

To

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Cc: Director-General Kurt Vandenberghe, Director-General Céline Gauer, Director-General Kerstin Jorna, Director-General Anthony Whelan

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Subject: Joint letter on the future EU Industrial Decarbonisation Bank

We, the undersigned organisations, commend the European Commission's commitment under the Clean Industrial Deal and the AccelerateEU communications to mobilise EUR 100 billion in funding for industrial decarbonisation, through the Industrial Decarbonisation Bank (IDB). We welcome the recently announced Investment Booster - financed by 400 million EU ETS allowances - aiming to ramp up decarbonisation investments across the EU energy-intensive and hard-to-abate industries.

In the context of the current energy crisis and geopolitical pressure, it is crucial that policymakers provide the right signals and establish appropriate measures to unlock private finance and support decarbonisation projects that will contribute to Europe's industrial competitiveness and resilience. Therefore, we ask the Commission to design an IDB that reflects the following recommendations:

First, the IDB should be positioned as Europe's central instrument for industrial decarbonisation and market creation. This requires **a focus on supporting industrial off takers, namely energy-intensive industries**, including alternative fuel supply for transport modes with hard-to-abate emissions, while also supporting system integration solutions. To deliver on decarbonisation objectives, the IDB should focus on commercial risks rather than technological risks and support projects that are sufficiently mature and close to final investment decision. In this way, the IDB will **unlock revenue visibility and long-term clean energy demand certainty which suppliers need**.

Second, ensuring fair competition across decarbonisation pathways must remain a guiding principle. The IDB should therefore structure funding calls and budget allocations according to industrial sectors and technologies. Furthermore, adopting a multi-criteria evaluation system for auctions - rather than prioritising cost efficiency alone (e.g. by reflecting system-level costs and GHG impacts) - is essential. This is a precondition for adequately reflecting the varying levels of market maturity across sectors and projects, thereby helping to maintain a level playing field for technologies and off-takers.

Third, to maximise effectiveness, the IDB must complement and closely coordinate with existing EU and national instruments. Alignment and coherence should focus on the type of support offered, eligible cost coverage, and project maturity levels, while allowing the cumulation of funding across EU instruments as well as State aid, in order to close financing gaps and leverage national co-financing. This is particularly important for emerging value chains where supply and demand must scale simultaneously, and early-stage support can unlock both upstream production and downstream industrial uptake.

In this regard, a structured, staged approach between the Innovation Fund and the IDB could enable technical de-risking before transitioning to support large-scale commercial deployment. **Predictability is key for the cleantech sector, and funding calls under existing instruments - such as the Innovation Fund and the European Hydrogen Bank should continue alongside the IDB.** Strong operational links with the European Competitiveness Fund should be also maintained, to ensure coherence with broader industrial policy objectives.

Fourth, funding and selection mechanisms should be tailored to the specific sector and the primary de-risking objective (e.g., operational risk, market price exposure, or large upfront investments). Instruments such as Contracts for Difference (CfDs), and fixed premia should be deployed accordingly. Additionally, the IDB should deploy a diversified toolbox of financial instruments targeting both CAPEX and OPEX and actively incorporate blended finance and other risk-sharing mechanisms to mobilise private capital. A stronger use of blending mechanisms will enhance project finance structures and improve overall bankability. Instruments must address one of the main barriers to scaling investments: revenue uncertainty and demand risk, while also supporting the development of competitive, self-sustaining industrial value chains.

Finally, the IDB cannot operate in a silo. It should build on the experience of the Innovation Fund and the European Hydrogen Bank, in particular by **encouraging mechanisms such as Auction-as-a-Service and Grant-as-a-Service.** Furthermore, it should operate alongside other policy instruments, in particular, government procurement and long-term demand signals. **At the same time, ensuring predictable ETS-based support for industrial decarbonisation, particularly in hard-to-abate sectors will be essential to mobilise investment and scale up the transition.**

It is imperative to design an Industrial Decarbonisation Bank that will play a transformative role in Europe's industrial transition - supporting innovation, ensuring energy security and competitiveness, while delivering meaningful emissions reductions.

