

ERCST Feedback to the EU Commission public Consultation on the Industrial Decarbonisation Accelerator Act (IDAA)

Authors

Andrei Marcu, Chiara Cavallera

1. Introduction

In February 2025, the European Commission published the Communication on the Clean Industrial Deal. One of the initiatives highlighted in Communication is the Industrial Decarbonisation Accelerator Act. This Act aims to (i) Accelerate permitting procedures for industrial access to energy and industrial decarbonisation, while ensuring high environmental standards (ii) Identify and promoting priority projects and clusters (iii) Create and protect European lead markets for low-carbon products.

2. ERCST Submission to the EU Commission Public consultation

Investments in clean technologies are not scaling at the speed and depth required to offer commercially viable pathways for the decarbonisation of Europe's energy-intensive industries (EIIs), nor are they sufficient to meet the EU's 2050 climate neutrality target. Emissions reductions in EIIs are frequently stemming from decreased production or even plant closures rather than from genuine structural transformation such as improved process efficiency, energy system integration, and the uptake of clean technologies. This trend risks triggering deindustrialisation in key sectors such as basic metals, minerals, chemicals, and pulp and paper, ultimately undermining the EU's economic resilience, increasing dependence on imports, and reducing the strategic autonomy of the European industrial base.

ERCST considers the decarbonisation of EIIs a central pillar of the EU's sustainable transition strategy. However, the industrial sectors concerned face remarkable setbacks in reconciling decarbonisation efforts with global competitiveness. These challenges are driven by elevated energy costs, insufficient demand signals for low-carbon products, and long permitting timelines for clean projects. A technology-neutral, market-based approach is essential. The IDAA provides a timely opportunity to address these persistent bottlenecks and mobilise investment at scale.

2.1. Accelerating permitting procedures for industrial access to energy and industrial decarbonisation

We strongly support the Commission's objective to streamline and accelerate permitting procedures for industrial decarbonisation technologies. Current permitting processes are often fragmented, excessively complex, and lengthy, therefore delaying project deployment and discouraging investment. Clearer criteria, improved administrative coordination, and realistic timelines are key to ensuring faster market access and regulatory certainty for industrial actors.

2.2. Identifying and promoting priority projects and clusters

To unlock investments, the IDAA should focus on de-risking innovative projects in hard-to-abate sectors and scaling industrial clusters. In the context of hydrogen, for instance, (Carbon) Contracts for Difference (CfDs) stand out as a promising tool to mitigate both market and technology risks. By providing a fixed price for hydrogen over a defined period, CfDs can significantly enhance revenue predictability for project developers while reducing cost uncertainty for off-takers.

2.3. Enabling a Market for Low-Carbon Products

The initiative to create and protect European lead markets for low-carbon products is a positive and necessary step toward fostering industrial decarbonisation. However, while these efforts point in the right direction, their ultimate impact will depend on market uptake and on whether the measures are introduced as voluntary schemes or as binding mandates.

Important points to be considered:

- The Commission should also assess the distributional impact of these measures. Without appropriate safeguards, increased production costs will be passed on to end consumers, potentially reducing household purchasing power and exacerbating inequalities. A successful IDAA should therefore integrate social impact assessments. There are different ways to introduce a market for low carbon products - from relying on public procurement to mandatory standards. Ultimately product standards are inevitable and will have to be considered. They are meant to have an impact on consumers, which also implies the need to address the most socially vulnerable ones through complementary measures. However, it must be clear that someone will have to cover the costs, be it the producer or the consumer, or part of the cost will be socialized by the State, to the degree that there is a budget available to allow it. So, the fact that there will be an impact on consumption and the redistribution between consumption and production is also an inevitability of reaching the 2040 targets and that has to be recognized by the political class and by the society at large, who is supportive of these measures.
- Furthermore, the EU must consider the international dimension. If similar initiatives are not adopted by global competitors, the risk of carbon leakage and industrial offshoring increases. The IDAA should work in coordination with instruments such as the Carbon Border Adjustment Mechanism (CBAM) and trade diplomacy to preserve industrial competitiveness while maintaining climate ambition.
- Lastly, as ERCST has consistently emphasized, it is essential to avoid both overregulation and regulatory duplication. The IDAA must aim to streamline as well as not duplicating existing initiatives. Therefore, ensuring coherence with frameworks such as the Net-Zero Industry Act and the Innovation Fund is key.

3. Conclusions

- The IDAA is a timely and necessary opportunity to accelerate the decarbonisation of EIIs while preserving industrial competitiveness.
- Accelerated permitting for decarbonisation technologies is essential, as current procedures are overly complex and slow, deterring investment and technology deployment.
- The IDAA should prioritise de-risking and scaling innovative projects and industrial clusters, particularly in hard-to-abate sectors, using tools such as (Carbon) Contracts for Difference.
- Creating lead markets for low-carbon products is a step in the right direction, but the success of such markets will depend on whether the measures implemented will send strong demand signals.
- The social and distributional impacts of decarbonisation policies must be considered. Appropriate safeguards and impact assessments are needed to ensure fairness and avoid regressive effects.
- Global coordination is critical; the IDAA must be aligned with instruments like the Carbon Border Adjustment Mechanism (CBAM) and trade diplomacy to mitigate carbon leakage risks.
- Regulatory coherence and the avoidance of overregulation are essential. To this end, the IDAA must complement and not duplicate existing EU frameworks such as the Net-Zero Industry Act and the Innovation Fund.