

September 2025

UFE's feedback on European Climate Law amendment

The French Union of Electricity (UFE) supports the adoption of an ambitious and growth-friendly EU climate target for 2040, provided it is underpinned by a credible and pragmatic framework that safeguards European industrial competitiveness.

1. Ambition must go hand in hand with credibility

Setting a target is only the beginning: its effectiveness will depend entirely on Europe's capacity to implement it. UFE supports the proposed 90% net GHG reduction target, provided that it is based on a robust sectoral analysis and accompanied by an enabling framework.

As we look ahead to the next target, we must not lose sight of **today's most pressing challenge: delivering on existing commitments**. The EU must accelerate implementation.

2. An industrial opportunity, if the right tools are in place

Moving away from fossil fuels is not only a climate imperative but also a powerful industrial opportunity. In France, a growing share of industrial investment is now driven by fossil fuel substitution, primarily through electrification. This dynamic creates jobs, enhances energy sovereignty, and channels capital toward future-proof technologies.

To turn this momentum into long-term industrial success, UFE recommends building a 2040 framework aligned with European economic realities:

- **Recognise the central role of electrification** across EU legislation, in line with the objective to reach 32% electrification of overall energy demand by 2030, and support mechanisms as the main lever to phase out fossil fuels, particularly in transport, buildings, and industry.
- **Prioritise direct emissions reductions, and thus mainly electrification, as the main lever to achieve the EU 2040 climate target.** Carbon removals should be limited to addressing strictly residual emissions that cannot be abated, provided they meet CRCF standards and are framed by robust international partnerships with strong environmental safeguards. The use of offsets has no place within the EU ETS, which must remain focused on delivering

real and permanent emissions reductions in regulated sectors.

- **Reinforce carbon pricing tools.** The EU ETS remains the cornerstone of European climate policy and must continue to deliver cost-effective emission reductions, foster innovation, and provide a strong, predictable long-term carbon price. Strengthening the Market Stability Reserve (MSR) is essential to ensure the ETS maintains its effectiveness and resilience in the face of shocks, thereby providing the stable investment signal needed to drive electrification.
- **Ensure a fair and balanced effort-sharing** between Member States and across sectors, reflecting national energy mixes and transition capacities by maintaining the flexibilities provided by the rules of ETS1/2 and the ESR. In addition, support decarbonisation in key emitting areas such as mobility, buildings, heating and cooling, and through complementary instruments, for example CO₂ emission standards in transport or carbon criteria in buildings. These tools provide clarity for sectoral policies while fully preserving the role of the EU ETS and ESR flexibility as the main drivers for cost-effective emission reductions.
- **Adjust the Carbon Border Adjustment Mechanism (CBAM)** to preserve industrial competitiveness and prevent carbon leakage in globally exposed sectors.
- **Ensure a non-discriminatory approach in EU policy among** all low-carbon electricity generation technologies, including renewable energy and nuclear. A level playing field in power generation will ensure a more resilient, cost-effective and inclusive transition.
- **Introduce a review clause in 2030** to assess implementation progress, also taking into account the current 2030 targets. If acceleration is required to stay on track, a thorough demand-side analysis and additional support measures should be considered first. If, despite these measures, competitiveness concerns persist, a limited and targeted adjustment of the trajectory might be considered, ensuring predictability and preserving the overall integrity of the EU climate framework. Any such adjustment must remain strictly exceptional and rely on an objective assessment of (i) exposure to international competition and (ii) the actual impact of GHG reduction measures on the competitiveness of the concerned sectors.

Towards a responsible and negotiated ambition

Setting a 2040 target is a necessary act of responsibility and ambition. But ambition alone is not enough, the EU must now equip itself with the right instruments to succeed, starting with unlocking

the full potential of electrification across all sectors, powered by EU homegrown low-carbon electricity. An ambitious electrification strategy is one of the key enablers for achieving the 2040 target. To meet this challenge, support must match the scale of the challenge.