ONE PAGER: The Dual-Value Electrification

Affordable Energy & New Revenues for EU Industries

European industry relies heavily on fossil fuels to produce the heat needed for manufacturing processes, from food production to steel, chemicals, and paper. This dependence also increases European companies' exposure to highly volatile energy prices, reducing EU competitiveness.

In the meantime, Energy Storage, and in particular Thermal Energy Storage (TES), has matured into a ready-to-deploy solution that offers a proven dual value to European industry: affordable decarbonised on-demand heat, and access to new revenue streams through wholesale and system services markets. T**his allows the Industry to reduce costs and cut emissions while maintaining uninterrupted operations.**

Nonetheless, EU industry TES projects face administrative, economic, and financial barriers that prevent the industry from tapping into its full electrification potential.

To unlock their potential, here are the **KEY EU ACTIONS NEEDED**:

- **Provide Industry TES with a clear legal status.** EU law does not clearly define and recognise the role of Industry TES for EU electrification. This creates legal uncertainty that discourages off-takers' investment across Member States. The European Commission and ACER must **establish a harmonised definition in the upcoming Electrification Action Plan.**

- **Cut red tape for Industry TES projects.** Connecting an Industry TES project to the electricity grid can take years due to complex permitting procedures and long connection queues. **Permits must be fast-tracked to match renewable energy timelines (12–24 months), while grid operators must prioritise access to the grid to ready-to-build projects.**

- **Ensure cost-reflective grid fees and fair taxation. Industry** TES projects often face higher electricity levies and grid charges in comparison to gas, making the switch from fossil fuels costly. The upcoming EU Network Charges and Taxation initiative shall **ensure grid tariffs that reflect the real value of flexible, low-carbon industrial TES projects.**

- **Ensure access to electricity markets for Industry TES projects.** Industry TES projects support balancing the electricity grid and generating revenue, but the fragmented application of market rules blocks or limits their participation to wholesale and system services markets. **The Electricity Balancing Guideline must be updated to guarantee equal market access for Industry TES projects alongside other technologies.**

- **Make funding accessible for Industry TES projects.** Limited access to affordable capital remains one of the biggest obstacles to Industrial TES deployment, as banks often perceive Industry TES projects as high-risk due to limited capital reserves and guarantees. **Public guarantees, low-interest loans, and dedicated EU funding instruments, such as the Innovation Fund Heat Auction, must be put in place to unlock private investment at scale.**

Energy Storage Europe stands ready to work with EU and national policy-makers and authorities **to make Industry TES projects a cornerstone of Europe's industrial electrification future.**

Avenue Adolphe Lacomblé 59/8 - 1030 Brussels – tel: 02 74 32 982
www.energystorageeurope.eu
info@energystorageeurope.eu