

Press Release

Europe's steel industry: decoupling electricity prices from fossil fuels can no longer wait

Brussels, 16 March 2026 - The European Steel Association (EUROFER) welcomes the renewed focus on Europe's energy challenges which follows President von der Leyen's letter of 16 March 2026. While backing the European Commission's direction of travel, the steel sector warns that its decarbonisation and competitiveness efforts are at risk threat without bold measures to decouple electricity prices from fossil fuels.

The steel sector supports the Commission's response to the energy shock and its recognition that high and volatile energy prices threaten Europe's competitiveness. EUROFER welcomes the focus on the role of gas in electricity prices but warns that the proposal lacks a full, science-based assessment of how market design impacts energy-intensive industries and the uptake of long-term contracts.

While the package includes positive steps such as greater flexibility in state aid and a better use of tools, such as the combination of Contracts for Difference (CfDs) and Power Purchase Agreements (PPAs), significant gaps remain in the design and practical delivery of affordable fossil-free electricity for energy-intensive industries.

The commitment to offer short-term support through electricity price relief and indirect cost compensation is welcome. However, current CISAF provisions risk limiting their effectiveness particularly due the cumulation clause with ETS indirect cost compensation and the limited duration of aid.

EUROFER also supports the intention to expand and improve the use of CfDs and PPAs, including their combination, in line with the Draghi recommendation as a complementary solution for industrial sectors. However, existing Commission recommendations, and potentially the EU legal framework, currently prevent these instruments from delivering electricity to industry at cost-of production plus mark-up, and must be urgently addressed.

More broadly, EUROFER stresses that the success of the package will depend on whether it delivers real, immediate and targeted reductions in electricity costs to a minimum of 50EUR/MWh for industries exposed to global competition and transition to climate neutrality. 'We welcome the European Commission's commitment to act but the real test is whether this delivers measurable and effective reductions in electricity costs for industry' said **Axel Eggert**, Director-General of EUROFER.

EUROFER also underlined that without structural action to reduce exposure to fossil fuel price volatility, European industry will remain vulnerable to external shocks even as the share of renewable energy continues to grow.

EUROFER calls on the European Commission to adopt the following measures:

1. **CfD combined with PPAs:** Impose a requirement on electricity suppliers awarded with two-way CfDs to supply part of their CfD-subsidised output to energy-intensive industries at cost of production plus a fair mark-up via PPAs.
2. **Improve affordability and accessibility of PPAs:**
 - Ensure renewable PPA cost structures are decoupled from spot-market prices
 - Develop solutions to cover shaping and firming costs linked to industrial demand
 - Expand EIB support for PPA counterparty risk guarantees
3. **Short-term relief:**
 - Improve CISAF Section 4.5 Temporary Price Relief by easing conditionalities, notably removing the cumulation clause with ETS indirect cost compensation and extending the duration of the aid
 - Continue and strengthen ETS indirect cost compensation for sectors exposed to carbon leakage
4. **Contain system costs:** Reduce the burden of energy transition costs on energy-intensive industries through rebates on network charges and capacity mechanisms
5. **Market design assessment:** Conduct a comprehensive impact assessment of EU electricity market design and evaluate alternative models such as segmented pricing and price-shock absorber
6. **Monitoring of price formation:** Monitor the evolution of price formation dynamics in short-term markets towards 2030, 2040 and 2050

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Notes for editors

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About the European Steel Association (EUROFER)

EUROFER AISBL is located in Brussels and was founded in 1976. It represents the entirety of steel production in the European Union. EUROFER full members are steel companies and national steel federations throughout the EU. The major steel companies and national steel federations in Turkey, Ukraine and the United Kingdom are members. The European Steel Association is recorded in the EU transparency register: 93038071152-83.

About the European steel industry

The European steel industry is a world leader in innovation and environmental sustainability. It has a turnover of around €191 billion and directly employs around 303,000 highly-skilled people, producing on average 140 million tonnes of steel per year. More than 500 steel production sites across 22 EU Member States provide direct and indirect employment to millions more European citizens. Closely integrated with Europe's manufacturing and construction industries, steel is the backbone for development, growth and employment in Europe. Steel is the most versatile industrial material in the world. The thousands of different grades and types of steel developed by the industry make the modern world possible. Steel is 100% recyclable and therefore is a fundamental part of the circular economy.