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Clean Energy Investment Strategy

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1 INTRODUCTION

The clean energy transition is a central component of the Union's vision for strategic autonomy, competitiveness, and sustainable prosperity. The legal framework established by the **European Green Deal** and the **European Climate Law** sets a clear path to a climate-neutral economy by 2050. As the **Draghi report**[1] highlights, these ambitions must be matched by unprecedented levels of investment and a more integrated approach to mobilising public and private capital. The **Clean Industrial Deal**[2] positions investment as the decisive lever to boost competitiveness with decarbonisation. It sets out measures to lower energy costs, accelerate the development and deployment of clean technologies, and expand financing channels. The **Action Plan for Affordable Energy**[3] underlines how targeted investment can reduce costs for households and businesses, while enhancing energy efficiency and increasing the supply of clean energy and announces a **Clean Energy Investment Strategy** to tackle the investment gap and mobilise private capital for the energy transition.

The scale of the investment needs in the energy transition

Commission estimates[4] indicate that annual investment levels in the energy system to achieve energy transition objectives must reach approximately EUR 660 billion between 2026 and 2030, rising to EUR 695 billion annually from 2031 to 2040. This represents a substantial increase compared to the EUR 250 billion annual average observed between 2011 and 2021.

The magnitude of this capital requirement far exceeds public funding capacity from national budgets, the Multi-annual Financial Framework and the EIB Group. Furthermore, the scale and scope of investment exceed the capacity of the European banking sector. Consequently, meeting these targets is contingent upon diversifying funding sources of financing to fully mobilise institutional capital, venture capital, and private equity as well as traditional sources. To reach these levels, public funds must be deployed not as a primary funding source, but as a strategic lever to crowd in this broader mix of banking and capital market finance.

The required investments fall into three primary categories: supply-side investments, focused on energy supply and renewable and low-carbon fuels; demand-side investments, supporting energy efficiency, flexibility and decarbonisation across various sectors (excluding transport); and infrastructure investments, necessary for integrating renewable energy, hydrogen and renewable and low-carbon fuels, and increasing electrification as well as digitalisation.

Supply-side investments needs arise to EUR 175 billion per year between 2026-2030 and are projected to increase further to EUR 210 billion annually from 2031 – 2040, in order to achieve

[1] https://commission.europa.eu/topics/eu-competitiveness/draghi-report_en
[2] The Clean Industrial Deal: A joint roadmap for competitiveness and decarbonisation (COM(2025) 85 final)
[3] Action Plan for Affordable Energy (COM(2025) 79 final)
[4] 2040 Impact Assessment (SWD/2024/63 final)

the necessary deployment of renewables, hydrogen and renewable and low-carbon fuels. In parallel, the final 8th Nuclear Illustrative Programme (PINC) published today foresees investments needs from Member States' plans in nuclear generation capacity of around EUR 240 billion by 2050, largely for new large-scale reactors and lifetime extensions.

Demand-side investments in energy efficiency and decarbonization for industries, buildings, service, and agricultural sectors represent a significant portion of the overall investment needs, totalling approximately EUR400 billion annually between 2026 and 2030, a level that is expected to be the same in the following decade.

Substantial investment in infrastructure will be required to enable the energy transition and completing the Single Market for electricity as stipulated in the Draghi report. Infrastructure investment levels are projected to increase from EUR 90 billion per year between 2026 and 2030 to EUR 120 billion per year from 2031 to 2040. Power grids constitute the largest share of these investments, increasing from EUR 75 billion annually until 2030 to EUR 90 billion annually between 2030 and 2040. Given the necessity to ensure the affordability of electricity and the competitiveness of our industry, Member States may choose to allocate funding to the electricity network from the general government budget to minimise the impact of major network investments on network tariffs[5].

Investment in hydrogen and CO_2 transport infrastructure is also expected to grow significantly, from EUR 5 billion to EUR 15 billion annually. In addition, alternative fuel infrastructure to support transport decarbonization is projected to rise from EUR 10 billion per year between 2021 and 2030 to EUR 15 billion per year from 2031 to 2040.

The investment gap is substantial

However, current investment levels are falling short of these required investment needs, and an investment gap must be addressed to accelerate the clean energy transition, meet the energy and climate targets and deliver affordable, secure and sustainable energy at the scale needed.

Moreover, recent evidence suggests that the pace of investment growth is slowing, and in certain critical sectors, reversing. Such trends risk widening the existing gap at a pivotal moment for the 2030 targets.

A sectoral review, based on best available data from multiple sources[6]), highlights the scale of acceleration required:

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[5] Guidelines on future proof network charges for reduced energy system costs C(2025) 4010 final

[6] It includes academia, Bloomberg NEF and Institute for Climate Economics

Energy Use in Buildings: Annual investment in building renovation would need to increase by a factor of 2.5 to 3 to align with the EU's objectives. Investment in heat pumps, a key decarbonisation technology, would need to roughly double.

Energy Supply and System Integration: In energy supply, investment in solar notably PV appears to meet the required pace. However, this progress is offset by significant shortfalls elsewhere. Investment in wind power would need to increase by a factor of 2.5 to 3.5. Accelerating investments in innovative clean technologies is also needed. For critical enabling infrastructure, including power grids and energy storage, annual investment would need to rise by approximately 30% to 80% to meet the 2030 objectives. Integrating electricity and district heating and cooling systems reduces investment needs for grid expansion and results in benefits such as improved energy efficiency, greater flexibility, and better integration of renewable energy sources (and waste heat).

Industrial Decarbonisation and Fuels: For certain technologies that could support the next phase of the transition, the investment gap is more pronounced. To remain on a net-zero trajectory, annual investment in emerging technologies such as clean hydrogen and Carbon Capture Utilisation and Storage (CCUS) would need to increase by a factor of 4 to 7. As recalled by PINC, investment will also be required to strengthen the nuclear fuel cycle for supply diversification, such as enrichment and conversion services[7], and develop innovative nuclear energy technologies, such as Small and Advanced Modular Reactors in Europe by early 2030[8].

The Commission considers that the persistent gap between current investment and the levels identified by independent analysis warrants careful monitoring. Without an acceleration of capital flows in these key areas, the Union risks compromising the timely and cost-effective delivery of its 2030 climate and energy targets, with potential consequences for its long-term strategic autonomy and industrial competitiveness.

[Paragraph on investment trends in other jurisdictions and another one on benefits of investments].

<u>Private capital is available and must be mobilised</u>

This investment gap far exceeds the capacity of public finance, both at European[9] and national level. Public funds must have a catalytic function, focused on crowding-in private investment through their targeted application. This requires leverage, to mobilise substantial private finance,

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[7] REPowerEU Roadmap, [COM(2025) 440 final/2]

[8] PINC reports that in the preparatory phase of the European SMRs Industrial Alliance, a preliminary evaluation by the sector organisations resulted in projections of SMR capacity ranging from 17 GWe to 53 GWe by 2050

[9] The European Commission has put forward an ambitious proposal for the Multiannual Financial Framework (MFF), recognizing the critical importance of decarbonization and clean energy transitions as key drivers of competitiveness resilience and security within the EU (see section 5).

and ensure additionality intervening only where market failures exist. Public funds can also play a critical role in de-risking private investment, reducing the cost of capital and ultimately lowering the overall cost of the transition. This function is particularly important in an energy system increasingly driven by upfront capital expenditure. Moreover, public support can help amortise the costs of the transition over the lifetime of assets, preventing short-term price peaks that could otherwise hinder investment cycles and slow progress toward decarbonisation.

The **primary objective of this strategy is to facilitate the mobilisation of private investment for the energy sector** by improving the connection between available private capital and the Union's pipeline of energy projects. Analysis indicates that substantial private capital is available, with an estimated EUR 33.7 trillion in assets under management in Europe. Institutional investors, such as insurers and pension funds, control over EUR 16.5 trillion of these assets and seek the long-term, stable returns that energy projects can provide, with an appropriate framework in place.[10]

This Communication puts forward a Clean Energy Investment Strategy to address the investment shortfalls. It proposes a **targeted framework of actions to facilitate the mobilisation of private capital for the clean energy transition**.

2 WHAT IS HOLDING BACK INVESTMENTS IN THE EU ENERGY TRANSITION

The European Union has made significant strides in accelerating the clean energy transition, with record deployment of renewables, growing investment in storage, and strengthened policy frameworks. Nonetheless, a range of persistent barriers still constrains the pace and scale of private capital mobilisation required to achieve the 2030 and 2050 targets. These barriers reflect the structural complexity of building an integrated, innovative and resilient energy system across 27 Member States.

Several barriers cut across multiple clean energy segments, although their relevance and intensity may vary by the segment. Investors seek greater regulatory predictability and policy stability, as long-term visibility is crucial for mobilising institutional capital. Permitting and grid connection processes, remain lengthy and, while improving in some areas, slow down deployment and raise pre-construction risks. Fragmented markets — with diverging rules, standards, and planning practices — hinders project aggregation and scale up and raises transaction costs. Finally, in many areas the full system value of clean energy investments, including avoided dispatch and network costs, the value of flexibility services, or of energy savings, is not yet systematically reflected in revenue models, and facilitated by regulatory frameworks reducing their attractiveness to private investors.

[10] EFAMA Asset Management in Europe (16th Edition, 2024) & EFAMA: Our Industry in Numbers (Live Data Page)

In addition to these cost-cutting barriers, there are several segment-specific barriers affecting the pace and scale of investment.

Energy Efficiency: The sector still struggles to attract large private investment. Fragmented project pipelines, limited aggregation tools, permitting practices for energy renovation and a lack of standardised tools for measuring, rewarding and monetising energy performance. Split incentives and inconsistent financing frameworks, further complicate investment. The preliminary aggregated assessment shows a substantial gap towards the achievement of the EU's 2030 energy efficiency targets for both primary and final energy consumption.

Infrastructure[11]**:** Grids and energy infrastructure are essential for renewables integration and security of supply, yet face persistent financial barriers. In regulated networks, cost-recovery mechanisms and allowed returns may not always fully reflect rising financing costs or anticipatory investments' higher risks. This and balance sheet constraints limits the sector's ability to invest at the needed scale and deter private capital. Large institutional investors have limited access to grid assets due to their illiquid nature, fragmented regulatory regimes and the absence of scalable, EU-level standardised investment vehicles. Similar barriers affect emerging sectors such as hydrogen and CO_2 transport and capture installations, where immature markets and limited revenue visibility raise risk premia.

Non-Fossil Flexibility[12]**:** Flexibility needs are growing, but investment conditions remain complex due to uncertain long-term revenues, difficult access to markets limiting bankability, and evolving grid connection rules for co-located / hybrid projects. Distributed solutions lack metering and technical standards harmonisation. Battery supply chain risks for critical raw materials (add further complexity.

Clean Energy Generation: While deployment has accelerated, permitting issues and spatial planning remain uneven, and grid access is often constrained. Supply chain bottlenecks and cost volatility create uncertainty for project delivery. Long-term revenue visibility suffers from wholesale market volatility, price cannibalisation, and the limited depth of PPA markets.

Innovation and Cross-Cutting Technologies: Emerging technologies such as long-duration storage, floating offshore wind, advanced geothermal or SMRs are vital for the long-term transition but face higher risk premiums and financing gaps. Future development and commercialisation of nuclear fusion technologies face similar investment challenges. EU clean tech firms lack risk

[11] Electricity, Hydrogen, CO_2 storage and Transport

[12] Such as storage, demand response

capital for startup and scale up. Bridging research to market deployment is crucial, therefore the EU Startup and Scale Up Strategy[13] will have a key role to play.

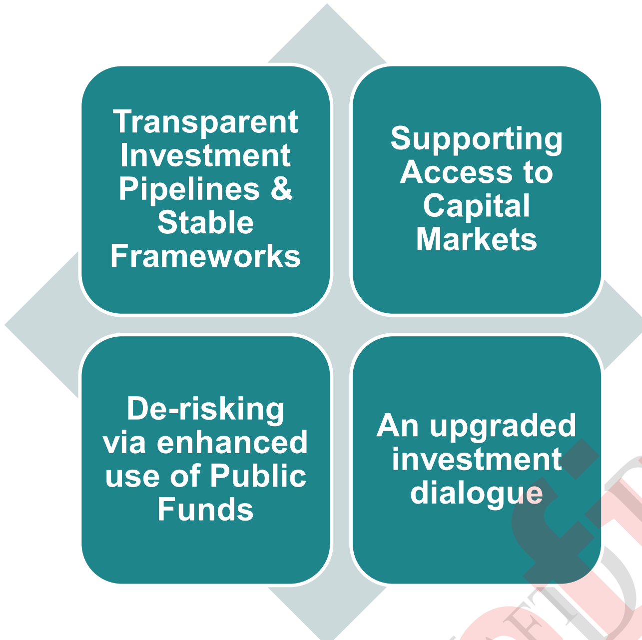
A coordinated action, building on existing national and EU initiatives, will be essential to address these barriers and channel private investment into Europe's clean energy transition at scale. The actions of the Clean Energy Investment Strategy complement Member State efforts, reduce risk and uncertainty, and create stable, attractive investments conditions, thereby reinforcing Europe's competitiveness and energy security.

3 UNLOCKING PRIVATE CAPITAL AT THE SCALE NEEDED TO DELIVER THE ENERGY TRANSITION

The Union has established a robust policy and financial framework to facilitate the energy transition, whose effective implementation is indispensable to mobilise the required investments.

This strategy complements and reinforces these existing efforts by putting forward a set of new, targeted 'flagship' actions. These actions are structured around four complementary pillars designed to create an effective investment framework for private capital: the development of transparent project pipelines, the enhanced use of capital markets, the targeted de-risking of investments, and a structured dialogue with the financial community. These actions aim at unlocking investments across key energy segments: clean energy, flexibility, infrastructure and energy efficiency.

[13] SWD(2025) 138 final



PILLAR I: TRANSPARENT INVESTMENT PIPELINES & STABLE FRAMEWORKS

Objective I: Provide visibility on a predictable and scalable pipeline of bankable projects and ensure national reforms are directly linked to investment needs.

Investors require clear and reliable information on European investment needs, in terms of technology priorities as well as in terms of volume needs. Equally important is clarity on the relevant regulatory framework that can affect economic, construction and operational risks associated with energy infrastructure projects. Many of these elements fall partly under national competence. But this is often resulting into complexity and unreliability for investors. It is therefore critical to strike the right balance between unity and diversity, by establishing transparency on investment pipeline and visibility on regulatory frameworks.

The EU has established coherent energy objectives at EU level, the relevant scale for large investors, and formulated coherent standards and rules on conditions affecting investment risks (such as permitting conditions). It monitors the implementation of these objectives, through the coordination of national strategic investment plans (National Energy and Climate Plans). This strategic planning will guide the more targeted and effective use of EU public funds to support direct investments or accelerate reform on the ground. In doing so, the EU seeks to foster an environment of confidence and security for investors.

Adding to these efforts, the Commission proposed on 10 December 2025 a European Grids Package to strengthen European energy infrastructure planning and ensure a more robust identification of cross-border infrastructure needs and necessary investments.

They will be further strengthened by several upcoming EU initiatives that directly contribute to Objective I by providing greater regulatory certainty, clearer investment signals, and enhanced transparency on pipeline needs, while remaining distinct from the current strategy.

Action 1: Clarify the size and direction of investments through the post-2030 energy and climate framework (Q4 2026)

In December 2025, the Council and the Parliament reached a provisional political agreement on the Climate Law with a 90% reduction in net GHG emissions for 2040 compared to 1990 levels.

This agreement will be followed by **the post-2030 framework for climate and energy** in Q4 2026, including sectoral legislative proposals such as the Governance Regulation, the future legislative framework for renewables and energy efficiency, and the infrastructure and market rules for CO2 transport and storage. Each legislative proposal of this package will be informed by individual Impact Assessments.

The Commission will present an **Energy Needs Assessment for the Clean Transition (ENACT)** together with the post 2030 legislative package providing a more holistic system perspective to underpin the framework for the decade ahead. The Assessment will look into the cross-sectoral energy system for 2031-2040, while guaranteeing the consistency across the individual sectoral impact assessments. Among others, it will update the size and nature of the investment needs in the energy sector for the period 2031-2040, providing further granularity and insights to support investors' and public administrations' decision making.

Actors: The European Commission

Expected Impact: The sectoral legislative proposals and impact assessments as well as the ENACT will update the investment needs for 2031-2040 and add the sectoral granularity, thereby improving predictability for investors.

Action 2: National Energy and Climate Plans (NECPs) as strategic investment roadmaps (Q4 2026)

The Commission will review, the structure of the NECPs to make them strategic investment roadmaps for investors as part of the proposal to revise the Governance Regulation in Q4 2026. This will build on the experience gathered with current national plans and the public consultation on the revision of the Governance Regulation. The investment chapter of NECPs should distinguish clearly the **contribution of public funding and the opportunity for private investments**, as done already for buildings through the National Building Renovation Plans. This will help improve the understanding of the diverse picture of public funding opportunities and private investment volumes across Member States, supporting a well-targeted use of available public and private resources. NECPs should also support monitoring of implementation of EU energy law and help mobilise EU technical or financial assistance for reform where necessary. To this end, they could also include strategy-specific quantitative and / or qualitative Key Performance Indicators, which could help assess the effectiveness of reforms and serve as the basis for EU-Member States implementation dialogues (for instance electrification-related indicators, energy system flexibility, etc.). NECPs are also crucial for the upcoming Multiannual Financial Framework, influencing the Political Steering Mechanism for EU budget allocation and shaping National and Regional Partnership Plans. It is therefore vital that NECPs are well-prepared to effectively pinpoint key financing priorities.

As part of the new governance of the Strategic Energy Technology Plan (SET Plan) revised in 2025, the European Commission and Member States, together with industry and energy research stakeholders, will prepare Common Implementation and Investment Plans in innovative clean technological areas [by the end of 2026 / the beginning of 2027]. They will support accelerating the development, manufacturing, and market uptake of EU-made clean energy innovations. These plans will not only set out the research and innovation priority actions and objectives, but also maps resources, and identifies stakeholders' investment commitments. These plans will inform the preparation of the National Energy and Climate Plans from a research, innovation and market uptake perspective.

Furthermore, in the area of infrastructure, the Ten-Year Network Development Plan (TYNDP) at European level as well as National Network Development Plans provide visibility on required investments. The Commission has proposed to further strengthen this framework through the European Grids Package.

Actors: European Commission, Member States, SET Plan community, ENTSO-E, ENTSO-G, ENTSO-H, EU DSO entity, TSOs, DSOs.

Expected Impact: Fosters the development of stable, long-term, and verifiable project pipelines at the national level incorporating also the research and development perspective, reducing investor uncertainty and ensuring reforms are backed by concrete investments. More effective identification of key projects to be financed from the EU budget under the next MFF.

Action 3: Include specific investment chapters with commitments in all tripartite agreements

The European Commission announced the establishment of tripartite contracts for affordable energy as one of the key deliverables of the Action Plan for Affordable Energy. The concept is aimed to bring together the public sector, energy producers and industries, to counteract high energy prices and market uncertainty by creating a favourable investment climate for new affordable energy projects and ensuring that its supply benefits industrial consumers, facilitating a competitive EU industrial sector, while ensuring the retention and creation of quality jobs. These may mean sectoral agreements for different energy technologies or regional partnerships to enhance cooperation on concrete projects.

The Commission has already announced the launch of the first two tripartite agreements on offshore wind and grids, and storage, and is working with Member States and stakeholders to ensure that these are concluded early 2026. The Commission is also progressing on the tripartite agreement on biogases as announced in REPowerEU.

In addition, the Commission is exploring other areas to be developed in the course of 2026 such as energy efficiency. The European Energy Efficiency Financing Coalition includes relevant national promotional banks and can leverage its national hubs to support the roll-out of energy efficiency tripartite agreements.

In line with the goals of this Clean Energy Investment Strategy, the Commission will work with the European Investment Bank Group and other financial institutions to include concrete commitments for the specific sectors with a view to mobilise the private capital needed.

Actors: EIB Group, European Commission, Member States, National Promotional Banks and Institutions (NPBIs), other InvestEU implementing partners and other stakeholders.

Expected Impact: Bring together specific commitments and create an investment climate that supports cost-effective energy production, reliable energy supply, innovation, clean energy technologies manufacturing, and long-term growth for all stakeholders.

PILLAR II: SUPPORTING ACCESS TO CAPITAL MARKETS

Objective II: Transform energy assets into liquid, investment-grade securities to attract large-scale institutional capital.

The backbone of the energy system, energy networks are a **critical segment for capital mobilisation** in the clean energy transition. The Draghi report warns that simply investing in clean electricity generation is not enough; parallel efforts to strengthen and modernise network infrastructure and system integration, including through innovative and digital solutions, are also essential to ensure a successful energy transition. Yet current financing mechanisms fail to mobilise capital at the required scale and speed. Commercial banks are reaching regulatory limits that constrain new lending, while both large and small grid operators face debt-to-equity bottlenecks and liquidity shortages that restrict their ability to fund massive infrastructure upgrades. This is compounded by the high fragmentation of the distribution sector, where small operators lack the scale to access capital markets, and a persistent equity gap in project financing that specialized funds cannot bridge alone. Finally, a significant knowledge barrier remains, as many long-term domestic investors lack the technical due diligence capacity required to participate in investments.

Without structural interventions to transform energy assets into liquid, standardised securities and to aggregate fragmented projects into institutional-scale portfolios, Europe's clean energy investment gap will persist, undermining both climate objectives and industrial competitiveness.

To bridge these gaps, the Commission, in close coordination with the European Investment Bank (EIB) Group, will implement a targeted strategy to transform the financial rights to future cashflows associated with energy assets into liquid, investment-grade securities.

Action 4: Supporting Access to Finance for Operators via the Loan Securitisation Initiative (Q1 2027)

Currently, some European banks are reaching concentration limits that prevent them from significantly increasing funding to grid operators. To address this **constrained lending capacity**, the Commission will launch the **Loan Securitisation Initiative** by Q1 2027.

This initiative enables **market-based capital recycling** by facilitating the transfer of existing loans from the banks' balance sheets. The initiative mobilizes private institutional capital to free up bank's lending capacity. This allows banks to issue new loans for the energy transition without direct reliance on public subsidies or state budgets and allowing crowding-in private capital. The EIB Group will contribute to the initiative through its securitisation activities, through which it structures and guarantees securitisation transactions, both cash (true sale) and synthetic.

- **Commitment:** EUR [XX] EIB Group initial funding.
- **Unlocked Investment:** This facility will create EUR [XX] in immediate lending capacity, reaching a total of EUR [XX] unlocked by 2030

Action 5: Strengthening Grid Operator Balance Sheets (Q3 2027)

To ensure operators (DSOs and TSOs) can finance massive infrastructure upgrades while maintaining high credit ratings, the Commission in collaboration with the EIB Group will deploy a suite of facilities tailored to different operator needs.

Action 5.a: The Operator Securitisation Facility

Following the logic of capital recycling, many operators frequently face **liquidity constraints** and limited room for traditional debt. The Commission in collaboration with the EIB Group will establish an **Operator Securitisation Facility** (Q3 2027) to provide **Off-Balance Sheet financing** by turning the value of future regulated revenue streams into upfront cash. This will unlock the value of existing assets to attract international capital, providing a cost-effective alternative to public funding while keeping physical assets in public ownership. Depending on the design of the facility, the Commission will call on the EIB to provide dedicated lines of funding. The facility will offer a flexible framework supporting both standalone issuances for large-scale operators and multi-originator pooling for smaller entities, ensuring the structure is precisely calibrated to individual operator needs, project scale, and prevailing market appetite. By decoupling financing from corporate credit risk and utilizing credit-enhanced tranches, the facility aims to secure long-term capital at more competitive rates than traditional debt; this alignment of financing tenors with the multi-decade lifecycle of grid assets reduces refinancing risk and lowers the total cost of capital, enabling grid developments without placing undue pressure on energy tariffs.

- **Commitment:** EUR [XX] EIB Group support.
- **Unlocked Investment:** This facility will provide EUR [XX] in upfront cash immediately, reaching a cumulative EUR [XX] for the sector by 2030.

Action 5.b: The Hybrid Bond Initiative

Large operators often face **debt capacity constraints**, where high debt-to-equity levels create bottlenecks for new investments. Hybrid bonds provide **Non-Dilutive Capital Strengthening**. Because these instruments are treated in part as equity, they allow operators to increase their debt capacity, and therefore investment capacity, without breaching credit limits or diluting existing ownership and control.

The EIB Group supports investments by regulated utilities through the purchase of hybrid bonds. The participation of the EIB Group as anchor investor provides signalling effect and momentum in bookbuilding and effectively supports the operators' balance sheet, thanks to the instruments' equity credit. The EIB will aim to increase its participation in the hybrid bonds market.

- **Commitment:** EUR [XX] EIB Group support.
- **Unlocked Investment:** This facility will unlock EUR [XX] in new capital immediately, supporting a total of EUR [XX] in network investment by 2030.

Action 5.c: The Intermediated Financing Facility

To overcome the **fragmentation of the sector**, the **Intermediated Financing Facility** (Q4 2026) leverages local banking networks and project aggregation. By providing EUR [XX] in guarantees to banks, the facility strengthens their capacity to lend to small operators.

Crucially, the facility will support small DSOs in forming **Joint-Ventures**. These constructs allow multiple small operators to group their operational needs together, creating the necessary scale to access standardized financing terms that would be unavailable to them individually.

Following the recent announcement of the first Growth for Energy operation, the EIB will also aim at scaling up this risk sharing initiative, in order to aggregate small investments in fragmented DSO markets across the EU.   In this operation, the EIB covers a percentage of the intermediary bank risk exposure to loans for eligible energy projects at the municipal utility level. This risk-sharing mechanism allows the intermediary bank to allocate less capital and credit to each sub-loan, significantly increasing its lending capacity. The result is a faster and broader channelling of financing to eligible projects in electricity generation, district heating, and grid expansion, helping to modernise infrastructure, lower energy prices, and achieve climate goals.

- **Commitment:** EUR [XX] EIB Group guarantees.
- **Unlocked Investment:** This facility will make EUR [XX] available in regional lending lines immediately, unlocking a total of EUR [XX] for small-scale grid investments by 2030.

Action 6: Strategic Infrastructure Investment Fund (SIIF) [Q3 2026]

Many crucial energy transition projects fail to reach financial close due to equity gaps that specialized funds, or private investors cannot cover alone. To address this, **the Strategic Infrastructure Investment Fund (SIIF)** will act as an **Equity Platform** facilitating targeted **Project Co-Investment** alongside infrastructure funds and asset managers.

By acting as a lead co-investor through the EIB Group, the SIIF will provide the necessary **anchor capital** to de-risk specific energy infrastructure projects mobilising increased private sector investment. This collaborative model allows private managers to leverage the EIB's long-term investment horizon and technical expertise, ensuring that large-scale private equity is mobilized into the most critical segments of the European energy network.

- **Commitment:** EUR [XX] EIB Group equity commitment.
- **Unlocked Investment:** The SIIF will mobilize EUR [XX] in private equity investment through co-investment mandates with infrastructure funds (reflecting a xx multiplier).

Action 7: Mobilising Institutional Investors via Targeted Advisory Support

National pension funds and long-term investors often lack the technical expertise required to invest directly in complex grid projects. Starting in Q2 2026, the Commission and the EIB will **deploy advisory support** to bridge this gap. By replicating successful models—such as the InvestEU Advisory Hub structure—this initiative will provide the guidance needed to channel domestic long-term savings into energy financing, ensuring more European capital supports the sector.

Summary Actions 4 to 7 Strategy (2026-2030)

- Total EIB Group Commitments: EUR [XX]
- Immediate Investment Unlocked: EUR [XX]
- Total Investment Unlocked by 2030: EUR [XX]

Strategic Impact

Together, these actions provide a comprehensive framework to facilitate access to diverse funding sources and enhance financial stability across the entire European grid ecosystem – and are fully in line with the Savings and Investment Union initiative. By deploying targeted securitisation tools and market-based recycling mechanisms, the strategy systematically addresses bank lending bottlenecks (Action 4) and the specific balance sheet constraints of both large and small-scale operators (Action 5). Furthermore, by enabling direct co-investment with private funds (Action 6) and providing technical advisory for national pension funds (Action 7), the strategy ensures that the energy transition is financed efficiently.

Institutional investors can capitalize on the opportunity to invest in securities that offer stable cash flows, thanks to long-term contracts and regulated revenues associated with grid loans. Such investments align with sustainability goals, provide diversification benefits and reduced regulatory risk due to the regulated nature of electricity grids. With a long-term investment horizon, grid loans are particularly well-suited to the strategic objectives of pension funds and insurance companies. This integrated approach focuses on unlocking vast pools of private institutional liquidity, thereby minimising the impact on national budgets and preserving public funds for other critical sovereign priorities.

Action 8: Create a Standardised Market for Energy Efficiency Investments

Energy efficiency is an integral part of the European Union's strategy for a cost-effective energy transition, energy security, and decarbonization. Analysis of the sector indicates a significant challenge in raising financing levels needed to make it happen on the ground and achieve the objectives enshrined in the Energy Efficiency Directive (EED) and the Energy Performance of Buildings Directive (EPBD).

Alongside this strategy, the Commission is adopting a Support Package on Energy Efficiency Financing [14] including targeted guidance and practical tools for Member States and market actors, helping them design and deploy effective measures that stimulate and aggregate investment demand, mobilise financing offer and attract additional capital.

Furthermore, this strategy puts forward two targeted initiatives to streamline energy efficiency investments and standardize financial products, enhancing their appeal to institutional investors. These efforts aim to overcome market fragmentation, boost transparency, and facilitate greater private sector engagement in the energy transition.

a) Energy Efficiency Accelerator Instrument

Despite the recognition of energy efficiency's role in achieving sustainability goals, investments have been hampered by market fragmentation and a lack of standardized investment practices.

In line with the Affordable Energy Action Plan and the Energy Efficiency roadmap, the European Commission will establish an Energy Efficiency Accelerator Instrument as part of the new European Competitiveness Fund under the next MFF, which allows blending together grants, financial instruments, and advisory services, in particular project development assistance. The objective of such an Accelerator instrument will be to address the challenges that prevent the creation of investment products that are large, standardised and simple enough to appeal to institutional investors and further attract private capital.

The Energy Efficiency Accelerator Instrument will primarily aim at developing and aggregating the investment pipelines, at supporting the development of a tradable energy efficiency market, at

[14] Add reference

ensuring the competitiveness of the cutting-edge European energy efficiency industry, at facilitating investments in heating and cooling, and at developing innovative energy efficiency business models, such as energy efficiency as a service for SMEs. It will build upon and scale-up the successful LIFE Clean Energy Transition and ELENA Facility activities and will leverage on existing and future InvestEU instruments combined where appropriate with grants, from the ECF and/or from the future Member States National and Regional Partnership Plans, to support projects and/or intermediaries as a comprehensive funding package.

The EIB Group will play a key role in the Accelerator instrument by proposing a consolidated offer of funding (e.g. loans and guarantees), including through its own resources, the InvestEU guarantee and instruments such as the Energy Efficiency for SMEs Initiative, advisory support and management of grants.

Furthermore, given the technical complexity of energy efficiency projects, technical assistance and advisory services will continue playing a key role in supporting promoters and financial intermediaries in preparing and aggregating energy efficiency projects into bankable investment pipelines, thus enabling energy efficiency investment at scale and private capital participation. For this purpose, the European Commission will continue building upon InvestEU Advisory Hub (including the ELENA facility), as well as rely on EIB own expert advice models, and explore new complementary initiatives, to support innovative financial structures or technologies.

Actors: European Commission, EIB Group, energy services companies and project developers

Expected impact: Aggregate the investment pipeline for energy efficiency and small-scale demand-side energy transition, such as individual building renovations, and thus overcome market fragmentation and contributing to create larger ticket size investment able to better attract institutional investors. Address the lack of specialised knowledge and capacity to develop energy efficiency investments

b) *Criteria for voluntary EU Labels for renovation loans*

In the framework of the EPBD, the European Commission is tasked with adopting a delegated act on a ‘comprehensive portfolio framework to increase lending for energy renovations. In order to achieve these objectives, the European Commission is exploring criteria for voluntary investment labels for energy efficiency and energy renovations at product and portfolio level. These labels would facilitate the identification of both projects and funds suitable for renovation and aligned with the EU Taxonomy. The development of such criteria and related actions is being discussed in-depth with Financial Institutions in the framework of the European Energy Efficiency Financing Coalition expert group on investment in real estate. They will make investment products more easily comparable and tradable, encouraging more harmonised contractual terms and documentation to simplify transactions and due diligence processes.

Actors: European Commission, EIB Group, Financial Institutions.

Expected Impact: Increased lending volumes from financial institutions for energy performance renovations. Financial institutions will be able to systematically identify and act upon the worst-performing buildings within their portfolios. Addresses market fragmentation by creating standardised, investable products. It will attract institutional capital and facilitate an acceleration of private financing into energy efficiency by increasing transparency and enabling securitisation.

PILLAR III: DE-RISKING VIA STRATEGIC USE OF PUBLIC FUNDS

Objective III: Use public capital to mitigate specific risks and enhance the risk-adjusted returns of clean energy projects.

Public capital has a vital role to play in lowering risks and mobilising private finance for the clean energy transition. Private investors often face multiple investment barriers, including regulatory risk, long investment horizons with delayed cash flows, and technological immaturity, which increase required risk-adjusted returns and may limit capital allocation to the sector. Strategically deploying public resources to mitigate risks strengthens the bankability of projects and improves their risk-adjusted returns. The Multiannual Financial Framework has been a key tool for de-risking clean energy investments, providing crucial public funding, including through the InvestEU programme and specific financial products offered by the EIB/EIF and other implementing partners. The next Multiannual Financial Framework proposal reaffirms continued support for clean technologies and energy transition projects, including at the R&I stage, amongst others by strengthening financial instruments to mobilise private investment (see section 4).

This strategy puts forward a set of actions to further enhance investment conditions and scale up financing, where market failures exist and private finance is insufficient. In particular, the Commission will step-up targeted de-risking of innovative solutions to help them reach commercial stage and deployment at scale. In addition, the Commission will strengthen financial instruments targeting energy efficiency and supply chains, as well as ensuring synergies and maximising effective public funding across Member States. Finally, further modernising flexibility frameworks to enhance regulatory certainty and market incentives will be key to attracting investment in innovative flexibility solutions, including storage, demand-side response, and digital grid management.

Action 9: De-risk Innovative Clean Energy Technologies and Long-Duration Storage

Achieving climate neutrality by 2050 will depend not only on the full deployment of mature clean technologies, but also on the timely development and commercialisation of new solutions that are still emerging today. The International Energy Agency estimates that around **35% of the emission reductions required by 2050 will rely on technologies that are not yet available on the market**,[15] This underlines that the success of the transition is structurally dependent on innovation

[15] International Energy Agency, *Net Zero by 2050 – A Roadmap for the Global Energy Sector*, 2021.

— on bringing forward a new generation of clean energy and storage technologies capable of delivering affordable, reliable and decarbonised energy at scale.

Next generation technologies or forms of deployment, such as floating offshore wind and solar, advanced geothermal, ocean energy, agrivoltaics, CO_2 capture, Bioenergy with Carbon Capture and Storage (‘BECCS’) and Direct Air Capture (DACs), long-duration energy storage and small modular reactors (SMRs), will play a decisive role in this transformation. Yet, these remain in early phases of development and face substantial barriers to commercial deployment, including higher perceived technology and construction risks, limited operating histories and underdeveloped supply chains. Traditional debt-based project finance models, designed for mature and cash-flow-stable assets, are not always suitable for such innovative projects or for companies with less established balance sheets.

To bridge this gap, the European Commission proposes three actions below. The approach taken is to prioritise the use of financial instruments that directly de-risk innovative projects and mobilise private investment into strategic technologies. This includes equity and venture capital facilities to support innovative companies with high strategic value to the EU’s clean technology ecosystem, the use of guarantees and risk-sharing instruments to absorb early technology and construction risks and blended finance solutions combining loans with grant funding from the Innovation Fund or Horizon Europe to facilitate the scale-up from demonstration to commercial deployment. The EIB Group will support these actions with investments of [EUR XX] in 2026-2028.

In close synergy with this approach, the Scaleup Europe Fund, announced under the European Commission’s **Startup and Scaleup Strategy**[16], will provide large-scale equity investments in strategic sectors such as cleantech and energy technologies, supporting late-stage innovation and helping promising companies scale up within Europe rather than seeking capital abroad. This Fund is expected to be a critical tool in accelerating the commercialisation and growth of breakthrough clean energy solutions, contributing to Europe’s competitiveness and leadership in climate-neutral technologies.

a) Bring next generation of clean energy technologies to commercialisation

Innovative clean energy technologies are vital to our future energy system. **Cutting-edge renewable energy technologies** will harness more of the renewable resource and more efficiently. These include but are not limited to floating wind, floating solar ocean, and airborne wind energy; novel forms of deployment like agrivoltaics; and the expansion of established technologies into new markets where they face specific development risks, such as the geophysical uncertainties inherent in geothermal projects. With the evolution of the power mix and the growth of electrification, Europe will need substantially more flexible resources to efficiently operate its energy system. While short duration flexibility resources are increasingly being deployed, the system will see more need for resources capable of providing flexibility over a longer period of time than the current standard (2 to 6 hours), such as **Long-Duration Energy Storage** (LDES).

[16] COM(2025) 270 final: The EU Startup and Scaleup Strategy: Choose Europe to start and scale up

The EIB Group, supported by InvestEU has been financing LDES investments, including through the Breakthrough Energy Catalyst Partnership with the EIB's venture debt instrument.

Innovative renewable technologies transitioning from pilot, demonstration, first-of-a-kind and moving to scale-up phase require targeted support, until they can be deployed purely through market dynamics and financed by the private sector.

The European Commission will step up targeted support to de-risk private investments in innovative clean energy technologies. Already under this budgetary period, the European Investment Bank Group will strengthen, extend or adjust existing mechanisms, such as their venture debt and equity operations supported by the increased guarantee capacity of the InvestEU programme. Where there are residual gaps, it will establish dedicated instruments. It will also explore investing in funds with a specific focus on storage including LDES.

Given the need to accelerate the deployment of renewable energy and storage projects on the ground, and in line with the Affordable Energy Action Plan, this will be supplemented by dedicated technical and financial advisory services provided by the EIB Group through the InvestEU Advisory Hub. A new pilot facility to be launched in 202X [with an envelope of EUR XXX] will support authorities through capacity building, notably at regional and local level, to overcome barriers to renewables deployment, such as lack of skills, or insufficient digitalisation. Such a facility will build on the successful experience of the InvestEU Advisory Hub in supporting energy efficiency projects and apply the EIB expertise to the renewables project The financing of clean technologies, with particular focus on areas where we depend on high-risk third country providers, needs to be reinforced at national and EU level, both the current and the next MFF including by putting forward a Competitiveness Fund that is currently under discussion by co-legislators. Moreover, it is essential to perform a thorough analysis of cybersecurity risks for all deployments considered for financing, and define appropriate risk mitigation measures, when needed.

The Horizon Europe programme and the Innovation Fund will continue to provide targeted grants. For instance, under the upcoming Strategic Roadmap for Digitalisation and AI in Energy, the Commission will launch an action on digitalisation of permitting to support the development of a pilot digital permitting portal with GenAI tools. This will strengthen the pathway from innovation to market and ensure the timely scale-up of new energy solutions. Furthermore, the European Commission will explore the combination of multiple streams of EU financing under the current MFF and in the next-MFF architecture and rely on EIB expert advice models to support the capacity building facility on renewable energy acceleration.

Actors: Member States, local and regional authorities, European Commission, EIB Group and other InvestEU implementing partners.

Expected Impact: Facilitates the mobilisation of private capital for innovative technologies that are currently underinvested but are important for the long-term targets of the energy transition and strategic for maintaining the Union's competitiveness in clean technology. Supports the development of a robust pipeline of viable renewable energy projects through reinforced capacity building on the ground.

b) Small Modular Reactors / Advanced Modular Reactors (SMRs/AMRs)

SMRs constitute an emerging generation of advanced nuclear technologies with the potential to provide flexible, low-carbon and dispatchable energy that complements variable renewable generation and contributes to the decarbonisation of hard-to-abate sectors such as industry and district heating. The 8th Illustrative Programme for Nuclear (PINC) highlights the central role of cutting-edge nuclear technologies, including Small Modular Reactors (SMRs), and Advanced Modular Reactors (AMRs) in the future of the sector.

Several SMR concepts, including advanced modular and Generation IV designs, are progressing towards demonstration within this decade. However, if these technologies are to reach at the stage of commercialisation in the early 2030s the financing challenges are similar to other innovative clean energy solutions, characterised by higher technology and deployment risks.

To address these challenges, the Commission will support, through venture debt and other financial products under the InvestEU programme, the de-risking of investments in the most innovative SMR, covering Generation IV advanced modular reactors and the associated fuel cycle facilities and supply chain,

Actors: Member States, Commission, EIB Group and other InvestEU implementing partners.

Expected Impact: Facilitates investments in the most innovative technologies that are still being developed but are important for decarbonisation and industrial leadership in Europe.

c) Support scale up of new clean energy technologies through the Scale Up Europe Fund

Description: As part of the EU Startup and Scaleup Strategy published in May 2025, the European Commission has announced that it will launch a privately managed and co-financed Scaleup Europe Fund. This fund will focus on bridging the financing gap for deep-tech scale-up companies. It will complement the European Innovation Council by providing financing to companies seeking to scale up, with tickets size of EUR [XX] million or more. This fund, privately managed, will also target the needs of energy technology developers through a priority dedicated to the clean transition. Energy corporate venture funds and other potential interested investors in innovative clean energy can already join the existing Trusted Investors Network in view of becoming investment partners in the Scale Up Europe Fund. [To be explored with DG RTD]

Actors: European Commission, financial intermediaries

Expected Impact: EU financing to attract innovations to the market

__Action 10: Strengthen Financial Instruments and Strategic Public Funding__

The analysis highlights that the mobilisation of private and public capital for the clean energy transition remains constrained by limited access to tailored financial instruments, fragmented funding structures, and vulnerabilities in critical industrial supply chains. The rapid acceleration of renewable and grid deployment has exposed structural weaknesses in Europe's industrial base — including cost volatility, equipment bottlenecks and workforce shortages — that require targeted public support to strengthen resilience and maintain competitiveness. At the same time, a substantial portion of EU and national funding remains unused or insufficiently aligned with strategic clean energy priorities, reducing its potential leverage effect on private investment.

This action aims to strengthen the overall financial and industrial architecture supporting the transition by improving the design, accessibility and coordination of EU financial instruments and public funding. It focuses on complementary dimensions: first, scaling up blended finance and guarantee mechanisms for energy efficiency and clean technology investments; second, extending EIB-backed guarantees to reinforce the European grid manufacturing supply chain and related industrial capacities. Together, these measures will enhance Europe's financial firepower, secure critical industrial inputs for the energy transition, and unlock greater volumes of private capital to accelerate delivery of the Union's 2030 and 2050 targets.

a) Strengthen the InvestEU Sustainability Guarantee offer for Energy Efficiency

The Commission together with the EIB Group is strengthening the InvestEU Sustainability Guarantee Product, managed by the EIF, with an additional envelop of around EUR [XX], out of which EUR [XX] will be dedicated to energy efficiency. This increased capacity, together with the introduction of new opportunities through co-investments, will consequently allow for further access to the product dedicated to the decarbonisation of SMEs, largely to support energy efficiency investments.

In this framework, and in line with the Affordable Energy Action Plan, the Commission and the EIB Group will launch in 2026 a pilot scheme with a lending/guarantee envelope of EUR [XX] aimed at accelerating the offer and uptake of energy services with the support of the InvestEU Sustainability Guarantee and the Advisory Hub, and potentially alongside specialised funds. Such a pilot will complement the current EIB Group and InvestEU products support to energy services, currently representing an investment volume of EUR [XX].

Among other areas, the EIB and InvestEU products addressing energy efficiency and small-scale RES will continue to support investments in clean and efficient district heating in municipalities and cities across Europe, as well as heat pumps deployment.

b) Grid Manufacturing Supply Chain

To facilitate the expansion of Europe's electricity networks, the Commission will, together with the EIB Group, ensure that the EIB's grids manufacturing EUR 1.5 billion guarantee instrument provides support to projects for a wide range of equipment needed for the power grid covering the upstream and downstream segments of the supply chain, including also smart grids technologies and critical components.

By facilitating investment across the full grid manufacturing value chain, this measure aims to strengthen Europe's industrial resilience, reduce cost volatility and delivery bottlenecks, and secure the timely availability of essential equipment needed to improve interconnectivity, and to connect and integrate renewable energy at scale.

c) *Ensuring synergies and maximising effective public funding for the clean energy transition*

Member States frequently utilise national public funds to derisk clean energy investments; however, the absence of coordination or sufficient communication amongst Member States can lead to inefficiencies. Harnessing existing frameworks like the Energy Union Task Force and the new Energy Transition Investment Council to be established under Action 12 of this Strategy, the Commission will facilitate the exchange of information and cooperation of Member States regarding the deployment of their national public financing schemes (e.g. via national promotional banks and growth funds). The objective will be to provide political guidance on common priorities and optimize resource uses, prevent duplication in areas like research and development and cross-border projects as well as encourage cross-border cooperation, sharing of best practices and pilot projects.

Action 11: Ensuring that flexibility efficiently participates in electricity markets

The analysis highlights that investment in non-fossil flexibility — such as storage, demand response and digital solutions — remains constrained by an incomplete regulatory framework and insufficient economic signals to reward flexibility services. While the deployment of renewables continues to accelerate, the frameworks governing flexibility remain fragmented across Member States, with varying rules for procurement, access to markets and remuneration of flexible resources. In other areas, rules are non-existent. This creates uncertainty for investors and limits the scale-up of technologies that are essential to maintaining system stability and enabling higher shares of renewables.

This action aims to create a predictable, market-based environment for flexibility investments by supporting Member States in implementing and modernising the regulatory framework established under the Clean Energy Package and the Electricity Market Design reform. This includes assisting in the preparation of national flexibility needs assessments, the design of market-based procurement mechanisms, and the digitalisation of system operations. Through targeted use of MFF funds and technical assistance, the Commission will facilitate national reforms that establish clear price signals for flexibility, integrate distributed resources, and unlock investment in clean, smart and secure energy systems.

a) *Adopt national Flexibility Needs Assessment*

Member States, or an entity designated by them, need to assess their flexibility needs by July 2026, according to the Electricity Regulation revised in 2024. This assessment must be conducted in accordance with a methodology[17] established by the Agency for the Cooperation of Energy Regulators (ACER). The results are intended to inform the determination of an indicative national objective for non-fossil flexibility.

Actors: Member States or the entities they have designated.

Expected impact: This action aims to provide investors with enhanced visibility regarding the specific flexibility needs within each Member State. Furthermore, it will serve as a basis for determining the need for dedicated remuneration frameworks for non-fossil flexibility, including dedicated markets, financial incentives, or where needed support schemes.

b) Implement the Clean Energy Package, the Electricity Market Design and mobilise EU implementation support

The expansion of non-fossil flexibility solutions such as storage and demand response is contingent upon the system's ability to provide effective price signals, as stipulated in the **Electricity Directive and Electricity Regulation**. Key provisions include the requirement to procure ancillary and congestion management services through competitive markets, to ensure market access to all types of assets, including demand response and storage, and to exempt prosumers' energy storage devices from double charges when providing such services. The transposition of these requirements into national law remains incomplete, as demonstrated in the ACER 2023 Market Monitoring Report.

The European Commission is actively monitoring the implementation of the energy acquis and providing technical guidance. This includes issuing recommendations to streamline permitting and grid connection procedures for battery storage, particularly for assets **co-located with existing generation facilities**.

However, full implementation requires significant national-level reforms, notably in **digitalization**. Drawing on previous experience, such as the modernization of renewable energy permitting and, where deemed necessary, the European Commission will facilitate the use of the Technical Support Instrument in this budgetary period to assist **Member States** in updating their regulatory frameworks for energy flexibility.

Actors: European Commission, Member States

Expected Impact: Creates predictable, market-based signals for flexibility providers, fostering investment and reducing system costs

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[17] https://www.acer.europa.eu/news/acer-approves-eu-wide-methodology-assess-national-electricity-flexibility-needs

c) Finalise the adoption of the Demand Response Network Code

Non-fossil flexibility, especially distributed, requires the development of a set of technical rules as well as access to all markets, to market their flexibility potential. The European Commission is developing, supported by proposals from ACER, ENTSO-E and the EU DSO Entity a new Network Code on Demand Response, which should alleviate remaining market barriers to the development of flexibility solutions, especially distributed. The Network Code should address areas such as the framework for demand response through aggregation, the procurement of market-based solutions for procuring local services or the ownership of storage by system operators. The European Commission expects to start the comitology process with Member States in Q1 2026.

Actors: European Commission, Member States

Expected Impact: Reduces barriers to access for non-fossil flexibility, especially distributed assets.

PILLAR IV: AN UPGRADED INVESTMENT DIALOGUE & STRATEGIC FUNDING

Objective IV: Establish a structured partnership with the investment community and ensure the strategic alignment of EU funds and policies.

Action 12: Establish an Energy Transition Investment Council Q2 2026

The establishment of the Energy Transition Investment Council will mark a significant milestone in fostering a collaborative relationship between the European Commission and the investment community. This high-level council, comprising senior institutional investors and other financial institutions, will provide a platform for direct and strategic feedback on policy design, ensuring that EU funds and policies are aligned with the needs and expectations of the investment community. By leveraging the expertise and insights of these investors, the Commission can co-design, with the inputs from the Council, new funds and financial products that are tailored to support the energy transition, thereby enhancing the effectiveness of its investment strategies.

The Council will also ensure that the perspectives and needs of a wider range of investors are taken into account, including those from the pension fund and insurance sectors, which are critical for mobilizing long-term investments in the energy sector. Working together with the investment community in a more structured and collaborative way, will provide useful insights and help ensure that EU and national public funds and policies are optimized. The Council will have the participation of the Member States and the support of high-level EU officials like the Commissioner for Energy. The meetings will be targeted to a concrete financing issues and result oriented. Established initiatives, in particular the European Energy Efficiency Financing Coalition, as well as the net-zero Europe Platform established under NZIA, will also contribute to these efforts. The official kick-off meeting of the Council will take place in [Q2 2026].

The council will have a sub-group made up representatives of the EIB Group, International Financial Institutions (IFIs), National Promotional Banks and Institutions (NBPIs) and other national public banks to discuss the role of these institutions in financing energy projects and mobilising private capital.

Actors: European Commission, Investment Community, the EIB Group, International Financial Institutions (IFIs), National Promotional Banks and Institutions (NBPIs) and other national public banks.

Expected Impact: Contributes to the creation of a permanent, structured partnership that ensures financial instruments and policies are fit-for-purpose and contribute to the effective mobilisation of private capital.

4 THE CATALYSER EFFECT OF THE MULTIANNUAL FINANCIAL FRAMEWORK (MFF)

While it can only cover a limited part of investment needs, public funding, including at the EU level, is essential to the clean energy transition, helping to reduce risks, crowd in private capital, and support projects with high societal value that might not attract sufficient market financing. By providing grants, guarantees, and backing for strategic infrastructure the EU funds under the current Multiannual Financial Framework (MFF) have been crucial for advancing energy transition, acting as a lever that multiplies private investment and accelerates progress. Within this strategy, most actions are firmly anchored in the investment structures and mechanisms of the current 2021-2027 MFF, and in particular through the InvestEU, benefiting from its established delivery tools and governance frameworks. This ensures immediate continuity and facilitates rapid implementation. At the same time, some actions have a forward-looking dimension, designed to carry momentum into the next budgetary cycle.

The European Commission has put forward an ambitious proposal for the next 2028-2034 Multiannual Financial Framework (MFF), recognizing the **critical importance of decarbonization and clean energy transitions** as key drivers of competitiveness and security within the EU. This is underpinned by a commitment to spend at least 35% of the overall next MFF on climate and environmental objectives and a robust funding framework to support clean energy projects across Europe along their investment journey.

- The **National and Regional Partnership Plans** (EUR 865 billion) will serve as vital funding instruments by supporting the implementation of the National Energy and Climate Plans and linking national reforms to clean investments. The 43% spending target is to ensure minimum allocations for climate and environmental priorities including energy transition.
- To address the fact that cross-border grids entail specific challenges for project promoters due to their multi-jurisdictional nature, coordination challenges and an often-asymmetrical distribution of costs and benefits, the Commission has proposed a five-fold increase of the **Connecting Europe Facility (CEF) - Energy** budget to c.a. **EUR 30 billion**. This funding

will help ensure more investments in the energy infrastructure backbone supporting Projects of Common/Mutual Interest (PCIs/PMIs) across electricity, hydrogen, and CO_2 networks, as well as cross-border renewable energy projects, correcting for positive externalities and making these important projects investable

- The **European Competitiveness Fund (ECF)** will provide a consolidated funding stream (EUR 234.3 billion) with dedicated funding (EUR 26.2 billion) for scaling up and deploying decarbonisation and clean transition technologies and infrastructure and additional scope for critical energy infrastructure in the defence context. It will help reduce investment risks and accelerate the commercial rollout of clean energy solutions across Europe.
- **Horizon Europe** (EUR 175 billion) is poised to support innovative technologies across all fields, with EUR 25.3 billion for clean transition and industrial decarbonisation This guarantees that energy research – from hydrogen and fusion to system integration – is structurally prioritised. The close linked between the ECF and Horizon Europe will help ensure a seamless innovation-to deployment pipeline, turning innovation into clean energy investment.
- The **InvestEU**[18] instrument under the ECF will complement these efforts by leveraging EU budgetary guarantees to attract substantial private investments, maximising the impact of public funds and expanding financing opportunities for clean energy projects.

In addition to revised State aid rules, the MFF proposal represents **a strong and credible framework** for supporting Europe's energy transition, by providing targeted funding, de-risking investments, and creating conditions for private capital to flow into clean energy projects. It is essential that the European Council and Parliament maintain the proposal's ambition and funding levels, enabling the EU to stay on track toward a competitive, secure, and climate-neutral energy future.

[DG COMP to provide a paragraph on how CISAF will contribute to clean energy investment objectives, and the role national aid can play]

5 SOLVENCY II: FACILITATING INVESTMENTS FOR INSURERS

As part of the Savings and Investments Union Strategy, the EU has adopted important reforms to the prudential framework for insurers and other institutional investors. These reforms, undertaken under the review of the Solvency II Delegated Regulation, will play a central role in unlocking private capital for the clean energy transition.

First, **the cost of investing in clean energy is reduced**. Insurers benefit from lower capital requirements when investing in long-term equity vehicles such as European Long-Term

[18] As outlined in the proposal for the European Competitiveness Fund at least EUR 17bn and maximum of 70 bn would be allocated from the policy windows for the purpose of the InvestEU Instrument

Investment Funds (ELTIFs), European Venture Capital Funds and European Social Entrepreneurship Funds. Preferential treatment is also granted to equity investments made under EU and national programmes backed by public subsidies or guarantees. This makes investments in renewable energy, smart grids and clean technology more attractive for institutional investors.

Second, **public guarantees now unlock greater volumes of private finance**. Where clean energy projects are supported by EU or national guarantee schemes, such as those operated by the European Investment Bank, the investments will be treated as lower risk under prudential rules. This recognition reduces the regulatory cost of financing energy efficiency, renewable infrastructure and innovative clean energy projects, encouraging insurers to co-invest alongside public institutions.

Third, **balance sheet capacity is being freed up for productive investment**. The recalibration of the risk margin and the more proportionate treatment of securitisation lower the amount of capital that insurers must hold in reserve. This releases significant financial capacity that can be channelled into long-lived clean energy assets, including offshore wind, hydrogen production facilities and cross-border electricity grids.

Finally, the reforms **steer capital towards transition-aligned assets**. Insurers are required to integrate forward-looking climate scenarios into their risk management, ensuring that investments reflect the risks of climate change and creating a natural incentive to shift portfolios away from fossil fuel assets and towards clean energy.

Together, these reforms make it **cheaper, safer and easier for institutional investors to finance Europe's clean energy transition**. They will complement EU and national programmes by crowding in private capital at scale.

The Sustainable Finance Omnibus package together with the Commission's ongoing revision of the Taxonomy's climate and environmental Delegated Acts, are intended to simplify and improve the usability of the EU sustainable finance framework clarifying what counts as sustainable, thereby directing more capital into sustainable investments, including energy activities.

6 CONCLUSIONS AND WAY FORWARD

The Clean Energy Investment Strategy highlights the need for substantial additional private investment in clean energy to reach the EU climate and energy policy objects and provide affordable, secure and sustainable energy to all Europeans. **It sets out 12 targeted Actions with the goal of mobilizing large-scale, institutional private capital**.

The Strategy builds upon the existing policy and financial framework. **The forthcoming energy and climate framework for the decade ahead** will further clarify the scope and nature of the necessary investments. The new **Multi-annual Financial Framework** and national public support schemes will be critical as a lever to unlock private finance.

The successful implementation of the Clean Energy Investment Strategy necessitates the strategic alignment of EU funds and enabling policies, alongside collective engagement of EU institutions, Member States, institutional capital and private financial entities. **The EIB Group is a key partner making an overall commitment of EUR [XX bn] for the strategy**, with specific actions focussing on financing grids, energy efficiency and innovative clean energy technologies. The InvestEU programme will amplify the firepower of the EIB Group and other implementing partners regarding high-risk operations.

The Strategy only becomes reality when it is fully and effectively implemented. The Commission will execute and monitor progress toward the Strategy goals through the Energy Transition Investment Council which provides a structured partnership with the investment community. **The first meeting of the Energy Transition Investment Council will be convened by the Commissioner for Energy and Housing on [XX/YY/2026].** Progress will also be monitored within the context of the Energy Union Task Force.

The scale of the investment challenge is significant. But so is the private capital available that could be mobilised for the energy transition. **Accelerating the investment pace is paramount for the EU to increase its competitiveness** and deliver on the Clean Industrial Deal and the Affordable Energy Action Plan.