

Tripartite Agreements

Eurelectric position paper

Eurelectric represents the interests of the electricity industry in Europe. Our work covers all major issues affecting our sector. Our members represent the electricity industry in over 30 European countries.

We cover the entire industry from electricity generation and markets to distribution networks and customer issues. We also have affiliates active on several other continents and business associates from a wide variety of sectors with a direct interest in the electricity industry.

We stand for

The vision of the European power sector is to enable and sustain:

- A vibrant competitive European economy, reliably powered by clean, carbon-neutral energy
- A smart, energy efficient and truly sustainable society for all citizens of Europe

We are committed to lead a cost-effective energy transition by:

investing in clean power generation and transition-enabling solutions, to reduce emissions and actively pursue efforts to become carbon-neutral well before mid-century, taking into account different starting points and commercial availability of key transition technologies;

transforming the energy system to make it more responsive, resilient and efficient. This includes increased use of renewable energy, digitalisation, demand side response and reinforcement of grids so they can function as platforms and enablers for customers, cities and communities;

accelerating the energy transition in other economic sectors by offering competitive electricity as a transformation tool for transport, heating and industry;

embedding sustainability in all parts of our value chain and take measures to support the transformation of existing assets towards a zero carbon society;

innovating to discover the cutting-edge business models and develop the breakthrough technologies that are indispensable to allow our industry to lead this transition.

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Context

Increasing uncertainty in the electricity sector hampers the clean energy transition

Europe's electricity sector has already decarbonised nearly three-quarters of its electricity generation, consistently proving that it can deliver on the EU's energy and climate goals – and it stands ready to continue doing so. Yet **uncertainty from the two other corners of the electricity sector 'triangle'** (namely electricity demand and the public sector) is increasingly weighing on the energy transition. On the public side, shifting policies, inconsistent implementation of EU rules and, in some cases, underperforming auction designs create regulatory risks that undermine long-term investment stability. On the demand side, Europe's electrification rate has been stagnating around 23% for over a decade, raising questions about future growth and demand for clean power.

Coming together to restore confidence

Against this backdrop, **tripartite agreements can offer a way forward**. Announced as part of the Affordable Energy Action Plan and formally presented by Energy Commissioner Dan Jørgensen at the Informal Energy Council in Copenhagen on 4 September 2025, the first two "Tripartite Contracts for Affordable Energy" will focus on offshore wind and grids, and on storage and flexibility.

By bringing together key stakeholders, including policymakers, energy producers and energy consumers, these agreements hold the potential to help overcome the electricity sector's chicken-and-egg problem: consumers hesitate to electrify due to regulatory, grid and cost barriers, while clean electricity and grid expansion stalls without additional demand and regulatory certainty. With the proposals that follow, Eurelectric aims to create a **'virtuous triangle'** among electricity sector stakeholders that reduces uncertainty, fosters investment across the value chain, lowers costs and **unlocks electrification for all energy consumers**.

Eurelectric's views

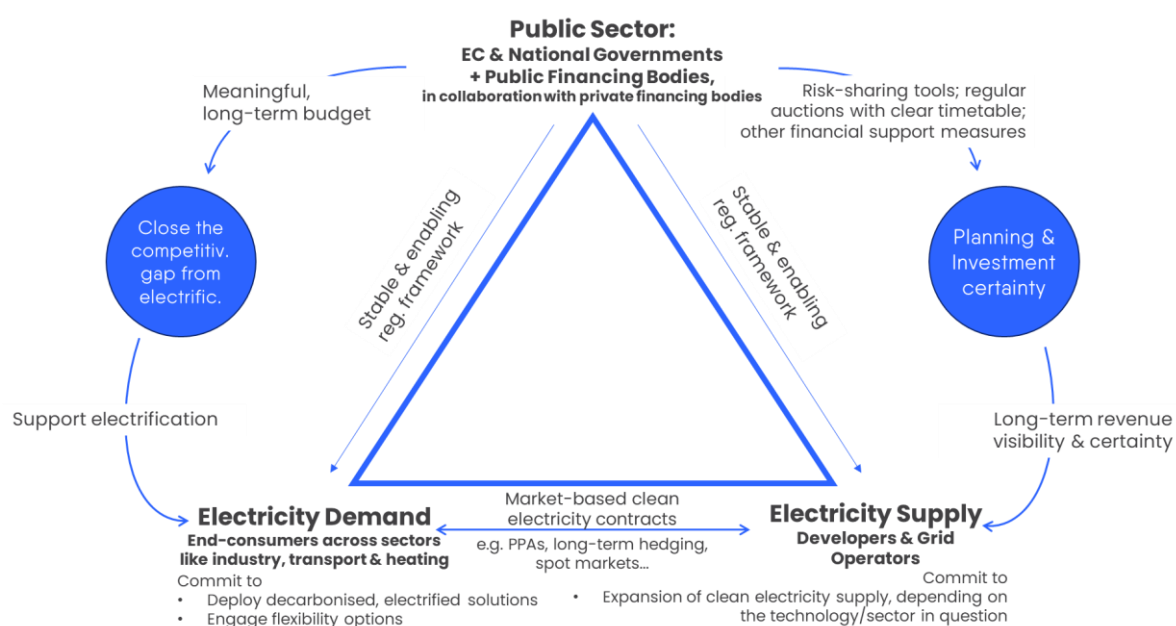
Guiding principles

- In principle, Eurelectric welcomes the approach of the tripartite agreements, as increased coordination holds the potential to create significant win-win outcomes for both electricity consumers and producers.
- The tripartite agreements should **not constitute a legally binding contract nor involve specific transactions**. Rather, they should be viewed as a forum for cooperation. For the sake of clarity, we propose to no longer use the term 'tripartite contracts' but instead 'tripartite agreements'.
- The tripartite agreements should **not involve direct intervention in electricity market price formation**. Rather, they should catalyse market forces by bringing regulatory clarity, ensuring market-oriented support measures and bringing stakeholders together.
- The **stakeholders** involved should include – at least – the public sector (European Commission, national and regional governments, public financing bodies etc.), end-consumers such as industry, transport and heating, and the electricity supply side (power producers, electricity suppliers and network operators). Other key stakeholders include private financing entities and the clean energy manufacturing supply chain.

- The role of governments at the national, regional and local levels in fostering competitiveness by making the clean energy transition happen on the ground cannot be understated. Their **timely and full implementation** of what has been agreed at EU level is essential to translate EU policy goals from paper to reality. The tripartite agreements should reinforce this ongoing work as much as possible with the objective of speeding up investments on both the electricity supply and demand sides.
- In the spirit of simplification, the tripartite agreements should **build on existing EU policies and initiatives** as much as possible, including the National Energy and Climate Plans (NECPs), the [Industrial Decarbonisation Bank](#), the Clean Industrial Deal State Aid Framework, EIB guarantees, the upcoming EU [Electrification Action Plan](#), the potential upcoming initiative to boost renewables and storage, and funding streams within the Multiannual Financial Framework (MFF) and ETS1 and ETS2 systems. **Resources are limited and efforts should focus on the most effective measures with the greatest real-world impact** on the energy transition while guarding and strengthening industrial competitiveness.
- The tripartite agreements can take **varying forms**, depending on the Member States, technologies and sectors involved.

General conceptualisation

- The figure below outlines our **overall conceptualisation** of the tripartite agreements:



- The figure above depicts the overall framework of the current electricity industry, clarifying the role of and relationships between each corner of the electricity sector 'triangle'. As such, the tripartite agreements would **bring together the three key stakeholder groups** – public sector, energy demand side, electricity supply side – to jointly create a favourable investment climate for an affordable and sustainable energy system and a competitive industrial sector. Each stakeholder group plays a distinct role with its own set of commitments.

- The tripartite agreement concept can serve as a general framework and be **applied to specific sectors, technologies and geographies (EU, national, regional or local)** for both the supply of and demand for electricity, in a spirit of technology neutrality. For each specific application (e.g. offshore wind and grids, storage and flexibility, electrification, as further outlined below), the framework will reflect different players, interactions and required policy support.

Commitments

Public sector

- In the tripartite agreements, the **role of the public sector** (in the form of the European Commission, national and sub-national governments, public financing institutions, etc.) is two-fold:

1. Providing a **regulatory framework** that enables the clean energy transition on both the supply and demand side by:

- Implementing existing legislation (e.g. Electricity Directive, Electricity Regulation, Renewable Energy Directive...)
- Providing regulatory stability (e.g. a strong ETS1 and ETS2, a clear 2040 climate target, refraining from direct intervention in electricity market price formation...)
- Removing bottlenecks (e.g. permitting, grid connection queue reform...)
- Ensuring that National Energy and Climate Plans (NECPs) take the outcome of the tripartite agreements into account, including anticipated project pipelines and deployment expectations, further improving regulatory certainty
- Include (non-binding) electrification indicators in the NECPs
- Completing the much-needed energy taxation reform (i.e. align energy taxation with EU objectives)
- Facilitating the expansion, reinforcement and digitalisation of electricity grids
- Promoting the creation of lead markets for clean-electrified products
- Supporting the deployment of programmes and standards to promote training for new electrification professionals and supporting continuous learning and upskilling
- Incentivising the mobilisation of European savings towards the EU energy transition, as public funding alone will not suffice
- Raising awareness of the benefits of clean electrification

2. Providing **budgets for support** to de-risk investments in clean electrification:

- On the **electricity demand** side, this can take the form of measures to support the electrification of final consumers with diverse energy uses (industry, transport, heating and other sectors). An ambitious [Industrial Decarbonisation Bank](#) with a meaningful, long-term budget can support industrial electrification, for example, while tax incentives and social leasing schemes can help electrify road transport and building sectors. Member States can further support electrification by providing guarantees for (aggregated) loans to smaller industries, companies

and the mass market to overcome the relatively higher upfront costs of electrifying.

- On the **electricity supply** side, this should materialise as market-oriented support measures to improve long-term revenue visibility, when needed to support commercial investments. This can include, for example, two-way contracts for difference (CfDs), market-based capacity mechanisms as already provided for in existing EU regulations, or simple de-risking of PPAs through credit guarantees.
- Government support must **under no circumstance constitute a direct intervention on price formation in the electricity market or interfere with efficient market functioning**. In all circumstances, clean electricity contracts between off-takers and producers/suppliers should remain freely negotiated and market-based. Only this will guarantee efficient and cost-effective electrification.

Electricity demand side

- The **electricity demand side** would commit to:
 - **Decarbonising and electrifying** their processes and applications by focusing both on ‘low-hanging fruits’ where electrification technologies are already mature (e.g. low-to-medium-heat processes in industry, electric vehicles in road transport, heat pumps for the heating of buildings) and on the electrification of other uses (e.g. high-heat processes in industry).
 - Exploring and adopting **demand-side flexibility solutions**, which can significantly reduce energy bills, decarbonise processes and offer the possibility for revenues for electricity not used in times of high electricity prices.
 - However, acknowledging that decarbonisation and electrification in most industries will require technological shifts and face (substantial) CAPEX due to technology investments, such electricity **demand side initiatives rely on sufficient enabling conditions** being in place (i.e. sound business case, a stable and predictable regulatory framework and clear investment signals).
 - Providing **public, non-sensitive information** on electrification, demand-side response and storage potential in their processes on a sectoral level.

Electricity supply side

- **Power producers and electricity suppliers** would commit to:
 - Continuing to expand **clean energy sources** to reach the EU’s energy and climate goals, provided that the right enabling conditions and electricity demand are in place (i.e. a sound business case, a stable and predictable regulatory framework, clear investment signals and grid access).
 - Accelerating deployment of market-based **storage and flexibility solutions, including by sector coupling and seeking connections across energy carriers** (e.g. renewables, power-to-heat solutions and both power and thermal storage).

- Offering **long-term market-based contracts** to industry (e.g. PPAs, long-term hedging).
- Providing **public, non-sensitive information** on project pipelines and ambitions to increase visibility for the supply chain.

Other stakeholders

- **Network operators** at transmission and distribution level would commit to: continue to invest in the grid and facilitate grid connections (provided the right network planning and regulatory support is in place that enables such investments and connections), increased information sharing on all voltage levels about grid bottlenecks and the need for flexibility, increased transparency on grid connection queues and conditions.
- **Clean energy manufacturing supply chain** would commit to: scale up production capacities in line with the Net Zero Industry Act to bring down costs, ensure supply chain resilience, including the supplies of critical raw materials.
- **National Regulatory Authorities** would commit to: allow for anticipatory grid investment, enable connection queue reform (improve or move away from the basic ‘first-come, first-served’ system).
- **European Investment Bank and other public financing bodies** would commit to: promote the availability of counterparty guarantees for investors when needed, foster public and private financing through, for example, low-interest loans.
- **Private banks** would commit to: contribute to mobilising European savings towards the EU energy transition.
- **Education and skills promotion institutions** would commit to: adapt and upgrade training programmes at all education levels, focusing on clean electrified technologies.

Specific applications – examples

1. Tripartite Agreements for Offshore Wind & Grids

Core principle: Governments de-risk offshore electricity supply through stable regulatory frameworks, CfDs and Transmission Access Guarantees (TAG), consumers across sectors procure long-term clean electricity and developers expand offshore capacity with confidence in stable revenues.

1. Public Sector Role (EC, national governments, financing bodies, other government institutions)

- **Stable regulatory framework:**
 - Swiftly and fully **implement existing EU legislation** at Member State level.
 - Use **existing regional fora** (e.g. NSEC in North Sea, BEMIP in Baltic Sea) to align planning and commitments, unlocking major regional efficiency gains.
 - Establish fair and effective **cost-benefit sharing mechanisms** for cross-border projects (drawing on cases like the Bornholm Energy Island between DK and DE).
 - Concretise electrification goals through (non-binding) **electrification indicators in NECPs** to drive electricity demand.
 - Implement a stable regulatory framework that enables **market-based PPAs**.
- **Financial support tools:**
 - Allocate long-term support to developers through **two-way contracts for difference (CfDs)**, enabling developers to secure investment costs, providing long-term revenue certainty and stabilising the supply chain.
 - Explore potential **CfD-PPA combinations** to enable market-based offshore development, if and where market conditions allow such merchant development, and ensuring such developments are timely deployed.
 - Promote **transparency, information exchange and alignment among Member States on offshore wind auctions and project commissioning on a sea basin basis** to ensure a predictable, robust project pipeline and grid development, without increasing administrative burden. Such enhanced cross-border cooperation will facilitate network planning and investment along the entire offshore supply chain and ultimately drive down costs.
 - **Ensure an auction design that properly facilitates project development**, recognising that, ideally, auctions should not involve any financial support, but investors would be able to invest on a market basis:
 - Comprehensively **pre-investigate sites**, including timely visibility on permitting and grid availability.
 - **Avoid negative bidding.**
 - Ensure **non-price criteria remain limited and targeted**, to not hamper project roll-out.
 - Implement a well-functioning **cost indexation mechanism** to reflect evolving market circumstances.
 - 2-sided CfDs should duly **reflect both price risks and volume risks** resulting from economic and technical curtailment.
 - Effective yet proportionate incentives and penalties to ensure the project schedule as agreed.

- Explore and, where and when needed, implement **TAG** to de-risk offshore investments.
- Expand the EUR 500 million **EC-EIB partnership on counter-guarantees for PPAs** to further facilitate PPA uptake and/or implement, at Member State level, specific public guarantee schemes to de-risk the conclusion of PPAs.

2. Electricity Supply Side (Developers, TSOs, DSOs, clean energy supply chain)

- **Expand offshore wind capacity** at scale, in line with coordinated auctions, provided that the right enabling conditions are in place (i.e. a sound business case, a stable and predictable regulatory framework and clear investment signals).
- Invest in (hybrid) offshore grids and the associated onshore grid reinforcements and facilitate **grid connections**, provided the right network planning and regulatory support is in place that enables such investments. Economies of scale must be favoured.
- Offer **long-term market-based contracts** to off-takers across sectors, including PPAs.
- **Scale up manufacturing supply chain capacity** (incl. turbine manufacturing, cables, ports, installation vessels) to meet long-term pipeline demand and create economies of scale.
- As such, the tripartite agreements have the potential to bring offshore wind to a better financing position and onto an accelerated cost reduction learning curve, **potentially reducing the cost of electricity (LCOE) by 30% towards 2040** – through access to lower cost of capital, de-risking of projects and additional industrialisation savings from a project's CAPEX and OPEX improvements across all components and processes, in a competitive environment.

3. Electricity Demand Side (Industry, transport, heating and other sectors)

- Use clean (including offshore) electricity to decarbonise and **electrify** processes and energy uses, provided that a sound business case, stable policies and grid access are in place.
- Engage in **long-term market-based contracts**, including PPAs (including with offshore wind developers), to secure green power and hedge against volatility.
- Explore and deploy **flexibility solutions** in existing, redesigned and new processes and energy uses across sectors, including by sector coupling and seeking connections across energy carriers.
- Provide **public, non-sensitive information** on electricity consumption, demand-side response and storage potential in their processes on a sectoral level.

2. Tripartite Agreements for Storage & Flexibility

Core principle: Governments ensure a stable market design that properly rewards all sources of non-fossil flexibility, developers scale up storage projects (including hybrids), and consumers electrify and provide demand-side response.

1. Public Sector Role (EC, national governments, financing bodies, other government institutions)

- **Stable regulatory framework:**
 - Consider both **short- and long-duration storage** in planning and regulations, as each has its own value and needs.
 - **Streamline permitting procedures** for storage and grid projects, including for hybridisation and the repowering or new build of pumped storage hydropower plants.
 - Fully **implement** the revised Electricity Market Design and other EU rules to allow for a seamless participation of storage and flexibility resources in all electricity markets and ancillary services, provided they fulfil the corresponding technical requirements.
 - Establish clear, fair access to **markets for both frequency and non-frequency services**, with due recognition of the multi-faceted value flexibility and storage projects create for the energy system. Where markets are still missing (e.g., FCR; congestion management; voltage control), introduce them and ensure all system services are adequately remunerated.
 - Ensure a **grid tariff design at national level that is cost-reflective and incentivises flexibility** (e.g. by not treating storage in-front-of-the-meter as final consumption).
 - **Abolish double taxes, charges and levies** on storage.
 - Implement a stable regulatory framework that **enables all types of market-based PPAs**.
 - Concretise electrification goals through (non-binding) **electrification indicators in NECPs** to drive electricity demand.
- **Financial support tools:**
 - Use **market-based support measures** (such as technology-neutral **capacity mechanisms**) where market signals alone aren't sufficient to deliver an efficient and reliable level of firm capacity.

2. Electricity Supply Side (Developers, network operators, clean energy supply chain)

- Deploy **storage** projects (BESS, pumped hydro and other solutions, including thermal storage) to provide (i) daily, weekly and seasonal flexibility, (ii) contribute to system adequacy, and (iii) provide frequency and non-frequency ancillary services and congestion management, provided that the right enabling conditions are in place (i.e. a sound business case, a stable and predictable regulatory framework and clear investment signals).
- Deploy **grid-forming** clean energy solutions, with due recognition of and remuneration for the value and services these solutions bring to the energy system.
- Offer **long-term, market-based contracts** to off-takers across sectors, including PPAs.
- Promote **remuneration of flexibility** in retail contracts.

3. Electricity Demand Side (Industry, Large Consumers, Aggregators)

- Use clean electricity to decarbonise and **electrify** processes and energy uses, provided that a sound business case and stable policies are in place.
- Explore and deploy **flexibility solutions** (including storage) in current, redesigned and new industrial processes and energy uses across sectors.
- Sign **long-term market-based PPAs** to secure stable clean electricity supply with embedded flexibility.
- Provide **public, non-sensitive information** on electrification, demand-side response and storage potential in their processes on a sectoral level.

3. Tripartite Agreements for Electrification

Core principle: Member States at national, regional or local level close the clean electrification competitiveness gap, consumers across industries electrify their processes and applications, and developers expand clean generation, including through market-based contracts (such as PPAs and long-term hedging).

1. Public Sector Role (EC, national governments, financing bodies, other government institutions such as national ‘electrification entities’)

- **Stable regulatory framework:**
 - Include (non-binding) **electrification indicators** in the National Energy and Climate Plans to drive electricity demand across sectors.
 - Adopt an ambitious [EU Electrification Action Plan](#) that highlights the massive opportunities of clean electrification and removes barriers such as slow permitting, grid connection bottlenecks and energy taxation that penalises electricity compared to fossil fuels.
 - Support **research, innovation and deployment** to electrify processes and energy uses where electric solutions aren’t yet (commercially) available.
 - Whereas the [Industrial Decarbonisation Bank](#) focuses on large consumers, the electrification of smaller final consumers could be fostered through ‘**electrification entities**’ (existing institutions such as national promotional banks (e.g. KfW in Germany, Caisse des Dépôts in France) or newly established entities): one-stop shops at Member State level that facilitate electrification through awareness-raising and financing.
 - Given the different needs and requirements for the electrification of various sectors and end-consumers, the electrification tripartite agreements should be **sufficiently granular** to bring about electrification on the ground. As such, the electrification tripartite can be replicated across varying levels (EU-wide, national, regional and local) and to support the electrification of varying types of consumers and energy uses.
- **Financial support tools:**
 - **Close the electrification and short/medium-term profitability gap** compared to fossil fuel alternatives to support the electrification of various sectors. Examples:
 - [Industrial Decarbonisation Bank](#) for co-financing large-scale electrification of low-, medium- and high-heat industrial processes.
 - Tax incentives, subsidies and social leasing schemes for EV adoption.
 - Targeted support for heat pumps in residential and commercial heating and cooling.
 - The above-mentioned electrification entities **collaborate with private banks to secure aggregated, low-interest financing for large numbers of consumers, backed by state guarantees**, to make electrification investments affordable and scalable. This can take the form of grants, small-scale loans or pre-financing of electrification investments with repayment by the consumer spread over time.
 - If and where useful, the electrification entities can **liaise with manufacturers and installers** to facilitate the electrification of smaller end-consumers by pre-buying appliances or pre-qualifying installers.

- Expand the EUR 500 million **EC–EIB partnership on counter-guarantees for PPAs** and/or implement, at Member State level, specific public guarantee schemes to de-risk the conclusion of PPAs.
- Use the **Social Climate Fund and other EU funding sources** to incentivise electrification, energy efficiency and flexibility.

2. Electricity Demand Side (Consumers of all sizes in industry, transport, heating and other sectors)

- Decarbonise processes by **switching to electrified solutions** (e.g. low-, medium-, and high-heat processes in industry, electric mobility in logistics and passenger transport, heat pumps for residential and district heating, electrode boilers for district heating).
- Explore and engage options for **demand-side response**.
- Use **long-term market-based clean electricity contracts** (e.g. corporate PPAs, hedging) to secure competitive and predictable prices, where possible.

3. Electricity Supply Side (Developers, grid operators, supply chain)

- Developers will **expand clean energy generation** capacity, provided that the right enabling conditions are in place (i.e. a sound business case, a stable and predictable regulatory framework and clear investment signals).
- Developers will **deploy storage and flexibility solutions** to balance electrified demand and provide essential, fairly remunerated grid services, provided that the right enabling conditions are in place (i.e. a sound business case, a stable and predictable regulatory framework and clear investment signals).
- Developers, electricity suppliers and aggregators will **offer long-term contracts** tailored to consumer needs.
- Developers, electricity suppliers and aggregators will offer market-based electricity contracts that **incentivise flexibility**.
- Grid operators, with the support of relevant regulatory authorities, **apply anticipatory investments in transmission and distribution** grids to accommodate electrification loads and ensure sufficient grid resilience.
- **Clean energy manufacturing supply chain** scales up production across clean technologies, thus driving down costs.

Eurelectric pursues in all its activities the application of the following sustainable development values:

Economic Development

- Growth, added-value, efficiency

Environmental Leadership

- Commitment, innovation, pro-activeness

Social Responsibility

- Transparency, ethics, accountability



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