

P R E S S R E L E A S E

Revised ETS State Aid Guidelines: A vital step towards enabling industrial electrification for decarbonisation

- **Today's ETS State Aid Guidelines (2021-2030) allow Member States to compensate for the indirect costs of the EU ETS - with additional hardship clauses introduced for the most exposed companies**
- **The non-ferrous metals sector's high level of electrification gives it the potential for an 81% reduction of CO2 emissions in a decarbonised power sector - but also puts it at the highest risk of carbon leakage**
- **Ensuring metals producers remain in Europe will be essential for realising the objectives of the EU Green Deal - and will also signal to others that electrification is a viable decarbonisation pathway**

Brussels, 21 September 2020: "Carbon-free electricity at a globally competitive price will be the most important enabler for Europe's energy-intensive industries to transition towards climate-neutrality. With today's revised ETS State Aid Guidelines, the European Commission has given important support to making industrial electrification a viable decarbonisation pathway" said Guy Thiran, Eurometaux Director General, on the day of publication for the EU's revised ETS State Aid Guidelines.

"To achieve climate neutrality and the ambitious new 2030 target of a 55% greenhouse gas emissions reduction, we need to look more closely at the framework conditions needed for energy-intensive industries in the transition. Competitive and carbon-free electricity has been identified as the most important enabler in several recent landmark reports¹. Today's Guidelines will help to ensure that industrial electricity costs can remain globally competitive for those companies most exposed to carbon leakage, while maintaining incentives for them becoming more efficient".

European non-ferrous metals producers spend around 40% of their overall production costs on electricity, making them Europe's most electricity-intensive sector and particularly sensitive to power system impacts. In the new Guidelines released today, Europe's producers of non-ferrous metals – including aluminium, copper, nickel, zinc and silicon – will all be eligible for indirect costs compensation. The Commission has also introduced new hardship clauses to limit ETS indirect costs for the most electrified companies – predominantly non-ferrous metals producers.

Effective ETS Guidelines were needed to protect non-ferrous metals producers against the risk of carbon leakage from rising electricity prices, accentuated given that metals are the only basic material sold at a globally-set price. Since 2008, over a third of primary aluminium smelting capacity has closed in Europe, being replaced by much more carbon intensive imports from outside Europe, for example China whose global market share has grown to 60%.

Looking ahead, a transition friendly EU State Aid regime will be essential for achieving the objectives of the European Green Deal.

"We hope today's ETS State Aid Guidelines are the first in a package of measures towards achieving a global level playing field for industrial electricity costs and confirming electrification as a viable climate-neutrality pathway for us and other sectors. Europe must now deliver transition-friendly Energy and Environmental Aid Guidelines, while supporting its companies in accessing carbon-free electricity at globally competitive prices" Mr. Thiran added.

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About Eurometaux: Eurometaux is a trade association representing the collective European non-ferrous metals industry, including smelters, refiners, fabricators and recyclers of all non-ferrous metals produced industrially in Europe. In total the industry employs 500,000 people across over 900 facilities, with an annual turnover of €120bn.

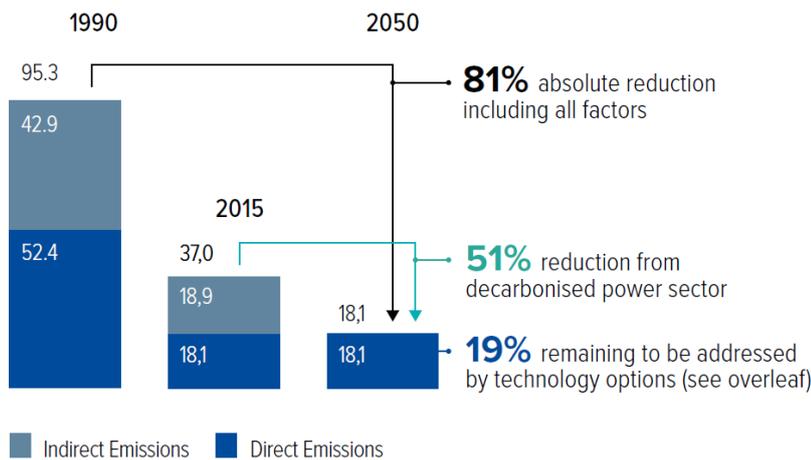
¹ IES/VUB 2019. [Metals in a Climate Neutral Europe](#) and Masterplan for a Competitive Transformation of EU Energy-intensive Industries Enabling a Climate-neutral, Circular Economy by 2050. Available [here](#).

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Annex: How Europe’s non-ferrous metals sector can achieve climate neutrality

Europe’s ‘Clean Planet for all’ Strategy¹ stipulates that electricity can be entirely decarbonised by 2045. As demonstrated by the graph below, such is the non-ferrous metal sector’s level of electrification that if Europe can decarbonise its electricity supply while maintaining competitive electricity prices, the non-ferrous metals sector would reduce its carbon footprint by 81% compared with 1990 levels.

A [2019 study](#) identified 8 further priority areas for innovation and investment to reduce the sector’s remaining direct emissions within an enabling industrial policy framework.



¹ A Clean Planet for all - A European strategic long-term vision for a prosperous, modern, competitive and climate neutral economy

https://ec.europa.eu/knowledge4policy/publication/depth-analysis-support-com2018-773-clean-planet-all-european-strategic-long-term-vision_en