

The Consumer Voice in Europe

THE CONSUMER TAKE ON THE CLEAN INDUSTRIAL DEAL

How consumer engagement can contribute to the success of the
Clean Industrial Deal



Contact: Dimitri Vergne - sustainability@beuc.eu

BUREAU EUROPÉEN DES UNIONS DE CONSOMMATEURS AISBL | DER EUROPÄISCHE VERBRAUCHERVERBAND
Rue d'Arlon 80, B-1040 Brussels • Tel. +32 (0)2 743 15 90 • www.twitter.com/beuc • www.beuc.eu
EC register for interest representatives: identification number 9505781573-45



Co-funded by the European Union

Ref: BEUC-X-2024-080 – 23/10/2024

Why it matters to consumers

During the cost-of-living crisis, many consumers continue to struggle to pay their high monthly bills for heating, car fuel, and electricity. Europeans are also increasingly looking for sustainable products and services. Bringing down up-front costs and running prices for electric cars, heat pumps and solar panels is a precondition to lower consumers' bills and to increase market uptake of European lead technologies which are better for the climate. Boosting the production and affordability of such key technologies requires a coordinated European approach via a new Green Industrial Policy. The European Commission's proposed Clean Industrial Deal is an opportunity to put in place an industrial strategy that helps European consumers engage with the green transition.

Summary

Consumer engagement is an essential condition for the success of the future Clean Industrial Deal. Clean technologies – which the Action Plan aims at boosting – have an essential role to play in enabling consumers to switch from fossil-fuelled based lifestyles to decarbonised ones. For consumers to engage, the future Action Plan should therefore include demand-side measures aiming at pushing the uptake of battery electric vehicles, heat pumps and PV panels.

Electrification of transport:

- The revision of the car CO₂ performance standards should not be brought forward to 2025 and the 2025 phase-out date for the sale of new combustion engines vehicles should not be reopened.
- Electrification targets should be introduced for corporate car fleets.
- The European Commission should develop an eco-score for electric vehicles and revise the outdated car labelling directive.
- The European Commission should promote measures accelerating the modal shift from individual cars and planes to trains – which is also a vibrant EU industrial sector.

Heating, cooling and access to renewable energy appliances:

- The Commission should provide guidance to Member States on the implementation of key measures of the Fit-for-55 Package, such as the development of local heating and cooling plans or the roll-out of one-stop-shops to help consumers navigate the housing renovation process
- Member States should roll out ambitious training programmes for installers of heat pumps, PV panels, and energy retrofit workers.

- Member States should give consumers access to dynamic electricity contracts, by which consumers who wish to do so can take advantage of the growing electrification of heating, cooling and mobility.

Boosting clean tech demand in Europe will also require setting up the right “enabling conditions”. This notably means easing consumers’ access to financing, correcting contradicting price signals and preserving a strong and independent EU competition policy:

- **Price signals** should be corrected to favour clean techs over fossil-fueled technologies. The European Commission should notably issue guidance on how to address the high charges and levies borne by electricity.
- **Public financing** should not be limited to industry only and also support demand-side measures to support the roll-out of BEVs, heat pumps and housing retrofits. A **much stronger involvement of the private sector** is needed notably through a revision of the Mortgage Credit Directive, making green investments more financially attractive than others.
- **The EU competition policy** should not be undermined. The EU should not weaken its State Aid rules framework.

1. Introduction

In her statement at the European Parliament’s Plenary in July 2024, shortly before being confirmed for a second term at the head of the European Commission, President von der Leyen promised that her new Commission would “put forward a new Clean Industrial Deal in the first 100 days” of the 2024-2029 mandate. The aim, she said, would be to “ensure that the era of dependency on Russian fossil fuels” would be over “once and for all”. To do that, the Clean Industrial Deal would notably aim at “bringing down energy bills” and “creating lead markets [...] in clean tech”. Importantly, in von der Leyen’s words, this new Clean Industrial Deal is seen as a pre-condition “to reconcile climate protection with a prosperous economy” and is therefore closely associated to the EU’s 2030 and 2040 climate targets. In September 2024, President von der Leyen instructed Executive Vice-Presidents designate Ribera and Séjourné and Commissioner-designate Hoekstra to put this new Clean Industrial Deal in motion.

For our fight against the climate crisis to succeed, fundamental and systemic changes are indeed needed to make sure that the sustainable alternatives to fossil-fuelled businesses and lifestyles become available, competitive and attractive. European industry obviously has a very important role to play to fulfil that promise. Industrial players need to transform very deeply and quickly if we want to reach the science-based objectives set by the European Green Deal.

In this paper, we argue that consumer engagement is an essential condition for the success of this new Clean Industrial Deal. Clean technologies – which the Action Plan aims at boosting – have an essential role to play in enabling consumers to switch from fossil-fuelled based lifestyles to decarbonised ones.

In the field of mobility, the rapid uptake of battery electric vehicles (BEVs) is central to the achievement of our transport decarbonisation goals while the roll-out of heat pumps will play a major role in the decarbonisation of heating and cooling. Consumers also have an important role to play in the uptake of renewable energy production, mostly through an accelerated uptake of individual PV panels.

To spur these clean technologies, policymakers also need to work on the framework conditions helping consumers to engage: price signals – notably taxation and subsidies – need to be revisited to favour clean technologies over fossil-fuel ones. Households also need to have better access to financing as BEVs, heat pumps and solar panels are still out of reach for most consumers today. And most importantly, as the Clean Industrial Deal will aim at reinforcing EU clean tech manufacturers' competitiveness, it is essential that public support for industry leads to lower purchase prices of these clean tech appliances for consumers. Boosting the European clean tech industry's competitiveness should also not undermine the strength and independence of the EU's competition policy, which is a prerequisite for a competitive and innovative economy.

In this paper, we outline BEUC's recommendations on how to make sure consumer needs are fully integrated in the design of the Clean Industrial Deal and contribute to making it a success.

2. How to spur consumer engagement in the areas of mobility, heating and cooling and renewable energy

Mobility – accelerating the switch to BEVs, not reopening discussions on whether to slow down the transition

In the area of mobility, the switch from petrol and diesel cars to battery electric vehicles, while not sufficient in itself, is essential to the achievement of transport decarbonisation targets. BEUC has repeatedly [demonstrated](#) that the uptake of battery electric cars could greatly contribute to slashing mobility costs for people who depend on their cars for their daily mobility needs. Rather than reopening the debate on whether the ban of the sales of new internal combustion engines car in 2035 – 11 years from now – should be postponed by a few months/years or be revised to make way for technologies such as e-fuels, policymakers should focus their efforts on making sure demand-side measures are taken to finally make these cars available to people.

Recommendations:

- The 2025, 2030 and 2035 car CO₂ reduction targets should not be weakened and/or postponed. The 2026 planned revision of the car CO₂ regulation should not be brought forward to 2025. The future amendment of the legislation should not allow for the use of e-fuels after 2035 as these fuels will remain much more expensive for consumers than electricity and won't bring about the same environmental benefits as battery electric cars.
- To accelerate the market uptake of battery electric cars, electrification targets should be introduced for company cars and leasing companies. This will benefit consumers as the more rapid uptake of corporate EVs will contribute to the development of a second-hand EV market.

- The Commission should develop an [eco-score](#) for electric vehicles as a way to help relocating production in Europe. This eco-score could also serve as a basis for the much-needed revision of the 25 years old [Car Labelling Directive](#) and for the development of purchase incentives at national level which give an advantage to EU-made electric cars.
- The EU's recently introduced tariffs on imports of Chinese electric cars are necessary to create fairer market conditions and to allow all carmakers to compete on an equal footing. However, these tariffs must not result in a blank cheque for EU carmakers to keep electric cars out of consumers' reach on the basis they remain too expensive.
- And finally, the transition to a more sustainable mobility system will need to go much beyond car electrification. The EU needs to [put in place measures](#), such as better ticketing options and stronger passenger rights, to make rail more attractive vis-à-vis other modes of transport. Increasing the modal share of rail in the EU will also boost rail manufacturing, which is a key European industry.

Heating and cooling– accelerating the heat pumps and other decarbonised heating and cooling solutions

Residential heating and cooling represent close to one quarter of final energy consumption in the EU. Heating and cooling are also one of the biggest expenditure areas for European households. To decarbonise the sector, cut our dependency on fossil fuels and reduce consumers' energy bills, the market uptake of heat pumps – together with an acceleration of housing renovation and the development of renewable-based district heating – is of paramount importance. The EU already has established manufacturing industries with quality jobs for these technologies. The Clean Industrial Deal, and notably the relaunch of the long overdue 'Heat Pump Action Plan', should aim at fostering market demand for heat pumps to the benefit of consumers and the industry. EU and national authorities should also refrain from pushing consumers towards non-competitive low-carbon heating solutions such as hydrogen ¹ and always favour direct electrification and/or district heating.

Recommendations:

- The EU should fully implement the Fit-for-55 Package, especially the revised Energy Efficiency and Energy Performance of Buildings Directives. The European Commission should provide guidance to Member States on how to implement key measures of the package, such as the development of local heating and cooling plans or the roll-out of one-stop shops to help consumers navigate the housing renovation process.
- Train more installers, for better installations: To increase the number of heat pump installers, Member States must roll out skills and training programmes for the heating industry. The development and application of quality certification schemes for installations should be encouraged to increase consumer confidence in the reliable installation of heat pumps.

¹ https://www.beuc.eu/sites/default/files/publications/beuc-x-2021-112_goodbye_gas_why_your_next_boiler_should_be_a_heat_pump.pdf

- Ensure access to dynamic electricity price contracts: Consumers across Europe are already entitled to dynamic price contracts under the Electricity Directive (2019), but these offers are not always available. Member States should ensure the roll-out of competitive dynamic price offers for consumers who wish to avail of them. The offer of electricity contracts that combine fixed and dynamic elements – known as ‘hybrid contracts’ – could also be promoted as an alternative between fixed and fully dynamic offers.
- National governments should not aim to decarbonise individual heating and cooling by blending hydrogen in the gas networks.

Access to renewable energy for consumers

The uptake of renewable energy appliances, mostly photovoltaic panels, can be an opportunity for consumers to reduce their energy bills. Self-consumption of electricity will make even more sense as individual heating, cooling and mobility are quickly electrifying.

Recommendations:

- As for heat pumps, too often, consumers face issues with the quality of the installation process, the integrity of installation methods and after-sales support in case a problem occurs once the panels are installed. Member States therefore need to train more installers to ensure better installation and to put in place quality certification schemes.
- A part of the obstacles to PV panels’ roll out can be caused by distribution companies, which in some countries delay the connection to the grid as there is no legal obligation to connect PV panels within a certain timeframe. For example, in Spain, consumers applying for grid connection often face excessive response times or inconsistent responses from DSOs and in some cases, it has been reported that consumers needed to reopen their application files up to seven times, prolonging the process by up to two years.² To overcome the obstacles around grid connections, responsible national authorities should establish controlling mechanisms to identify and prevent obstacles from network operators (where these exist).

3. The enabling conditions: correcting price signals and ensuring proper financing for households

Making sure taxation and subsidies contribute to the transition – not hamper it

In his report on the future of the EU’s competitiveness, Mario Draghi clearly identified the need to lower level the energy taxation playing field. In the mission letters sent to Commissioners-designate Ribera and Hoekstra, President von der Leyen followed-up on this recommendation by

² https://alianzaautoconsumo.org/wp-content/uploads/2020/10/informe-autoconsumo_PAGf.pdf

asking her two Commissioners to “ensure that taxation measures support a just transition and decarbonisation” and to “further scale-down and phase-out the use of fossil-fuel subsidies”.

BEUC agrees that the poor implementation of the polluter-pays principle is one of the biggest hurdles to the green transition. The costs of the above-mentioned clean tech is often made artificially higher simultaneously by levies/surcharges weighing on cleaner energy carriers such as electricity and subsidies favouring fossil fuels³. At the same time however, it is essential for policymakers to deal with the polluter-pays principle with caution as taxation measures can have a negative impact on consumers if not well thought-through.

Recommendations:

- The Council of the EU, through review of the Energy Taxation Directive, should abolish the mandatory minimum level of excise duty on electricity, allowing Member States to fully incentivise renewable heating through cheaper running costs for consumers with heat pumps.
- The European Commission should issue guidance on how to address the high charges and levies borne by electricity and to clean up electricity bills from non-energy related levies.
- Revenues from the extension of the Emissions Trading System to road transport and buildings should entirely flow back to consumers, with a priority to measures – such as lump sum payments – which can quickly mitigate the impact of stronger carbon pricing on energy and mobility bills.

Put in place financing measures to help consumers – not only the industry – engage in the transition

The Draghi report rightly points to the enormous financing needs of the EU economy to succeed in the transition. Building on some of his recommendations, President von der Leyen announced the creation of a “new European Competitiveness Fund” which will “ensure that we develop strategic tech and manufacture [...] in Europe”.

While the EU clean tech industry certainly needs some support against fierce international competition – including from trade partners which do not always play by the rules – it is also essential to remember that households also need strong financial support to engage in the transition and ultimately purchase the appliances that the clean tech industry will be helped to

³ In its [2024 World Energy Outlook](#), the International Energy Agency explains that “Despite the progress being made and the projections of rising sales, upfront costs often remain high, particularly for low-income and middle-income households, and the design of electricity tariffs and energy taxes still disadvantages heat pumps compared to fossil fuel boilers in some countries. Maintaining policy stability and heat pump subsidies over the long term, and reforming electricity and gas tariffs in the context of declining gas prices will be critical to provide market actors with visibility while sustaining the rapid manufacturing capacity expansions seen in recent years.”

manufacture here in Europe. This is because, although the up-front costs of heat pumps, BEVs and solar panels are declining at a fast pace, they are still too high for most consumers.

Moreover, the new EU competitiveness fund must be mobilised in areas which bring real added value for citizens. This means that industrial projects funded by public money should be subject to close public scrutiny – for instance through the involvement of civil society organisations and independent experts – and not fund new technologies or innovations whose benefits are very doubtful or uncertain. The same logic applies to the increased funding which is announced for Important Projects of Common European Interest.

Recommendations:

- A considerable increase of public funding dedicated to housing retrofitting is needed. However, public funding alone will not be enough, and we should fully mobilise the financial sector through innovative financial instruments such as on-bill schemes, green loans and mortgages.
- Allocate sufficient funds to heating and cooling decarbonisation under the Multiannual Financial Framework to unlock the sector's energy security and socio-economic benefits by enabling workers and citizens to own and participate in the transition. This would also support the design and implementation of ambitious National Building Renovation Plans. Spending should be socially targeted to cover decarbonisation costs for citizens for whom individual and private investments are not an option.
- A revised Mortgage Credit Directive should ensure that mortgages marketed as “green” are more attractive than conventional mortgages and in line with the objectives of the Energy Performance of Building Directive. The European Investment Bank in cooperation with national promotional banks should work towards an attractive incentive scheme for green mortgages. Credit institutions should be obliged to re-direct consumers to local one-stop shops for independent advice and share information about public support measures and publicly supported green mortgages in a prominent manner.
- The new EU Competitiveness Fund must come with strong conditionalities regarding financial, social, equality and environmental aspects as society deserves a return on investment, too. For example, if a company receives funding to develop a new generation of heat pumps, consumers should not have to pay astronomic prices but profit from financially-accessible devices. Moreover, such heat pumps should only receive public support if they are long-lasting, easily repairable and recyclable, silent and do not contain harmful cooling agents. Companies receiving such support should also take responsibility for training installers.
- Public support to the industry should be subject to close public scrutiny and accountability. Funds from the new European Competitiveness Fund or any other public budget should not support innovations whose climate and environment benefits are doubtful.

Defending a strong and independent competition policy

Competition policy is an important enabler of a clean industrial deal. A strong and independent competition policy is in fact a prerequisite for a competitive industry and economy.

Competition spurs innovation and choice and the best prices for consumers.⁴ It can stimulate the development of new cleaner products, contribute to ensuring that consumers have good options for their energy needs, such as heat pumps and solar panels, EV charging options etc. Its tools are flexible enough to allow cooperation where this is necessary to achieve clean options and to sanction conduct by companies that stands in the way of this.

It is important that, in the coming years, effective competition in the EU is not undermined⁵ by counterproductive notions to promote so-called “European champions” through anti-competitive mergers;⁶ through giving State Aid without genuine benefits for a cleaner economy and for consumers; or through other forms of anti-competitive greenwashing. While EU support is needed to accelerate the green transition, our concern is that any weakening of the EU’s State Aid rules would risk causing serious harm to Europe’s consumers in terms of less choice of products and higher prices. Essentially, companies not receiving generous subsidies would be less able to compete fairly with their subsidised competitors and this would raise concerns especially for companies from Member States with less fiscal room which would be placed at a competitive disadvantage compared to companies from Member States with the “deepest pockets”.

Recommendations:

- The EU should abstain from weakening its State Aid rules framework. Instead, BEUC supports a European solution, such as a well-managed and scrutinised EU competitiveness Fund (see section above).

⁴ [Protecting competition in a changing world - Publications Office of the EU \(europa.eu\)](https://publications.ec.europa.eu/en/protecting-competition-in-a-changing-world)

⁵ <https://www.beuc.eu/blog/eu-must-urgently-tackle-harm-caused-by-weakened-competition/>

⁶ [Why consumers need merger control \(beuc.eu\)](https://www.beuc.eu/blog/why-consumers-need-merger-control/)

