

WindEurope position on the Industrial Decarbonisation Accelerator Act

The upcoming **Industrial Decarbonisation Accelerator Act** presents a timely opportunity to support the scale-up of clean technologies and contribute to the decarbonisation of European industry. By prioritising renewables-based electrification, the Act can help deliver significant emissions cuts, reduce dependency on fossil fuels, and enhance Europe's industrial competitiveness.

The Industrial Decarbonisation Accelerator Act must enable the decarbonisation of industries by creating demand for low-emissions products, with dedicated measures to help share the resulting additional costs.

To that end the Industrial Decarbonisation Accelerator Act should:

1. Focus on high-impact, cost-efficient industrial sectors;
2. Help create lead markets through public and private procurement, along with targeted tax incentives;
3. Set clear definitions and certification for green industrial production, aligned with EU renewable energy targets; and
4. Accelerate permitting.

1. Sectoral prioritisation for lead market creation

Decarbonising energy-intensive industries—such as steel, cement, chemicals, aluminium, fertilisers, and plastics—is critical, as these sectors are responsible for approximately two-thirds of industrial greenhouse gas emissions in the EU and represent a significant share of overall industrial energy consumption. Electrification is the most viable and strategic pathway to decarbonise and make these sectors more resilient.

The Industrial Decarbonisation Accelerator Act should prioritise sectors based on the 3 criteria¹:

- **Material intensity** – sectors that account for a large portion of the EU's demand for basic materials;
- **Cost pass-through feasibility** – sectors where the additional cost of low-carbon production can be absorbed with minimal impact on end-product prices; and
- **Consumer willingness to pay** – especially in end-use markets like buildings and automotive, where demand for sustainable products is growing.

Based on these criteria, **first-mover sectors** should include:

- **Construction (buildings and infrastructure)** – the largest consumer of cement (72%) and a major user of steel (27%)², with strong public sector involvement and growing consumer awareness;
- **Transport manufacturing** - especially **automotive** which uses 17% of steel and 20% of aluminium. A mid-sized car made with low-carbon steel would cost only about 1% more³;
- **Defence sector** - a high-material-use, strategically important sector; and
- **Packaging** – accounts for 40% of all **plastics** in the EU.

¹ Agora Industry (2024): Creating markets for climate-friendly basic materials. Potentials and policy options.

² Agora Industry (2024); based on Eurofer, Cembureau, and other data

³ CISL and Agora Energiewende (2021)

The **wind industry** should be explicitly recognised as both:

- A **strategic enabler** of decarbonisation, by supplying renewable electricity and renewable hydrogen); and
- A **sensitive consumer** of energy-intensive materials like steel and cement.

The European Commission must acknowledge the dual role of the wind industry early in the process of developing decarbonisation strategies for sectors such as steel, cement, and chemicals.

Wind turbines—particularly offshore—are highly steel-intensive, with steel accounting for 65–77% of turbine mass. Foundations can require up to 400 tonnes of cement per megawatt. Compared to other sectors, the wind industry is far more cost-sensitive. The use of low-emission or near-zero-emission materials, such as green steel, will temporarily increase costs relative to conventional steel—more so than in other industries—and these added costs would ultimately be passed through to electricity prices for industrial consumers.

Switching to green steel adds a premium of up to €370 per tonne. This results in an estimated **10–15% increase in steel-related costs**, which translates into a **4–6% increase in total wind turbine costs at plant level**.

To ensure deployment is not delayed, any requirements for green material use in wind energy infrastructure must:

- be **phased in gradually** with appropriate transition periods, and paired with dedicated support to deal with additional costs;
- recognise that wind power itself is essential to decarbonising basic materials like steel and cement.

This will ensure that industrial decarbonisation is demand-led and strategically targeted, without undermining Europe’s ability to scale up renewable energy capacity quickly and effectively.

2. Incentivising lead market creation – procurement and financial incentives

To enable deep industrial decarbonisation, the EU must actively promote the demand for low-carbon materials. If energy-intensive industries have visibility on the demand for properly defined low-carbon products, they will have a clear incentive to invest in production processes running on renewable electricity and renewable hydrogen. This requires coordinated action combining regulatory leadership via procurement and robust fiscal incentives through targeted tax measures.

2.1. Public procurement

Public procurement—representing 14–15% of EU GDP (€2 trillion annually)—is a key policy lever. Governments must lead by example through mandatory green public procurement standards.

Public procurement should:

- **Prioritise renewables-based materials** such as green steel and green cement;
- Recognise the strategic value of the use of **renewable fuels** (e.g., PtX) in hard-to-electrify public sectors such as **defence** (aviation and naval vessels);
- **Be based on verifiable criteria**, including emissions intensity such as Environmental Product Declarations (EPDs);
- **Be harmonised across Member States**, ensuring market coherence and scale.

2.2. Private procurement

Private sector demand is essential to scale renewable-powered industrial products. As major buyers—especially in sectors like construction, automotive, and consumer goods—companies must integrate electrification-based materials made using renewable electricity into their procurement strategies. Companies should set CO₂ intensity limits for key materials—while requiring transparent disclosure of electrification rates in the production process.

Any measures in renewable energy auctions to incentivise the uptake of low-carbon materials (e.g. green steel or green cement) should only be done as non-price award criteria and be associated with a bonus on the CfD strike price where relevant.

2.3. Tax incentives

Bridging the cost gap between fossil-based and renewable-based industrial production will require **strong and predictable financial incentives**. These should be embedded in fiscal policy and designed to complement procurement-based approaches.

Governments should introduce targeted **tax incentives** that directly support the uptake of renewable electricity—particularly wind—in industrial production, such as:

- accelerated depreciation schemes;
- corporate tax credits;
- tax credits for renewable electricity used in industrial processes; and
- reduced VAT rates.

Together, these tax measures will not only reduce the cost of clean production but also provide the long-term certainty needed to unlock private sector investment. By aligning fiscal policy with climate goals, governments can ensure that renewable-powered industrial transformation is both economically viable and globally competitive.

3. Definitions, labels, and certification

Clear, harmonised EU definitions for low-emissions industrial products are critical. Building on these definitions, labelling and certification schemes should:

- disclose the overall share of electrification in the production process, including an indication of the use of renewable electricity;
- align with the Renewable Energy Directive (RED III) targets for industry, including the indicative annual increase of 1.6 percentage points in the share of renewable energy use, and the binding target for renewable hydrogen (RFNBOs) to constitute 42% of hydrogen consumption in industry by 2030;
- follow a tiered scale⁴ that evolves over time to ultimately exclude high-emission materials from eligible use in regulated markets—such as public procurement or product standards—applying uniform emissions thresholds to both domestic and imported products to prevent carbon leakage;

These definitions must guide certification frameworks, labelling schemes, procurement policies, and reporting mechanisms, ensuring transparency and consistency across Member States.

⁴ An example of a tiered system could be built on the Low Emission Steel Standard (LESS), as developed by the German Steel Association

4. Accelerated infrastructure deployment and permitting

Permitting bottlenecks are a major obstacle to industrial electrification and system efficiency. The Act must therefore adopt a **holistic energy system approach**, incorporating the following:

- Ensure policy coherence with the EU Grids Package;
- Accelerate grid expansion and connection processes, by enabling anticipatory planning and investment—aligned with the recent European Commission guidance⁵—and by addressing the outdated 'first come, first served' approach to grid connections;
- Streamline permitting for electricity and hydrogen infrastructure;
- Fast-track permitting for district heating networks and integration with alternative heat sources (e.g., data centres) and support the use of the estimated 2,860 TWh of waste heat currently lost across the EU;
- Grid tariff structures should also evolve: introduce flexible pricing or discounts for demand-side technologies (e.g. heat pumps, e-boilers, hydrogen production) that help balance variable renewable supply.

The Industrial Decarbonisation Accelerator Act must serve as a catalyst for Europe's transition to a cleaner industrial economy. By focusing on clear definitions, sectoral prioritisation, targeted demand-side incentives, and accelerated permitting, it can create the conditions necessary to scale renewable-based production, decarbonise energy intensive industries, and build global leadership in green manufacturing. With the right policy mix, the EU can secure its industrial resilience, accelerate climate action, and drive a competitive transition.

⁵ European Commission (2025): Guidance on anticipatory investments for developing forward-looking electricity networks