proposals-streamlining-procedures-capacity-mechanisms-2025-03-12_en.

on the Electricity Regulation and the feedback received in the stakeholder consultation and includes a requirement to determine the size of the capacity mechanism on the European Resource Adequacy Assessment ('ERAA'), and requirements to select beneficiaries through a non-discriminatory competitive bidding process. As well as enabling a simplified approval process for Member States, the target models can provide forward visibility to national authorities and investors on capacity mechanism designs that meet EU rules. The target models may also drive more harmonisation in capacity mechanisms design which could help support competition in the internal market by increasing simplification for market participants.

These target models are additional to the standard option for Member States to introduce capacity mechanisms support in line with Section 4.8 CEEAG. The latter remains an option for those Member States that prefer to base their capacity mechanisms on national resource adequacy assessments or implement alternative designs. The complementarity between CISAF and CEEAG ensures that Member States retain the full flexibility to design specific measures while at the same time providing accelerated procedures based on a target model that allows speeding up the required State aid assessment.

One common element for both non fossil flexibility support schemes and capacity mechanisms is that costs should in principle be allocated to consumers based on their consumption. The main objective behind this choice is to ensure that sufficient incentives remain to adjust consumption to price signals and avoid inefficiencies in public spending. ACER has identified in its 2024 Security of Supply Monitoring Report that 'well-designed cost recovery charges could incentivise reducing consumption during stress hours, thus reducing the adequacy risks that the capacity mechanism aims to mitigate. By doing so, they lower the capacity mechanism costs and subsequently the final costs to all consumers.'⁽⁵⁹⁾ Where the costs of capacity mechanisms and non fossil flexibility support schemes are levied on consumers based on their consumption at times that give rise to the need to procure resources for the capacity mechanism (or non fossil flexibility support scheme), this helps incentivise reductions in consumption that reduce the necessary size of these measures. Sections 4.3 and 4.4 CISAF therefore include requirements to ensure costs for these measures are targeted on consumption in relevant periods, which should help reduce the overall costs of these measures.

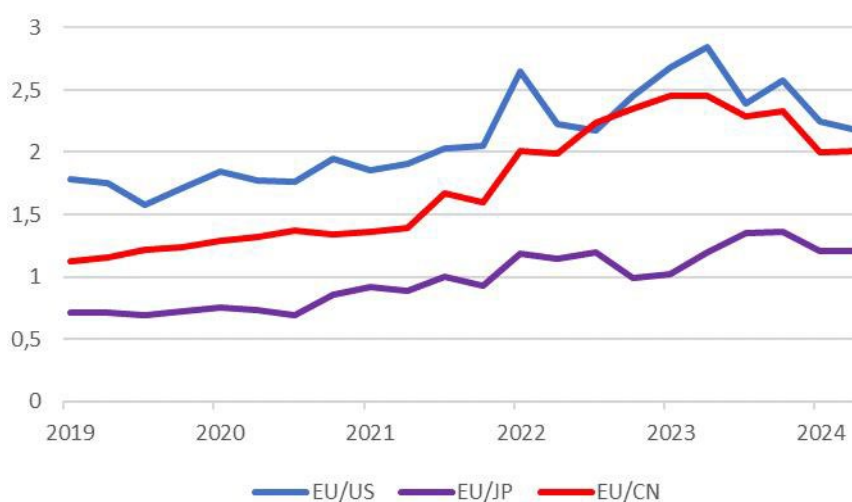
4.3.2.3. Support for electricity costs (Section 4.5 CISAF)

Section 4.5 CISAF provides for the possibility to grant temporary operating support for a clearly defined number of sectors that are trade- and electro-intensive. In return, as a requirement for eligibility, beneficiaries must invest a certain amount of the support into projects that can reduce the cost to the electricity system. The objective of this section is to address temporary disadvantages on the electricity cost for companies vis-à-vis competitors from third countries, which could lead to a relocation of activities to countries with lower environmental standards. Support based on this section will also contribute to decarbonisation efforts as high electricity costs risk discouraging the electrification of production processes, which is central to achieving the net-zero objective of the Union's economy.

⁽⁵⁹⁾ ACER, [2024 Security of Supply Monitoring Report: https://www.acer.europa.eu/sites/default/files/documents/Publications/Security_of_EU_electricity_supply_2024.pdf](https://www.acer.europa.eu/sites/default/files/documents/Publications/Security_of_EU_electricity_supply_2024.pdf).

As already explained in the Action Plan for Affordable Energy ⁽⁶⁰⁾ electricity prices have almost doubled in Europe: for a medium-sized industrial consumer, prices in 2023 were 97% above their 2014-2020 average. ⁽⁶¹⁾ The gap in energy prices between the EU and our main competitors is growing as shown in Figure 8 below ⁽⁶²⁾, with the risk that new investments favour countries outside Europe and that existing industries relocate, leading to a potential drain of critical industries that drive the EU's economy and resilience and create quality jobs. Against this background, the Draghi report concludes that the current situation undermines the EU's global standing and international competitiveness ⁽⁶³⁾. Section 4.5 CISAF therefore addresses the problem identified in section 2.3 above.

Figure 8: Ratios of industrial retail electricity prices in global markets



Source: Action Plan for Affordable Energy.

Section 4.5 CISAF was introduced as a direct response to the stakeholder consultation, where especially industry actors called for further flexibility for Member States to introduce aid schemes directly addressing high electricity costs for energy-intensive companies. This call was based on the growing international electricity price gap and the recent development of EU electricity prices, both leading to weakened international competitiveness. Support for exceptionally high energy prices is not a novelty but is based on experience gathered during the energy crisis in which Section 2.4 TCTF already allowed aid for exceptionally high energy prices caused by Russia's aggression towards Ukraine, even if based on a different legal basis and in a different economic context.

⁽⁶⁰⁾ Communication from the Commission: Action Plan for Affordable Energy Unlocking the true value of our Energy Union to secure affordable, efficient and clean energy for all Europeans (COM(2025) 79 final), 26.2.2025.

⁽⁶¹⁾ [Study on energy prices and costs – Evaluating impacts on households and industry – 2024 edition: https://op.europa.eu/en/publication-detail/-/publication/78756c15-f263-11ef-981b-01aa75ed71a1/language-en](https://op.europa.eu/en/publication-detail/-/publication/78756c15-f263-11ef-981b-01aa75ed71a1/language-en); Trinomics, 2025.

⁽⁶²⁾ EU electricity retail prices for industry were in Q2 2024 2.2 times those in the US, twice those in China and 1.2 times higher than in Japan (historically lower).

⁽⁶³⁾ Draghi report, Part B, Figure 2: Widening divergence of retail prices across the EU, from less than EUR 100/MWh (PT, FI, SE) to over EUR 250/MWh (CY, HU, NL).

The Draghi report suggested that the Commission should develop State aid guidelines providing Member States the opportunity to intervene and provide price relief in a coordinated manner. The report suggests that any such price relief must be targeted to the economic sectors most exposed to international competition: A sector list would have to be established at the EU level, which reflects two criteria: i) extra-EU trade intensity as a measure of exposure of the sector to international competition; and ii) energy-intensity as a means of identifying sectors for which energy represents the greatest share of their value added. Examples of similar sector lists already exist in EU legislation. The extent of possible price relief should be limited and of a temporary nature. Member States should not be able to guarantee an end price for their industry but should offer a percentage discount on the normal market price. This will ensure that relative price differentials between different national markets are preserved. Price relief should be designed to preserve incentives for the necessary flexibility of industrial demand and energy efficiency investments.⁽⁶⁴⁾ Price support should therefore not lead to a situation where decarbonisation measures or energy efficiency improvements are delayed. In addition, and in order to ensure that any such measure limits interference with electricity price formation on the market, which could lead to undue distortions of competition in the internal market, price differentials across Member States should be preserved to the extent possible.

As regards the scope of eligible sectors, the CISAF follows the suggestions in the Draghi report and applies the sectorial list that has already been established as Annex 1 CEEAG. It is based on the abovementioned criteria of trade intensity and energy-intensity, using an existing list provided by established tools.

The objective of addressing particularly high electricity costs in Europe implies that the price support should be limited to avoid artificially undercutting prices abroad. The aid therefore has to be limited based on a common floor as well as in time. The latter is ensured by the condition that aid can only be given for three years out of the years until 2030 to reflect the fact that the prevailing situation of high electricity costs in Europe can be expected to subside in the future due to regulatory and policy measures aimed at tackling this situation on a structural basis. Such support can only be a temporary solution, providing a bridge until overall energy prices will become more affordable with the development and integration of clean electricity generation sources, producing electricity at low costs. Finally, in view of the transitory objective, aid beneficiaries need to contribute to the longer-term reduction of prices by ensuring investments that contribute to overall decarbonisation efforts. Investments that favour flexibilisation of demand are particularly supported in view of their contribution to overall grid stability, contribution to lowering the bill of industrial consumers, and contribution to reduced price peaks.

In view of the above considerations, the proportionality limits provided are calibrated around 4 parameters on (a) a percentage of reduction on the wholesale price, (b) the share of eligible consumption, (c) a price floor for that reduction, and (d) the share of support that needs to be invested by beneficiaries.

The final calibration follows the “4 times 50” approach: (a) 50 % aid intensity on (b) 50 % of annual demand, (c) with a price floor of 50 EUR/MWh and (d) an obligation to invest 50 % of the aid into long-term energy improvements (decarbonisation, flexibility, energy efficiency...). This approach thus covers *up to half of the average wholesale electricity price for up to half of the annual demand* (both shares together

⁽⁶⁴⁾ Draghi report, Part B, p. 39.

forming the aid intensity), thus reducing by up to 25% overall electricity costs, subject to the obligation to invest 50% into decarbonisation.

This calibration allows to achieve the following key objectives:

The tool enables Member States to provide support to industrial sectors exposed to high electricity prices and international competition. The objective is to avoid that industrial activity is transferred outside of the EU as long as the Union is still dependent on fossil imports and the transition to a fully decarbonised energy mix has not been achieved. In order to achieve consistency across different State aid instruments and increase administrative simplicity, the eligibility scope as defined in point (116) is identical to the existing list of sectors at significant risk of relocation as referred to in Section 4.11.3.1 CEEAG and embedded in Annex 1 CEEAG. Similar to point 406 CEEAG, point (117) CISAF provides for the possibility to extend this list for which eligibility is presumed based on objective criteria and therefore caters for the possibility of factual changes to the electricity and trade intensity of certain sectors currently not listed.

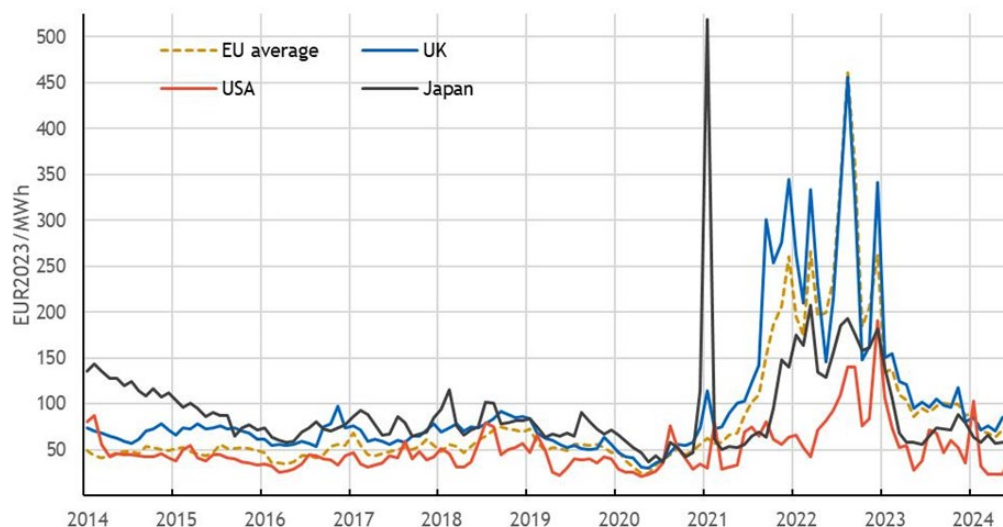
Given that this list leads to overlaps also with other tools, in particular support available under the sectoral list of ETS GL, Section 4.5 provides, on the one hand, safeguards against overcompensation and, on the other, leads to an improvement for those sectors not covered under the ETS GL, thereby reducing the cliff edge effect between ETS GL sectors and others. While the available support therefore leads to some alignment between the different sectors, it maintains the difference by ensuring that the maximum aid intensity allowed under the CISAF remains lower than the ETS GL. This is justified based also on the different logic of the two instruments and in view of the calibration of the ETS indirect cost compensation based on the ETS price. As a result, the CISAF has a broader scope but lower overall aid intensity. Cumulation rules ensure that the same costs are not covered under the ETS GL and CISAF.

While support under Section 4.5 CEEAG allows to partially address high electricity costs, it does not simply lower the usual ongoing operating expenditure which an undertaking would have had to bear in any event in the course of its normal business, as it, first, addresses a real risk of economic activity locating away from Europe and, second, requires investments of beneficiaries to contribute to the overarching goal of decarbonisation and lower electricity prices.

The price floor of 50 EUR/MWh provided in point (120) CISAF has been carefully calibrated based on a number of considerations. First, it excludes additional aid in the regions of the Union where the risk of relocation due to high electricity costs is not present in view of already low wholesale prices. Second, it reduces price differences between Member States only to a limited extent, thereby keeping market signals in place that are based on various parameters defining demand and supply, including the legitimate choice of Member States concerning their electricity mix. As only a part of electricity consumption may be supported, and support remains temporary, the wholesale price differentials will remain relevant and electricity price gaps will not be fully closed. This is also particularly important to steer new investments in energy intensive activities into regions that benefit from lower costs initially. The introduction of the floor price therefore makes the measure more targeted, concentrating the possibility of support on those regions where the pressure from international competition to delocalize to third countries is highest. As illustrated by Figure 9 below, the level of 50 EUR/MWh is calibrated to bring prices closer to the historical average available to European consumers before the energy crisis caused by Russia's war on Ukraine. It also helps to bring prices closer to those faced by economic actors in some of the most important EU trading partners globally. The fact that only part of the

consumption can be supported makes it unlikely that this effect alone will provide any competitive advantage and therefore affect global trade. It simply addresses a transitory problem until the transition to an energy mix that is less dependent on imported fossil fuels is expected to translate into lower prices.

Figure 9: Comparison of monthly average day-ahead wholesale electricity prices in the EU with global trade (EUR2023/MWh)



Source: Report from the Commission on energy prices and costs in Europe, 26.2.2025, COM(2025) 72 final (based on Trinomics et al. (2024) with data from S&P Platts, ENTSO-E, JEPX, EI)

4.3.3. Aid for decarbonisation of industry (Section 5 CISAF)

The investments required to decarbonise industrial activities in Europe are substantial. In total, EUR 1.7 trillion of CAPEX investment is expected to be needed to decarbonise the EU's cement, glass, steel, chemicals, refining and aluminium production facilities by 2050. ⁽⁶⁵⁾

The bulk of the investment to decarbonise industry will have to be done by private market participants as they concern private industrial processes, the business case for such investments is not always positive. Especially industrial decarbonisation requires significant investments with limited or uncertain upsides, especially given the limited premium achievable on the market at this time for products with a lower carbon footprint. In addition, decarbonised processes often imply increased operating costs compared to the conventional technologies. The result of this uncertainty is that decarbonisation efforts – even for industries where tested technological solution exist – are not applied and/or implemented fast enough to ensure the achievement of the goals required for the net zero objective.

According to the Draghi report, decarbonising the hard-to-abate industries requires a far-reaching transformation of assets and processes, which calls for substantial investments. Emission-abatement technologies, including electric arc furnaces (EAF), clean hydrogen, carbon capture and storage ('CCS'), carbon capture and use ('CCU'),

⁽⁶⁵⁾ European Roundtable for Industry, [Competitiveness of European Energy-Intensive Industries](#), 2024.

and raw material recycling, all require massive investment. ⁽⁶⁶⁾ The impact assessment for the 2040 Climate Target Plan estimates the investment needs to transform the steel sector at around EUR 90 billion between 2031 and 2040, and at around EUR 300 billion for the four largest Energy Intensive Industries ('EIIs') together during the same period. ⁽⁶⁷⁾

Against this background, Section 5 CISAF provides Member States with the tools to address the problem identified in section 2.4 above.

Section 5 CISAF builds on the experience gathered in the application of section 2.6 TCTF. That section of the TCTF was designed with the intention to allow for simple application, following a check-list approach. However, the feedback received in the stakeholder consultation and the experience from the case practice clearly identified the lack of flexibility of these rules in view of the large heterogeneity of projects requiring such support as an area with a need for further improvement. Following the feedback received during the stakeholder consultation, the structure and requirements of this section was accordingly adjusted to allow Member States more flexibility without compromising on the protection of the level playing field. Flexibility means Member States can either design schemes based on safe harbour provisions which ensure State aid compliance and thus a swift approval procedure, or they can choose a different design and demonstrate compliance providing the evidence needed. Besides flexibility, the CISAF also offers procedural simplifications. Contrary to the CEEAG, an ex ante public consultation to gather feedback on a proposed measure is not required under the CISAF

As under the TCTF, aid measures under the CISAF remain limited to projects that have a clear and direct benefit in terms of contributing to GHG emission reductions while limiting undue effects on competition.

The CISAF provides a complementary framework. For measures stimulating decarbonisation and energy efficiency that are not covered by the CISAF, Member States may still consider the existing State aid frameworks, in particular Section 4.1 CEEAG. For example, under Section 5 CISAF, Member States can grant investment aid in the form of grants, repayable advances, loans, guarantees or tax advantages. Operating aid in the form of contracts for difference may still be notified under the CEEAG. To further support Member States, the Commission will develop a guidance for such output-based aid schemes, illustrating case practice.

At the same time, CISAF may provide an avenue for projects financed through EU programmes such as Horizon Europe, that are aimed at the decarbonisation of industry, reducing the greenhouse gas emissions or for improving the energy efficiency of industrial activities. Such projects usually require a continuation of financial support, for the deployment of their researched technologies at industrial scale.

In line with the clear trend in the replies received in the stakeholder consultation, the Commission considers that technological neutrality is an important principle. Because of this, Section 5 CISAF is open to all technologies that can deliver the required decarbonisation effects, whether it concerns electrification investments, investments allowing a fuel switch to renewable gases, investments in carbon capture installations

⁽⁶⁶⁾ Draghi report, Part B.

⁽⁶⁷⁾ Commission [Staff Working Document](#) Impact Assessment Report Part 1 accompanying the 2040 Climate Target Plan, SWD(2024) 63 final.

or in any other technology. ⁽⁶⁸⁾ Only investments structurally based on fossil fuels are excluded, with a targeted and conditional exception for natural gas (see below). However, technology neutrality does not mean that all technologies have the same requirements for support and does not supersede the principle of proportionality that needs to be respected in view of the specific funding needs.

The CISAF makes a distinction between measures targeting the reduction of GHG emissions and measures targeting improvements in energy efficiency.

To ensure that schemes promoting energy efficiency trigger investments that would not take place without the aid, a payback of 5 years or more ⁽⁶⁹⁾ is required. The general requirement of 20% reduction in energy consumed per unit of output is relaxed to 10% for processes that are already largely decarbonised, where additional efficiency gains are more costly or more difficult to realise.

Given the specificity of the technical challenges each sector faces and building on the experience with the TCTF, the CISAF does not set a rigid minimum requirement for GHG emissions savings. As a general requirement, investments should deliver reductions that would not take place without the aid given the existing incentives and that are consistent with EU Climate law targets.

Member State can easily demonstrate compliance with this general requirement by using a safe harbour provision, i.e. designing a scheme that requires reducing product specific GHG emissions by 40% and below ETS benchmarks if applicable (i.e. in line with the TCTF requirements), or, alternatively – to allow for more incremental but transformative investments –, requiring emission reductions by 90% at a given step of the manufacturing process.

In line with the CEEAG principles, projects must deliver overall emissions reductions and not merely displace emissions across sectors or installations. Therefore, indirect emissions must be limited so that direct GHG emissions savings remain material. Also here, while the CISAF provides Member States with presumptions and easy to apply methods ensuring compliance with this general requirement. For example, the CISAF presumes that indirect emissions are limited for projects using renewable and low-carbon hydrogen, sustainable biomass and biofuels; as well as for flexible electrification projects, including highly efficient heat pumps. As for electrification investments, Member States can prove the requirement is met at scheme level, showing that demand triggered by the scheme will be met by additional renewable or low-carbon generation as foreseen in National Energy and Climate Plans (NECPs) and that beneficiaries will remain exposed to price signals and incentivised by the scheme to consume flexibly. Finally, Member States can also demonstrate compliance with this general requirement by providing simulations of direct and indirect emissions for reference projects.

To avoid locking in certain technologies to the detriment of cleaner alternatives, schemes must not unduly restrict eligible technologies. In particular, for heat below 500 °C, schemes should include support for flexible electrification, and renewable or waste heat. This was also identified in the Draghi report which stated that electrification is a decarbonisation solution for low - and medium - temperature heat.

⁽⁶⁸⁾ To the extent that they contribute to the environmental objective, such technologies, may include the complementary adoption of digital technologies, e.g. sensing and control technologies that collect data and make processes less carbon intensive or more energy efficient.

⁽⁶⁹⁾ In alignment with the payback period set in Annex V of the Energy Efficiency Directive regarding energy savings obligations.

In line with the Commission's long-term strategy for climate neutrality ⁽⁷⁰⁾, the CISAF recognises a role for carbon capture. Schemes supporting this technology must ensure that GHG emissions are effectively avoided from entry into the atmosphere. Member States can directly prove that this is the case if the scheme supports CCS projects ⁽⁷¹⁾, in particular, net-zero strategic CO₂ storage projects. For CCU projects, this implies a straightforward compliance for schemes supporting carbon to become permanently stored in products or to be used for the production of sustainable synthetic fuels. In any other cases, Member States can provide alternative justifications.

In recognition of the specificities of hard-to-abate sectors, the CISAF exceptionally also allows supporting projects that resort to natural gas as decarbonisation or efficiency lever. However, to avoid increased dependency on this fossil fuel, Member States must demonstrate that there are no technically mature or available alternatives, or that decarbonisation will be progressively achieved. In all situations, Member States must ensure that projects phase out gas by 2040. In addition, such projects need to deliver higher environmental benefits: 70% GHG emissions reductions or 40% reduction of specific energy consumption.

Different to the CEEAG, where the competitive bidding is the default methodology to determine the aid amount per beneficiary, the TCTF added the possibility to simply use pre-defined aid intensities. To retain and extend this flexibility, the CISAF adds the option to determine the aid amount by assessing the funding gap of larger or more complex projects.

The principle of technological neutrality does not replace the requirement of proportionality, i.e. limiting State aid to the minimum required. In practice this means that while all technologies are in principle eligible, funding needs may differ between different technologies applied. This is the background for the differentiated aid intensities provided in Section 5.3.1. CISAF. The respective aid intensities have been calibrated based on data and financials obtained with similar measures authorised on the basis of the CEEAG and the TCTF.

For example, the use of hydrogen in industry requires significant investment in equipment that is apt for the use of this fuel, often involving a full redesign of the production process (e.g. when moving away from blast-furnaces in steel plants). Operational costs are typically also higher due to the higher production costs of clean hydrogen compared to the incumbent fuels. Case practice from 13 individual aid cases consistently shows a funding gap of around 62%, for projects using a significant share of renewable hydrogen. A sizeable proportion of the gap is attributable to operational expenditures. For the use of low-carbon hydrogen, the aid intensity (45%) has been calibrated to reflect its lower relative production costs with respect to renewable hydrogen.

Aid intensity for investments in the production of renewable energy and energy storage where those are an integral part of an industrial decarbonisation project has been aligned with aid intensity for analogous investments under Section 4 CISAF. Also, for consistency reasons, aid intensity for investments in the production of low-carbon fuels has been aligned with aid intensity for analogous investments under Section 4 CISAF.

⁽⁷⁰⁾ https://climate.ec.europa.eu/eu-action/climate-strategies-targets/2050-long-term-strategy_en.

⁽⁷¹⁾ Such projects may fall under the CCS Directive (Directive 2009/31/EC of the European Parliament and of the Council of 23 April 2009 on the geological storage of carbon dioxide and amending Council Directive 85/337/EEC, European Parliament and Council Directives 2000/60/EC, 2001/80/EC, 2004/35/EC, 2006/12/EC, 2008/1/EC and Regulation (EC) No 1013/2006 (OJ L 140 5.6.2009, p. 114).

With respect to electrification, sectorial studies ⁽⁷²⁾ gathered during the stakeholder consultation pointed to funding needs of around 40% to 50% of capital expenditure (CAPEX) for temperatures between 150 and 500° C for the most efficient solutions, which are also more CAPEX intensive.

Regarding CCUS projects, case practice shows that most of them will need performance-based support during the operating phase, regardless of whether they receive investment aid or not. However, some reference projects submitted by Member States for CEEAG schemes show a funding gap whose NPV is well below the CAPEX, at around 45%. Therefore, in such cases an aid intensity of 45% may be sufficient to trigger the investment.

In view of the above and for reasons of simplicity and competition between technologies, the Commission chose to calibrate aid intensity at 45% for investments in production of renewable energy, energy storage, flexible electrification or carbon capture.

Finally, a 30% aid intensity ⁽⁷³⁾ has been chosen for any other decarbonisation or energy efficiency investment that does not fit within one of the specified categories foreseen.

As discussed above, further flexibility is also provided for Member States by giving the choice of the appropriate aid calculation method. Besides defined aid intensities (up to aid amount of EUR 200 million), Member States may also use a funding gap assessment to identify specific funding needs of each project covered by the scheme. Different to the TCTF, under the CISAF there is no maximum individual aid amount, however, to ensure State aid control, when aid for a given project exceeds EUR 200 million or 10% of the scheme's budget, whichever is higher, the Commission will assess the funding gap separately.

Member States can also organise competitive bidding procedures open to all eligible projects. They may include technology-specific baskets to ensure participation of solutions with a long-term decarbonisation potential or, when appropriate, bid caps to limit bids from certain categories of beneficiaries

4.3.4. *Aid to ensure sufficient clean tech manufacturing capacity (Section 6)*

As set out in the CID, the clean tech sector is at the heart of future competitiveness and necessary for industrial transformation, circularity, and decarbonisation.

The need to enhance European manufacturing capacity for net-zero technologies and their key components is also recognised by the NZIA, addressing already certain barriers to scaling up production in Europe. In particular, Member States are encouraged to accelerate clean tech manufacturing investments by recognising them as net-zero strategic projects in line with the conditions provided in the NZIA.

While the NZIA will increase the competitiveness of the net-zero technology sector, attract investments, and improve market access for clean tech in Europe, certain clean tech investments may require additional support to make sure that capacity is increased in the Union, thereby allowing the acceleration of the net-zero transition and increasing European resilience in this area.

⁽⁷²⁾ Reviving Europe's Industrial Power: How to boost competitiveness through energy. Compass Lexecon. 9 December 2024.

⁽⁷³⁾ This 'other' category concerns primarily energy efficiency investments and is comparable to the aid intensity ceiling foreseen for energy efficiency investments in Article 38 GBER.

The additional demand generated by the accelerated rollout of clean energy and deployment of decarbonisation measures has an important but indirect effect on the production of necessary equipment. However, this effect alone may not automatically result in an increase in manufacturing capacity in Europe.

To incentivise the necessary investments, Section 6 CISAF provides Member States with additional possibilities to grant aid that directly supports productive investments in specific clean technologies, their main specific components and critical raw materials. In designing this section, the Commission built on the experience gathered in applying Section 2.8 TCTF (see above), maintaining the key features of that section (e.g. the distinction between investment aid schemes and ad hoc matching aid, the maximum aid amounts and intensities for aid schemes, the double ceiling for matching aid) that have proven to work well in the Commission's practice, as also evidenced by the outcome of the stakeholder consultation.

Following the feedback received in the consultation process and the previous case practice, Section 6 CISAF has a significantly wider scope compared to the TCTF. To ensure consistency within EU legislation, the list of eligible clean technologies in this section corresponds to the list provided by the Commission Implementing Regulation to NZIA. ⁽⁷⁴⁾ Unlike the TCTF, which only set abstract criteria to define eligible key components, with the risk of diverging approaches per Member State, the list of eligible main specific components in Section 6 CISAF has been drawn up based on a methodology that evaluated each component's contribution to the final product's overall value. Notably, this methodology considers the components' significance within the final product, their role in the product functionality and the vulnerability to possible supply chain disruptions. By considering these factors, the methodology aims to identify main specific components that not only contribute significantly to the final product's value but also support the resilience of public procurement and auction processes. ⁽⁷⁵⁾

In view of the above, the closed list provided ensures consistency and coherence across EU rules. It also provides legal certainty and equal treatment between Member States, based on an ex ante EU definition of strategic clean tech sectors or products that are eligible for aid in view of objective resilience considerations, using EU-wide market data. This contributes to a level-playing field between Member States and stakeholders.

State aid is not the only tool available to Member States to support manufacturing capacity and the Commission has explicitly noted that support for specific key sectors like battery production could also be achieved via market-based instruments. Clean technology manufacturers like battery producers might face unfair global competition, unexpected costs overruns, or uncertainties on future demand, for example but not only during the ramp up period, which are inherent in their operations. This means that they require more time to develop their full commercial potential. In such situations, equity investments may provide such companies the required liquidity to overcome temporary difficulties. If Member States were to provide funding to such companies in the form of equity injections, they could also benefit from the expected economic success that such investments may bring in the longer term. Where parallel private investments exist, a Member State may consider contributing on the same terms,

⁽⁷⁴⁾ Commission Implementing Regulation (EU) 2025/1178, OJ L 2025/1178, 18.6.2025. ELI: http://data.europa.eu/eli/reg_impl/2025/1178/oj.

⁽⁷⁵⁾ See for further detail the Commission Staff Working Document "Assessment of net-zero technologies and their supply chains" of 23 May 2025, SWD(2025) 932 final.

thereby broadening the available funding pool and mobilising additional financing. If such investments are done on a *pari passu* basis, they would not amount to State aid ⁽⁷⁶⁾ and, accordingly, Member States would not be required to notify them to the Commission.

4.3.4.1. Investment aid schemes (Section 6.1)

Section 6.1 CISAF allows Member States to design State aid schemes to support investments in manufacturing capacity for any of the final product and main specific components listed in its Annex II, as well as for any related critical raw materials.

Given that investment aid for manufacturing projects is potentially highly distortive, it has to be strictly limited. Accordingly, Section 6.1 CISAF sets out both maximum aid amounts and intensities as a simple method to ensure proportionality. The values build on the experience in applying Section 2.8 TCTF. ⁽⁷⁷⁾ Following the stakeholder feedback, the Commission decided not to reduce the maximum aid amounts and intensities as this would restrict the ability of Member States to support the necessary investments in certain eligible technologies. To reflect the structural disadvantages in attracting investment to assisted regions, the Commission decided that projects in these regions will benefit from higher aid intensities and higher maximum aid amounts to ensure cohesion objectives. In addition, Section 6.1 CISAF includes an increased aid intensity of 20 percentage points for small enterprises and 10 percentage points for medium-sized ones, to address the specific market failure concerning access to finance as explained in section 4.3.1 above.

Section 6.1 CISAF implements a “per project logic” (i.e. that aid for each investment project is assessed independently from other projects by the same beneficiary) for the assessment of the maximum aid amounts. This is the standard approach in the Commission’s State aid rulebook for investment aid. By contrast, Section 2.8 TCTF (point 85) used a “per beneficiary” approach as a simplification, meaning that Member States had to cumulate aid for all the projects of a single beneficiary. Reverting to the standard logic is justified in view of the more long-term horizon of the CISAF compared to the TCTF. A “per beneficiary” approach would hinder the ability of beneficiaries – in particular larger corporate groups – to receive support for several investment projects in the same Member State. This adaptation provides planning stability for beneficiaries and increases investor confidence.

The CISAF allows Member States to determine the Gross Grant Equivalent (‘GGE’) of aid instruments when applying thresholds such as maximum aid amounts, following the standard approach in the Commission’s State aid rulebook. This adjustment compared to the TCTF applies horizontally to all relevant CISAF sections but is particularly relevant for investment aid under Section 6.1 CISAF. For reasons of simplification, the TCTF did not rely on GGE calculations but only referred to the nominal amounts of measures, whatever the aid instrument. Allowing Member States to use GGE calculations creates an incentive for Member States and beneficiaries to consider using financial instruments such as loans and guarantees instead of grants

⁽⁷⁶⁾ See section 4.2.3.1. of the Commission Notice on the notion of State aid as referred to in Article 107(1) of the Treaty on the Functioning of the European Union, OJ C 262, 19.7.2016.

⁽⁷⁷⁾ The aid intensities under Section 6.1 CISAF, which range from 15% to 35% of the eligible costs depending on the area concerned, together with increased aid intensity for SME of 10-20%, is also consistent with the estimated need for public funding set out in the Staff Working Document “Investment needs assessment and funding availabilities to strengthen EU’s Net-Zero technology manufacturing capacity”, see footnote 38.

where appropriate, for instance to facilitate the bank financing of projects. In general, financial instruments tend to be less distortive than grants and result in the crowding in of additional private funds.

The Commission recognises that calculating the GGE of financial instruments is not always straightforward, as also expressed by certain stakeholders. In order to minimise administrative burdens and further incentivise their use, the CISAF therefore sets out safe harbour GGE calculations in its point 32.

Furthermore, to ensure the necessity of the aid, Member States have to verify the concrete risks of the investment in question not taking place within the EEA and apply strict relocation safeguards. This is crucial to ensure that the aid incentivises investment in new manufacturing capacity that would otherwise not take place in Europe.

Compared to the TCTF, the CISAF introduces a new compatibility requirement for aid schemes under its Section 6.1, setting out that beneficiaries must provide a financial contribution of at least 25% of the total eligible costs of the aided investment project. Such contribution must be free of any form of public support. This requirement is part of the standard approach of the Commission in its regional aid practice, ensuring that the investment remains viable, by requiring that beneficiaries participate with their own resources to the risk linked to the implementation of the investment project. The introduction of this new requirement should be seen in connection to the possibility of applying the GGE methodology; under the TCTF, aid intensities limited in terms of nominal value had a similar effect of ensuring private contributions.

4.3.4.2. Matching aid (Section 6.2):

Building on point 86 of Section 2.8 TCTF, Member States are able to provide, under Section 6.2 CISAF and upon individual notification, the amount of support the beneficiary could receive for an equivalent investment in the alternative location (the so-called 'matching aid') but limited to the amount needed to incentivise the company to locate the investment in the EEA (the so-called 'funding gap').

The aim is to avoid the artificial diversion of investment projects away from the Union in case of subsidies available in third countries.

However, considering the risk of market distortions, matching aid requires safeguards to be properly implemented. In particular, it can only apply where there is a proven concrete risk of diversion to third countries.

During the consultation, stakeholders' views were mixed on the appropriateness and calibration of the matching aid provision. The cohesion safeguards that applied to matching aid under the TCTF were perceived by Member States as very difficult to implement especially for investments located in non-assisted areas, as the TCTF required the investment to either take place in an assisted area or to trigger 'linked investment projects' in assisted areas. While many stakeholders welcomed the opportunity to grant matching aid, even outside of assisted areas, stakeholders also underlined the importance of simplicity. Other stakeholders also expressed support for cohesion safeguards.

Building on this feedback, the conditions in the CISAF have been further simplified compared to the TCTF by not requiring that the project at least partially takes place in an assisted area. Section 6.2 CISAF sets out that, when investments are carried out in non-assisted areas, the notifying Member State has to demonstrate that the investment could not be implemented "as efficiently" in an assisted area. Furthermore, if the beneficiary considers several locations in the EU (assisted and/or non-assisted), the

area with highest aid intensity should prevail to avoid that negative effects on competition and trade emerge. Where all areas have the same aid intensity, aid can only be granted if there are objective reasons to locate the investment in that area (notably: the aid is crucial for the investment to happen in the EEA).

As regards the aid amount, the Commission has decided to maintain the same logic as in point (86) TCTF, which provides no absolute limitation to the aid amount and intensity. A beneficiary at risk of diverting its investment to an extra-EU location can receive up to the lower of the following ceilings: (i) the amount of the subsidy that the beneficiary could demonstrably receive in a third country jurisdiction outside the EEA, and (ii) the funding gap. The funding gap limitation caters for situations where Europe is, already today, more attractive than other markets for certain investments, so that a matching aid would lead to overcompensation. Like TCTF, Section 6.2 CISAF also introduces a further ceiling, based on the capital investment costs necessary to locate the project in the area concerned.

4.3.4.3. Accelerated depreciation (section 6.3):

To provide demand-side support and incentivise the deployment of clean technology products, Section 6.3 CISAF provides a compatibility basis for Member States to introduce State aid in the form of accelerated depreciation⁽⁷⁸⁾, including immediate expensing⁽⁷⁹⁾, for the acquisition or lease of clean technology assets required for the transition to a net-zero economy. Such measures provide a cash flow advantage for the investors and reduce or remove any negative impact of the corporate income tax on the relevant investment decisions.

Section 6.3 CISAF only applies to measures that constitute State aid. Measures which are not designed to selectively favour certain undertakings or sectors and are *de jure* and *de facto* open to all actual and potential operators are typically regarded as general in nature and thus do not constitute State aid.⁽⁸⁰⁾

Accelerated depreciation for clean technology assets is also part of the incentives recommended by the Commission in its Recommendation of 2 July 2025 on tax incentives to support the CID.⁽⁸¹⁾ This is because tax incentives may play an important role to support demand for clean tech equipment for industries and companies through the transition, if they are properly designed.⁽⁸²⁾ Empirical evidence tends to point to expenditure-based tax incentives being a more cost-effective means of generating additional investment than income-based tax incentives such as reduced corporate income tax rates or patent boxes. The Recommendation provides for advice on how the accelerated depreciation measure should be designed in order to be cost-effective, well-targeted and simple for companies and tax authorities to understand and use. Where a tax incentive introduced to implement the Recommendation involves State aid, the Recommendation needs to be read in conjunction with the CISAF, which provides for the conditions for the aid to be compatible with the internal market.

⁽⁷⁸⁾ Accelerated depreciation allows for the tax recognition of higher depreciation expenses during the earlier years of an asset's lifetime.

⁽⁷⁹⁾ Immediate expensing is the most favourable form of accelerated depreciation, as the taxpayer is entitled to recognise the whole depreciable amount as a deduction for taxation purposes in the tax year when the cost of acquiring (or leasing) the asset is incurred.

⁽⁸⁰⁾ See section 5 of the Commission Notice on the notion of State aid as referred to in Article 107(1) of the Treaty on the Functioning of the European Union, OJ C 262, 19.7.2016.

⁽⁸¹⁾ C(2025) 4319 final.

⁽⁸²⁾ See also Draghi report, Part B, p. 38.

In Section 6.3 CISAF, the Commission proposes a simple compatibility basis in case incentives for the acquisition or lease of clean technology products are selective and therefore involve State aid. The eligible assets are all final products listed in Annex II CISAF. Lease of the eligible assets also generally qualifies under Section 6.3 CISAF. However, lease contracts in the form of operating lease, where the leased assets are not part of the user's assets under the applicable accounting rules (and therefore not depreciated at the level of the user), are not covered.

The limited conditions in Section 6.3 CISAF are sufficient to ensure compliance of the aid with Article 107(3), point (c), TFEU and to minimise any windfall effect for the beneficiaries. They are justified by the fairly limited amount of aid (in general, the GGE will not exceed 5%).⁽⁸³⁾

Given the difficulty of calculating the GGE of accelerated depreciation and the limited aid amount involved, the conditions do not include any requirement in terms of cumulation of aid and the accelerated depreciation can be provided in addition to any other State aid, or support from centrally managed Union funds, in relation to the same eligible costs.

4.3.5. *Schemes to support specific Innovation Fund projects (Section 7)*

Achieving the objectives of the CID requires strengthening EU-level funding, but also better alignment of EU and national funding measures.

Therefore, building on the experience of the 'Auction as a Service' initiative⁽⁸⁴⁾, Section 7 CISAF is dedicated to schemes supporting projects selected under the Innovation Fund ('IF') with the objective to accelerate State aid approval for Member States wanting to support those innovative projects.

The IF is an EU funding programme to support the deployment of innovative decarbonisation solutions. The IF is established by the EU ETS Directive⁽⁸⁵⁾ and operationalised by Commission Delegated Regulation (EU) 2019/856. The IF financial resources come from the auctioning of (a portion of) EU ETS allowances. Support under the IF does not qualify as State aid as it constitutes centrally managed EU funding. Grants under the IF are provided through 'regular' calls for proposals (based on evaluation of award criteria and lump-sum payments, possible even before the entry into operation) and auctions (based on price ranking and unit cost payments as of entry into operation) through selection procedures that are designed by the Commission and implemented by the executive agency CINEA.

⁽⁸³⁾ Immediate expensing of an investment normally depreciable over a period of 7 years produces a GGE of 1.7% of the invested amount; an accelerated depreciation of 30% for the same asset produces a benefit of 0.9% (calculations based on a discounted rate of 2.48%). However, for investment assets subject to a longer depreciation period, the GGE might be higher. For example, for an asset normally depreciable over 20 years, the GGE is respectively 4.99% (immediate expensing) and 2.44 % (doubling of the normal depreciation rate). The above figures are only estimates, which depend on the discount rate (2.48% discount rate used in the above calculations) and other factors.

⁽⁸⁴⁾ Since 2023 national schemes complementing Innovation Fund hydrogen auctions are possible under the 'Auction as a Service' initiative. In 2025, the 'Auction as a Service' initiative was extended to industrial heat.

⁽⁸⁵⁾ Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC, OJ L 275, 25.10.2003, pp. 32 - 46.

Due to the limited budget available under the IF, every year many projects do not obtain funding despite being positively evaluated as fulfilling minimum award criteria (certified by a Sovereignty seal).

In view of the high quality of the selected projects for which no sufficient funds are available, Member States should have simple ways to support them to ensure they can deliver the expected benefit on innovation proven in the EU selection process. Therefore, Section 7 CISAF provides for a facilitated State aid assessment for (i) projects that have been positively evaluated under the IF, but that could not be funded due to insufficient IF resources or (ii) projects that received an IF grant but need additional public support.

The CISAF facilitates the State aid notification process and assessment that is required for those cases, by relying to the extent possible on the assessment already performed for those projects under the IF thus maximising synergies between the EU and national funding mechanisms. This is because the scope of the IF calls for industrial decarbonisation, clean energy production and clean tech manufacturing is largely aligned with that of the CISAF. In particular, there are important similarities between the minimum award criteria and State aid compatibility conditions.

In principle, projects that received a Sovereignty Seal but were not awarded an IF grant due to insufficient budget available under the call, may receive from the national funds either (i) the same aid amount as would have been awarded under the IF, had they been selected, subject to a claw back or (ii) the aid amounts available under the general CISAF rules. Where the IF methodology is used, it needs to be combined with a claw back mechanism. The latter is required in view of the different methodologies to identify funding needs and ensures that State aid remains limited to the minimum required in line with the principle of proportionality.

For clean tech manufacturing projects, Section 7 CISAF further allows application of the relevant costs methodology under the IF (combined with a claw-back), which may allow for higher aid intensities and amounts, provided that the Degree of Innovation score under the IF is evaluated as strong. This ensures that support under a streamlined assessment is provided to particularly innovative projects.

Projects that received a Sovereignty Seal and that were awarded an IF grant, but which still need additional public support to fill the funding gap, may receive additional aid to the extent that the aid amounts available under the general CISAF rules exceed the IF grant. Such a limited top-up is required to ensure that projects that have been awarded can be implemented swiftly and develop their full potential for the wider EU benefit.

To allocate aid to eligible projects, Member State will follow the ranking of projects from this Member State as established under the IF evaluation. This provision is important to ensure that the most promising projects in a Member State receive support first and protects the objective ranking established on EU level. In as far as it limits national discretion, this is objectively justified – and, in fact, required – to ensure fairness between participants from one and the same Member State.

Section 7 CISAF does in no way affect the possibility to Member States to consider other potentially available compatibility grounds provided by the State aid rulebook to support projects not achieving the required scores under this section.

4.3.6. *Aid to reduce risks of private investments related to CID objectives (Section 8 CISAF)*

As explained in section 2.6 above, reaching the objectives of the CID requires significant investments, mostly from private funds. However, such private funds are currently not sufficiently mobilised for the investments needed.

To enable investors with limited risk tolerance to participate fully in the financing of CID objectives, financial instruments can be designed to offer a risk-return profile that is better suited to their limited tolerance of risk. Given the barriers described above, de-risking is an appropriate mechanism to mobilise additional private funds from risk-averse investors. Section 8 CISAF therefore allows Member States to put in place an aided fund structure that offers the necessary de-risking to incentivise additional private investments.

To ensure that the funds contribute to CID objectives, Member States can choose to incentivise additional private investments in projects within the scope of Sections 4, 5 and 6 CISAF, as well as in energy infrastructures and in projects supporting the circular economy. While the inclusion of projects covered by CISAF is obvious given the objectives defined, and circularity is one of the CID objectives, also energy infrastructure is included in the scope. This is based on the expected growth in electricity demand and constraints on the current electricity grid, which creates an urgent need to reinforce the electricity grid. Given the ambition to triple renewables deployment to 2030, significant investments are needed to connect new renewables projects at both the transmission and distribution level. This requires to also build new infrastructure.

The de-risking instrument is subject to a number of provisions that ensure that the investments follow a commercial logic, are subject to sound risk management and minimise aid at the level of the financial intermediary. These provisions are very similar to those applied to risk finance aid schemes. Notably, Member States must implement de-risking schemes via a financial intermediary or an entrusted entity whose remuneration must conform to market practices, which includes performance-based remuneration. A de-risking scheme must also be based on a sound investment strategy with an appropriate risk diversification policy aimed at achieving economic viability and providing long term investment opportunities for the private investors.

At the level of private investors, the de-risking tool seeks to minimise aid by either requiring a selection procedure for the private investors or by allowing for the use of two safe harbour equity and guarantee set-ups which have been calibrated to keep the level of support to the private investors at the minimum necessary. Nevertheless, the de-risking tool achieves additionality by offering risk averse investors an opportunity to invest, via a more suited risk-return profile, in projects in the area of the CISAF. These investors otherwise would not have invested in the same projects.

At the level of the final beneficiaries, the de-risking tool is subject to limits in terms of investment amount and duration.

The maximum investment amount of EUR 250 million per project has been set (also in light of the stakeholder consultation) to allow for a wide range of projects in the scope of the CID to be supported under a scheme, while avoiding an undue distortion of the level playing field (higher financing amounts would imply large schemes which only few Member States would be able to implement). The amount has also been limited considering that the de-risking instrument is a portfolio instrument with investment in a larger number of projects. Member States can notify individual projects requiring larger financing directly under the Treaty.

The duration limit of 20 years on loan and guarantee instruments is calibrated to the typical investment horizon of infrastructure investment in the areas of the CISAF. There is no limit on equity investment, but the fund must have a clear exit strategy regarding its equity investments to ensure that public support includes a phasing out and limits long-term dependencies on State aid.

The objective of the de-risking tool is to incentivise risk-averse private investors to invest (thereby increasing financing available to investment projects under the CID), but not to provide direct aid to the investment projects themselves. Member States have to design de-risking instruments to incentivise private investors to invest, but not provide additional aid to the investment projects.

The de-risking tool does not require the exclusion of undertakings in difficulty, which is otherwise a general requirement under the State aid rules. However, the Commission considers that the specific safeguards inherent in the investment fund structure under Section 8 CISAF, which notably include an alignment of financial incentives for the fund manager and significant private co-investment, pursue the same objective and constitute an adequate alternative mechanism to the formal exclusion of undertakings in difficulty. This approach is similar to the practice in the field of risk finance aid.

The de-risking instrument is not subject to cumulation rules and can be used as a complement to State aid under the CISAF and under any other State aid legislation. This is justified as the objective of Section 8 CISAF is to generate additional volumes of financing, and not to directly decrease the financing costs of any specific project. Still, the financial intermediary or entrusted entity must ensure that the overall financing provided to investment project, including any source of financing, does not exceed the project costs.

Finally, Member States can consider implementing such schemes also via setting up a Member State compartment under the InvestEU programme. InvestEU implementing partners and their private investors can co-invest in such schemes, as long as no implementing partner or private investor benefits from a double guarantee from the Member State and other public sources (including EU funds) for the same investment. This ensures full coherence with InvestEU.

5. CONCLUSION

The CISAF accompanies the CID by facilitating State aid where necessary and appropriate to achieve the CID objectives whilst ensuring a level playing field on the internal market. It builds on the Commission's experience (including under the TCTF) and was subject to an extensive stakeholder consultation and exchanges with Member States. The CISAF aims to provide legal certainty, incentivises investments and reduces administrative burden on Member States and economic operators alike.

ANNEX – SUMMARY OF STAKEHOLDER CONSULTATION REPLIES

This annex contains an analytical summary of the result of the stakeholder consultation. The comments are grouped by type of stakeholder and follow the structure of the draft proposal. Given the large number of submissions received and the wide range of comments expressed by stakeholders, the summary below aims at providing a first impression of the main results for the purposes of this document. However, given that the stakeholder consultation was based on open questions asking for comments on the draft proposal, the replies were very diverse and it is not possible to compile precise statistics on the positions of stakeholders. Moreover, the varying participation of the different types of stakeholders in the consultation limits the representativeness and generalisability of the results. The summary below must therefore not be understood as a comprehensive overview and may not be used as input data for other documents.

All submissions are available on the Commission's website: https://competition-policy.ec.europa.eu/public-consultations/2025-cisaf_en

Main comments provided by Member States and other public authorities

General:

- **Technological neutrality** should be assured across all sections; positions on the inclusion of nuclear energy varied across Member States
- Further **simplification** necessary; ensure **coherence** with applicable regulatory framework (e.g. electricity market)
- Need for **guidance**, e.g. on Funding Gap, claw back and calculating GGE of loans and clarification on the application of tax advantages
- Rules have to be workable in practice, e.g. **implementation deadlines** to be extended and exemptions broadened
- Certain Member States highlighted the difficulties of **energy-intensive industries** that are faced with the double challenge of elevated energy prices and the need to invest in decarbonisation

On section 4 (Aid to Accelerate the Rollout of Renewable Energy):

- Scope should be extended to cover the production of **low carbon fuels**, incl. hydrogen; maintain rules to support **electricity storage**
- **Allow more flexibility** in the design of non-fossil flexibility and capacity mechanisms to better adapt to local circumstances

On section 5 (Aid to Deploy Industrial Decarbonisation):

- Maximum **aid intensities** should be increased
- Divergent views on the **minimum requirements** re energy savings/reduction in GHG emissions and how they should be assessed
- More **flexibility for electrification** / indirect emissions
- Increase tolerance for **capacity increases** to 15%.

On section 6 (Aid to Ensure Sufficient Manufacturing Capacity in Clean Technologies):

- Generally in favour of **expanding scope** of section – but some Member States raised **risk of distortions** inherent in aid for manufacturing capacity, in particular matching aid; some argue to limit aid to highly innovative projects

- **Maintain aid intensities** as set out in TCTF
- Welcome proposal on **accelerated depreciation** but need clarifications

On section 7 (Aid to Reduce Risks of Private Investments):

- Consider **longer durations and higher amounts** to reflect eligible investments
- **Expand scope** (e.g. to energy infrastructure)

Main comments provided by businesses and business associations

General:

- Many businesses and business associations highlighted the importance of their respective sector or technologies for the clean transition and argued for favourable treatment in the CISAF.
- As regards energy technologies, many stakeholders referred to **technological neutrality** and the importance of hydrogen and related technologies for the clean transition.
- Many stakeholders active in the relevant sectors considered that the **implementation deadlines** were overly strict for certain types of investments and therefore should be extended or abandoned.
- **Simplification and more guidance** to reduce administrative burden and facilitate implementation
- **Energy prices and competitiveness** were recurrent issues

Section 4 (Aid to Accelerate the Rollout of Renewable Energy):

- Many stakeholders expressly asked for the production of **low carbon fuels** (incl. hydrogen) to be eligible for aid
- **Coherence** with regulatory requirements (e.g. for capacity mechanisms)

Section 5 (Aid to Deploy Industrial Decarbonisation):

- **Lower GHG reduction and energy efficiency targets**, in particular in case of previous investments
- **Aid intensities** to be reviewed/increased
- Clarify requirements for use of **natural gas** for industrial heat as well as **indirect emissions** (electrification)

Section 6 (Aid to Ensure Sufficient Manufacturing Capacity in Clean Technologies):

- Many stakeholders in favour of a **wider scope** to include their respective products/technologies
- Limitation to critical raw materials too narrow, should cover all **strategic raw materials**
- Allow flexibility to include **future technologies** not yet ready for implementation
- Certain stakeholders considered the **aid amounts and intensities** insufficient

Section 8 (Aid to Reduce Risks of Private Investments):

- **Widen scope** to include investments in energy infrastructure projects
- Proposed **limits (amounts, durations of financing etc.) too restrictive** to cover all eligible investments

Main comments provided by NGOs

General:

- Horizontally integrate the **DNSH principle** across all sections
- Simplification, but ensure transparency and stakeholder involvement on environmental measures by maintaining the requirement for **public consultations**
- Consider **wider environmental impact** of different energy sources
- **Nuclear energy**: mixed views on the role of nuclear technologies, including low-carbon hydrogen

Section 4 (Aid to Accelerate the Rollout of Renewable Energy):

- **Inclusion of Renewable Gases**: Clarify support for renewable gases like synthetic methane and biomethane
- **Realistic implementation deadlines and additional exemptions** e.g. in case of grid connection constraints

Section 5 (Aid to Deploy Industrial Decarbonization):

- **GHG reduction and energy efficiency targets** should be ambitious
- Prioritise **renewable energy and hydrogen** in decarbonisation measures
- **CCS should be exceptional**, only for applications that cannot be decarbonised otherwise
- No aid for applications using **natural gas**

Section 6 (Aid to Ensure Sufficient Manufacturing Capacity in Clean Technologies):

- **Widen scope** to additional technologies
- Eligibility should be limited to **environmentally-friendly technologies**
- More support for **innovation** in emerging technology sectors.

Section 7 (Aid to Reduce Risks of Private Investments):

- Include investments in **energy infrastructure**
- Include specific facilitations for **SME**

Main comments provided by trade unions, academics and citizens

General:

- Aid should be subject to mandatory **social commitments** (job creation, quality of jobs, wage level etc.)
- Ensure **technological neutrality** across all sections
- Divergent views on **nuclear technologies**
- Need for **simplification**, but ensure transparency and consultation with stakeholders
- Reduction of **administrative burden**

Section 4 (Aid to Accelerate the Rollout of Renewable Energy):

- **Extend deadlines** for renewable energy projects
- Allow more support for **small renewable projects** and **hydrogen**

Section 5 (Aid to Deploy Industrial Decarbonisation):

- Need to incentivise **low carbon hydrogen** use, but maintain preference for **renewable hydrogen** solutions
- Allow wider selection of **decarbonisation technologies**

Section 6 (Aid to Ensure Sufficient Manufacturing Capacity in Clean Technologies):

- Ensure **wider scope** including green materials and circularity
- Allow aid for **existing manufacturing capacity** to preserve activity and jobs
- More support for **SME**

Section 7 (Aid to Reduce Risks of Private Investments):

- Allow investment in **energy infrastructure**
- Ensure commitment to **job creation**