

# Europe's energy market: focus on reducing global energy system costs

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Nucleareurope fully supports initiatives which aim to make energy more affordable in the EU. We therefore encourage a pragmatic approach that delivers near-term relief, ensures security of supply and sends the right investment signals in order to expand Europe's clean generation capacity. In this respect, there are already several measures which can help achieve this without reopening and modifying legislation relating to market design and the EU Emissions Trading System. Ultimately, the goal should be to ensure an energy market which supports the competitiveness of Europe's industries, decreases global energy system costs, whilst at the same time encouraging investment in both generation capacity and the decarbonisation of end-uses.

- **Provide continuity on market design and carbon markets:** Clean energy investors need predictability and a long-term framework to deliver on investments - without such investments, European industries cannot be competitive. Both the current EU market design and the EU Emissions Trading System are vital tools in this respect, and so discussions should centre around building on these key blocks in a way that does not undermine them.
- **Reduce the tax burden on clean energy sources:** Taxes on clean electricity sources need to be reduced in order to render clean electricity more affordable and thus accelerate the shift to electrification. Therefore, the EU should ensure that national taxation policies do not discriminate against technologies which contribute to decarbonised electrification. In addition, taxes and levies which are not related to electricity should also be removed.
- **Ensure support for all clean energy sources going forward:** As highlighted by European Commission President Ursula von der Leyen, *"renewables and nuclear drive prices down [...] We should use this time to invest in a low-carbon energy system, that will protect us when fossil fuel prices go up again"*. In this respect, and from a longer-term perspective, additional measures which we recommend include political and financial support for all clean energy sources and the implementation of a technology neutral approach in EU policy making (including, but not limited to, the post-2030 framework, Clean Energy Investment Strategy, the Sustainable Finance Taxonomy and relevant funding and financing mechanisms such as the next Multiannual Financial Framework).
- **Power Purchase Agreement (PPAs) fit for nuclear:** In recent years, several PPAs have been signed between the nuclear sector and downstream users. In general, it is fundamental to promote a PPA framework that takes into account the characteristics of a nuclear project. For example, the specific needs of longer-dated PPAs must be more broadly recognised, with appropriate credit support instruments made available for such contracts. Furthermore, access should be facilitated to EU, EIB and Member State financial institutions

risk-mitigation tools for long-term contracts in the nuclear sector, analogous to those available for renewable PPAs. In addition, the European Commission should recognise sector-specific demand for firm capacity PPAs (with physical delivery), as these instruments provide long-term supply certainty for industrial off-takers and support system stability. The Commission should also conduct an in-depth analysis of how to facilitate cross-border PPAs, which can be a means of deepening the Energy Union and facilitating decarbonisation.

- **Provide full support to the lifetime extension of the existing nuclear fleet:** Extending the life of the existing nuclear fleet for as long as is technically and economically feasible is recognised as the cheapest form of electricity generation. The EU must therefore actively support such lifetime extensions by providing incentives such as European Investment Bank loans, to ensure that Member States are discouraged from phasing out nuclear reactors before the end of their useful life.
- **Implement a workable Clean Industrial Deal State Aid Framework (CISAF):** The CISAF already provides relief for energy intensive industries in relation to energy costs. National implementation should make use of this flexibility by clearly tying electricity cost relief to investments that reduce emissions, with a priority focus on industrial electrification. Nevertheless, restricting electrification State Aid support only to those industries which commit to using 100% on-site renewables means that few will be in a position to take advantage of this. Many industries will require constant access to vast quantities of electricity and heat, a need which on-site renewables will be unable to meet. Therefore, the CISAF should be amended to enable electrification State Aid to those industries which commit to using 100% decarbonised electricity (both off and on-site), reflecting the need for firm clean power alongside variable renewables.