

# Industrial electricity price: Initial assessment and opportunities for companies



Energy prices currently remain high which poses a considerable challenge especially for energy-intensive industrial companies. Federal Chancellor Friedrich Merz announced on 20 October 2025 at the trade union conference of the IG Bergbau, Chemie, Energie (IGBCE) in Hanover that an “industrial electricity price” should be in place by the end of 2025. Katherina Reiche, Federal Minister for Economic Affairs, has now followed suit saying she expects the industrial electricity price to come into effect on 1 January 2026.

At EU level, the Commission recently set down the groundwork for a possible industrial electricity price under EU state aid law with the Clean Industrial Deal State Aid Framework (**CISAF**).

## Background: what was and is planned?

With the working paper “Ensuring competitive electricity prices for energy-intensive companies in Germany and Europe” presented in May 2023, the then Federal Ministry for Economic Affairs and Climate Protection aimed to provide temporary relief to energy-intensive industrial companies. A reduced electricity price of EUR 0.06/kWh was to apply to energy-intensive companies that compete internationally. The subsidy was intended to run until 2030, with companies having to provide evidence of a transformation plan and therefore reinvest part of the advantage granted in improvement and energy efficiency measures.

In contrast, the current planning status for the industrial electricity price, developed by a commission of experts, provides for a reduced electricity price of EUR 0.05/kWh which would make full use of the EU state aid framework.

## EU state aid framework: CISAF

State subsidies, such as an industrial electricity price, must comply with EU state aid law. In principle, any aid granted by a Member State or through state resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods is incompatible with the internal market in so far as it affects trade between Member States (see Article 107(1) TFEU). Under certain conditions, aid to **promote the development of certain economic sectors or areas** may be considered compatible with the internal market (see Article 107(3)(c) TFEU). On this basis, on 4 July 2025, the Commission published the **CISAF aid framework, which is limited until the end of 2030**.

According to Section 4.5 of the CISAF, **“electricity price relief for energy-intensive consumers” is expressly possible**.

Under state aid law, a **reduction of up to 50% on the wholesale price** is permissible – for a maximum of half of the subsidised company’s **annual electricity consumption**. However, the reduced price may not **not be less than EUR 50/MWh**. A further condition for receiving aid is that the subsidised company spend “at least 50% of the aid amount received under this measure” on investments in new or modernised facilities (known as a **decarbonisation contribution**).

According to a concept paper by the Federal Ministry for Economic Affairs and Energy (BMWE), the following measures are conceivable as a decarbonisation contribution:

- Development of capacities for the generation of renewable energy,
- Energy storage solutions,
- Measures to increase demand-side flexibility,
- Improvements in energy efficiency that affect electricity demand,
- the development of electrolyzers to produce renewable or low-carbon hydrogen,
- investments focused on electrification.

For energy-intensive companies, it is interesting that from a state aid perspective, **it may be possible to combine (in some cases partially) the electricity price relief with other subsidies**, provided that this combination does not result in the respective maximum aid intensities or maximum aid amounts being exceeded. However, the BMWF concept paper stipulates that companies that are eligible for both

electricity price compensation and the industrial electricity price, have the right to choose which instrument they wish to use in the respective billing year.

## Who can benefit?

According to the EU requirements in the CISAF, companies that are at risk of relocating activities to locations outside the EU where environmental regulations are less stringent can benefit. According to the EU Commission, this **particularly** affects **electricity-intensive companies that compete internationally**. In any case, companies whose main activity is covered by the list in Annex 1 of the Guidelines on State Aid for Climate, Environmental Protection and Energy Aid ("KUEBLL") should be eligible for support (see CISAF, section 4.5.2.). The EU regulatory framework does not preclude a national aid scheme under which specialist divisions or parts of companies may also be eligible for aid if their main activity is covered by the list in Annex 1 to the KUEBLL. The list is also not conclusive: **Member States** also have the option of **demonstrating** to the EU Commission **the eligibility of economic sectors not listed**. The Federal Ministry for Economic Affairs and Energy (BMWF), which is responsible for national implementation in Germany, welcomed the introduction of CISAF. According to a concept paper by the BMWF, companies from sectors that are not included in Annex 1 of the KUEBLL but which face a comparable risk of relocating activities to locations outside the EU should also be considered. The relevant associations are to submit evidence to the BMWF in this regard.

The current expert proposal is to follow the KUEBLL list. In Germany, this would affect around 2,000 companies with a total annual consumption of around one hundred terawatt hours.

Much of the industrial electricity price will depend on the details of the **national implementation of an industrial electricity price within the framework of the CISAF**. It remains to be seen how the federal government will implement the use of funds in concrete terms. However, there will be no deviation from the principle of subsidy law that funds can be reclaimed in whole or in part in the event of violations of eligibility requirements or earmarking. In this respect, subsidy recipients should ensure legally that there can be no claims for repayment when claiming the industrial electricity price.

## Support from Taylor Wessing

Taylor Wessing offers customised legal advice, particularly at the interface of energy law and EU state aid law. We can assist you with the legal structuring of your project, from the application stage to the verification of the use of funds. We will keep you regularly updated here with developments on the industrial electricity price.



**Dr. Markus Böhme**  
Partner

+49 211 8387-430  
m.boehme@taylorwessing.com



**Johannes Schaadt-Wambach, LL.M.**  
Salary Partner

+49 211 8387-411  
j.schaadt-wambach@taylorwessing.com