PERSPECTIVE



CEE MARKET SIGNAL

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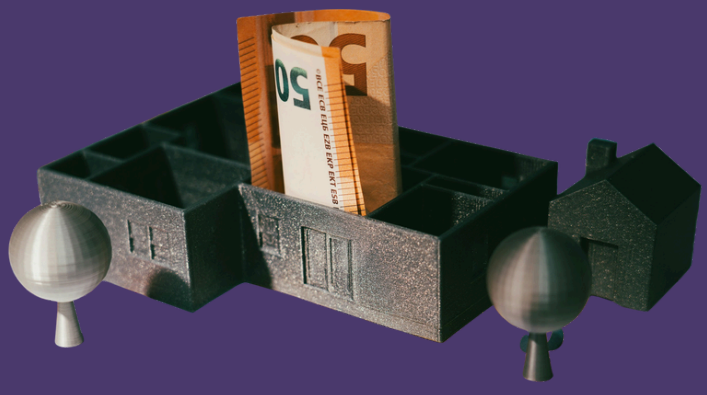
CEE ENERGY COSTS: CAN THE REGION KEEP INDUSTRY COMPETITIVE WHILE FINANCING THE TRANSITION?



Energy costs remain a major challenge for industrial competitiveness across Central and Eastern Europe (CEE), with electricity price disparities affecting production costs and investment decisions. While governments and EU institutions are introducing measures to ease these pressures, differences in fiscal capacity and policy approaches create uneven conditions across the region. The central challenge is to balance immediate relief for energy-intensive industries with long-term investment in affordable, reliable energy, while attracting private capital and limiting pressure on public finances.

The Visegrád countries are calling for more flexibility on state aid, yet electricity prices for medium-sized business users in Hungary were over 50% higher than in Poland in the first half of 2026. Wider scope for national subsidies could deepen that gap where governments have more room to spend.

Bulgaria and Slovenia require firms to reinvest at least half their aid in assets that reduce electricity system costs. Romania's Părău 2 solar and battery project shows how policy can also support new supply. By making future revenues more predictable, a contract for difference helped attract commercial lenders.





FOUR SIGNALS TO WATCH

ENERGY COSTS

Diverging electricity prices across CEE

Electricity prices remain an important factor in the competitiveness of CEE industries. However, costs vary significantly across the region. According to Eurostat data, electricity prices for medium-sized non-household consumers (500–1,999 MWh annually), excluding taxes and levies, averaged €14.66 per 100 kWh in the EU in the first half of 2026. Among the CEE countries covered, Hungary recorded the highest price (€19.52), followed by Romania (€16.89), Czechia (€16.58) and Slovakia (€16.41), all above the EU average. Poland recorded the lowest price (€12.63), while Slovenia (€13.33) and Bulgaria (€14.35) were also below the EU average.

These disparities affect production costs and investment decisions, particularly in energy-intensive industries. While higher prices can encourage investment in efficiency, renewable generation and storage, businesses need access to financing and suitable infrastructure. Lasting competitiveness will depend on reducing underlying energy costs rather than relying solely on temporary relief.

ENERGY POLICY

V4 calls for lower electricity prices and greater flexibility in EU energy policy

On 19 October, energy ministers from Czechia, Hungary, Poland and Slovakia signed a joint declaration calling for greater flexibility in EU funding and state aid to support energy-intensive industries. Their priorities include limiting the impact of carbon-price volatility, strengthening cross-border energy infrastructure and ensuring more equal access to EU funding for nuclear and renewable energy.

Several of these priorities are reflected in existing EU measures. The European Council conclusions of 16 October call for targeted and temporary measures to address high energy prices. They also support a more predictable carbon market and measures to reduce price volatility. The Affordable Energy Action Plan focuses on reducing electricity costs through lower taxes and network charges, stronger grids, better access to long-term electricity contracts and improved energy efficiency. Meanwhile, the Clean Industrial Deal State Aid Framework (CISAF) allows Member States to provide temporary electricity price relief to eligible energy-intensive businesses and support investments in industrial decarbonisation.

However, the V4 countries are seeking greater flexibility, including support for operating costs. The debate highlights how differences in energy mixes and fiscal capacity shape Member States' ability to protect industrial competitiveness during the transition.

NATIONAL SUPPORT SCHEMES

Different approaches to easing industrial energy costs

Poland's Council of Ministers adopted a draft law on 29 September that would cover up to 70% of eligible electricity costs for energy-intensive industries, above the 50% initially envisaged under CISAF. The scheme has a PLN 4.8 billion budget for 2027-2030 and requires beneficiaries to reinvest at least half of the aid equivalent in decarbonisation, energy efficiency, renewables or storage. It would be financed through a temporary increase in corporate income tax for companies with exceptionally high profits. The proposed remains subject to European Commission approval under the applicable rules.

Bulgaria and Slovenia already have approved schemes. On 16 April, the European Commission approved both under the CISAF, alongside a German scheme. Bulgaria's €334 million scheme runs from July 2025 to June 2028 and reduces eligible companies' monthly electricity bills. Slovenia's €90 million scheme runs from 2026 to 2028, with payments made twice a year based on expected consumption. Under both schemes, the effective electricity price cannot fall below €50/MWh and beneficiaries must invest at least half of the aid in new or modernised assets that reduce electricity system costs without increasing fossil fuel use.

These approaches illustrate how temporary relief can be linked to structural investment, although differences in fiscal capacity and implementation may create uneven competitive conditions across CEE.

FINANCING THE TRANSITION

Mobilizing public and private investment

Financing the energy transition requires substantial long-term investment in generation capacity, electricity networks, storage and industrial modernisation. Development banks and EU financing instruments can play an important role in reducing project risks and attracting commercial lenders and private investors.

In August the EBRD announced up to €120 million for Romania's Părău 2 solar and battery project, as part of a €229 million debt package involving commercial banks. An InvestEU guarantee helps mitigate revenue risk, while a contract for difference provides greater price certainty. In July, the EIB approved an €800 million loan for refurbishment of Romania's Cernavodă nuclear plant.

These examples illustrate how development-bank lending, guarantees and revenue-support mechanisms can help mobilise private capital. For CEE, the priority is to use public financing to attract additional investment rather than relying primarily on national budgets.

CEE PERSPECTIVE

CEE faces a dual challenge: protecting industrial competitiveness against high and uneven energy costs while financing the infrastructure needed to deliver more affordable and secure energy over time. Temporary support schemes can ease immediate pressures, but lasting competitiveness will depend on investment in generation capacity, grids, storage and efficiency. Differences in fiscal capacity also mean that countries may have unequal opportunities to support their industries, reinforcing the importance of effective EU-level financing mechanisms.

Mobilising sufficient capital will require development banks, commercial lenders and institutional investors to work alongside public authorities. EU guarantees and other risk-sharing instruments can help attract private investment, while deeper capital markets could broaden financing opportunities for suitable energy projects. For CEE, the priority is to turn substantial energy investment needs into bankable projects that strengthen competitiveness without creating lasting dependence on public subsidies.

What to watch next

- **EU energy policy**: Follow-up to V4 demands on electricity affordability, carbon pricing and funding flexibility.
- **National support:** Commission assessment of Poland's proposed scheme and implementation of approved measures in Bulgaria and Slovenia.
- **Investment:** New EBRD, EIB and private-sector commitments to grids, generation, storage and nuclear infrastructure.

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