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WORKING DOCUMENT

From:	General Secretariat of the Council
To:	Working Party on Competition
Subject:	Presentation by the European Commission : Clean Industrial Deal State Aid Framework (agenda item 3.) Working Party on Competition meeting on 1 September 2025

Delegations will find in annex a presentation (agenda item 3.) given by the European Commission during the Working Party on Competition meeting on 1 September 2025.

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Clean Industrial Deal State aid Framework

WORKING PARTY ON COMPETITION

1 September 2025

CISAF adds an additional State aid tool to deliver on **Clean Industrial Deal** objectives



CISAF delivers on the CID objectives while protecting the level playing field

- ▶ Accelerating the clean energy transition
- ▶ Achieving well-balanced energy markets & less volatile energy prices
- ▶ Achieving greenhouse gas reductions / reduce fossil fuel dependencies
- ▶ EU to become a manufacturing powerhouse
- ▶ Leveraging private funds to unlock clean investments
- ▶ Stimulating innovation and circularity

While **simplifying** / reducing administrative burden
and

balancing against negative effects on **level playing field** and competition in the single market



Accelerating the clean energy transition



- ▶ CISAF promotes a '**neutral**' approach:
 - ▶ Support can be given to both renewable *and* low carbon hydrogen production (both contribute to the Net-Zero economy)
 - ▶ Decarbonisation measures can be subsidised regardless of the technology used
- ▶ ...while **prioritising renewables**:
 - ▶ Differentiated approach (intensities), given the higher production costs and contribution to grid balancing and sector coupling
- ▶ Manufacturing aid can be granted to **all technologies** contributing to a Net-Zero economy
- ▶ On **nuclear**:
 - ▶ No change for nuclear energy production (case-by-case assessment under Article 107(3)(c))
 - ▶ Timely assessment of State aid cases for nuclear supply chains and technologies, including for small modular reactors (recital)



Achieving well-balanced energy markets & less volatile energy prices



- ▶ **Temporary electricity price support** to ensure the transition to low electricity costs (Energy Intensive Users):
 - ▶ Limited in time: 3 years
 - ▶ Sectors at “significant risk” of production leaving EU (same as CEEAG annex)
 - ▶ Safeguards: aid is limited by “4x50” approach:
 - ▶ Only **50%** of consumption eligible
 - ▶ **50%** max. aid intensity on eligible consumption
 - ▶ Subsidised electricity cannot be below **50 EUR / MWh**
 - ▶ **50%** of aid received has to be re-invested in decarbonisation
- ▶ **Specific facilitations** for State aid for **non-fossil flexibility (4.3)** and **capacity mechanisms (4.4)**
 - ▶ simplifying the implementation of sectorial energy regulation and approval for measures not likely to raise competition concerns, based on common requirements



Achieving greenhouse gas reductions / reduce fossil fuel dependencies



- ▶ Projects need to ensure (i) **greenhouse gas emission reductions** or (ii) **energy efficiency increases**
- ▶ **No absolute minimum reduction** of direct greenhouse emissions, BUT Member States must ensure
 - ▶ consistency with the EU's 2050 climate target; and
 - ▶ emission reductions exceeding what ETS alone would deliver.
- ▶ On **gas** as a 'transitional technology' strict safeguards apply:
 - ▶ Beneficiaries need to have a plan to phase-out gas by 2040 and Member States to ensure implementation (to avoid 'lock-in' effects)
 - ▶ Measures need to ensure emission reductions by at least 70% or energy consumption reduction per unit of output of at least 40%



EU to become a manufacturing powerhouse



- ▶ CISAF supports *all manufacturing projects* to produce NZIA final products, specific main components and related critical raw materials, e.g.,:
 - ▶ not only batteries, solar panels, wind turbines, heat pumps, electrolysers, CC(U)S equipment as in the TCTF;
 - ▶ but also electricity grid, geothermal, nuclear value chain, electric propulsion etc;
 - ▶ and related critical raw materials to reduce reliance on imports.
- ▶ Aid schemes remain possible based on maximum aid intensities and amounts (on a per project basis); bonuses apply for assisted areas and SMEs
- ▶ Matching aid tool retained
- ▶ **Demand support** also possible:
 - ▶ Tax incentives (accelerated depreciation) for companies to buy clean technology assets, such as solar panels.



Leveraging private funds to unlock clean investments



- ▶ Possibilities for Member States to reduce the risks of investors in funds with investment portfolios linked to:
 - ▶ **clean energy, decarbonisation, clean tech manufacturing**
 - ▶ as well as **energy infrastructure** and the **circular economy projects**
- ▶ Equity, loans and/or guarantees for fund structures holding a portfolio of eligible projects



Stimulating innovation and circularity

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- ▶ On **innovation**:
 - ▶ Facilitations for State aid schemes focusing on clean energy, decarbonisation and clean tech manufacturing projects that obtained a **Sovereignty Seal** after a successful evaluation under an **Innovation Fund call**
- ▶ On **circularity**:
 - ▶ MS encouraged to ensure projects contribute to the circular economy
 - ▶ Other State aid rules (CEEAG, GBER)
 - ▶ Derisking measures for circular economy projects



Simplification / Reduction of administrative burden

- ▶ **Easier for MS to grant aid and get an approval from the Commission:**
 - ▶ CISAF promotes the **use of schemes** (ad hoc aid possible for clean tech manufacturing, as ‘matching aid’ to prevent relocation outside the EU)
 - ▶ Simplifies the conditions under which aid is given (by reference to the CEEAG): **no public consultations** are necessary
 - ▶ In most cases, offers MS the choice, between using **aid intensities** and **administratively setting the amount of aid**
 - ▶ Provides ‘**safe harbours**’ and **simplified models** enabling fast processing of notifications by the Commission
- ▶ **CISAF provides stable conditions for Member States and investors**
 - ▶ It replaces the Temporary Crisis and Transition Framework (TCTF)
 - ▶ Applicable until **31st December 2030**



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THANK YOU!

Questions?