Client Memorandum

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The European Commission's CISAF: A Green Investment Catalyst

The Commission adopts the State Aid Framework supporting the Clean Industrial Deal (the "**CISAF**").

On 25 June 2025, the Commission adopted the CISAF, providing a wide choice of substantial subsidies to support energy-intensive industries and the clean tech sector in pursuit of the twin goals of decarbonizing the economy and supporting European competitiveness. The CISAF is intended to catalyze a wave of investment, making the EU a more attractive destination for clean energy capital. It is also a clear signal to global markets: **the EU is open for business and investment in clean industries**.

Simplification and flexibility

The Commission grants EU Member States increased flexibility to support renewable energy initiatives; subsidize the decarbonization of manufacturing processes—including those in the steel, cement, textiles, chemicals and pharmaceutical sectors; and provide investment aid to ensure adequate clean technology capacity within the EU, particularly regarding battery manufacturing, sustainable materials production and electric vehicles.

The CISAF allows for more State Aid in specific areas:

- **Development of clean tech manufacturing capacity in the EU**. This includes the authorization of potentially very large amounts of subsidies for the clean tech sector. Reflecting wider EU objectives to ensure strategic autonomy, it is noteworthy that the Commission introduces a "**matching clause**" allowing EU Member States to grant aid equivalent to what a firm could have received in third countries to avoid relocation.
- **Rollout of renewable energy and low-carbon fuels**. This includes investments in clean energy, energy infrastructure, projects supporting the circular economy and the decarbonization of existing production facilities. The level of aid can be up to 100% of the total eligible costs of supported projects.
- **Temporary electricity price relief for energy-intensive industries**. To avoid companies moving abroad, EU Member States may now grant reductions from wholesale electricity prices. This can also be seen in the context of concerns that higher energy prices for EU businesses may reduce competitiveness on the global stage.

Key takeaways & considerations for dealmakers

- **Fast-tracking for the rollout of clean energy**. Easier and quicker approval for EU Member States to invest in clean energy projects through simplified procedures and speedy implementation across the EU. This fast-tracking is designed to ensure that clean energy projects can move from conception to operation in a much shorter time frame, addressing both the EU's climate goals and energy security concerns. Companies operating in this space can access funding more quickly, under more flexible and generous rules, particularly if they are first movers or are developing projects in strategic sectors such as hydrogen, battery storage or advanced renewables.

- **Project structuring**. Projects can now be designed to maximize eligibility for higher aid intensities, which can be achieved by situating them in certain areas or by aligning closely with EU decarbonization priorities. Projects that directly contribute to the EU's climate targets, such as those reducing greenhouse gas emissions or supporting the transition away from fossil fuels, are more likely to receive favorable consideration and higher levels of support. Strategic alignment with EU policy objectives, as well as thoughtful selection of project location, can significantly enhance the financial viability and attractiveness of clean energy investments.

- **Conditionality is key**. A key feature of the new framework is the emphasis on conditionality. State aid is increasingly tied to clear, measurable decarbonization outcomes and strict compliance with EU sustainability standards. This ensures that public funds are directed towards projects that deliver tangible environmental benefits and contribute to the EU's broader climate objectives. Companies seeking support must demonstrate how their projects will achieve specific sustainability milestones. This approach not only drives accountability but also encourages innovation and best practices in clean energy deployment.

- **Long-term certainty and investment horizon**. The CISAF will remain in force until **31 December 2030**, providing a stable and predictable policy environment for both EU Member States and private investors. This extended time frame allows for long-term planning and investment, reducing uncertainty and enabling the development of large-scale, capital-intensive projects. For dealmakers and investors, this predictability is crucial, as it underpins the business case for investing in clean energy and decarbonization initiatives within the EU.

Conclusion

Overall, the CISAF is a clear signal to the market: **the EU is open for business in clean energy and decarbonization**. The combination of faster approvals, more generous aid, targeted support for key industries and a long-term policy horizon is intended to create a compelling environment for investment. It is notable how this strategy aligns with wider EU geopolitical objectives, specifically the drive for "open strategic autonomy", reduced dependencies on ex-EU supply chains, and addressing higher EU energy prices. Dealmakers and investors should closely monitor these developments and consider how best to position themselves to take advantage of the opportunities presented by the new framework.

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This memorandum is not intended to provide legal advice, and no legal or business decision should be based on its content. Questions concerning issues addressed in this memorandum should be directed to:

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