A practical framework to guide electricity-related policy choices for competitiveness and climate neutrality

→ Fig. 7

4 key characteristics related to electricity

1 additional dimension capturing wider constraints to industry competitiveness

Industry characteristics	Defining criteria (examples)
Power costs exposure Dependent on electricity, but limited ability to pass power costs through	→ Already electrified → (Hyper) electro-intensive today → Trade intensity > 25%
Flexibility potential Can leverage flexibility to improve costs and thereby competitiveness	→ Direct electrification available → Medium to high flexibility potential in core processes
Electrification cost gap High upfront or operational costs hinder a fuel switch	→ OPEX gap ratio > 1.2 → CAPEX gap ratio > 2 → Trade intensity > 25%
Reliance on H_2 or synthesis gas High process temperatures or low tech readiness level require an alternative to direct electrification	→ No direct electrification by 2035 → Hybrid solutions available (syn. gas + electricity) or indirect elec. (H_2)
Non-energy issues Other barriers hindering competitiveness	→ Raw material supply bottlenecks → Infrastructure bottlenecks → Global overcapacity → Other market disruption

Non-energy issues should also be considered to get the full picture of competitiveness issues

Agora Energiewende, Agora Industry and IDDRI based on Compass Lexecon (2026)