Clifford Chance

BRIEFING

The EU Clean Energy Investment Strategy

Mobilising private capital for Europe's energy transition

29 April 2026

In March 2026, the European Commission unveiled its long-awaited **Clean Energy Investment Strategy**, setting out its approach to mobilising private capital at the scale required to finance Europe's energy transition, with a particular focus on strategic grid infrastructure and innovative clean energy technologies. The Strategy marks a significant shift from subsidy-based support towards the use of public finance (led by the EIB Group) as a catalyst to de-risk investments, strengthen balance sheets and crowd in institutional investors, echoing similar approaches taken in the United States.

The EU Strategy aims to foster a market environment that is more receptive to financing structures that sit between traditional project finance and direct public subsidies – such as co-investment platforms, securitisation, hybrid bonds, guarantees, aggregation vehicles and other risk mitigation tools. It will be implemented progressively, alongside broader reforms to capital markets and energy sector regulation, including the European Grids Package and the Clean Industrial Deal State Aid Framework (CISAF).

In this briefing, we outline the key elements of the Clean Energy Investment Strategy and assess its potential implications for operators, developers, investors, lenders and other market participants active in the European energy sector.

Key issues

1. Moving grid financing beyond traditional debt financing and subsidy-based support
2. Converting regulated revenues into scalable financing solutions
3. Using public capital to crowd in private investment in emerging technologies
4. Bringing investors into the dialogue about EU energy policy design

Context and rationale

1. From policy ambition to a financing bottleneck

   The EU's Clean Energy Investment Strategy responds to unprecedented investment needs. The scale, timing and risk profile of the required investments to keep the energy transition on track no longer align with how capital is mobilised in the energy sector.

   To meet the EU's energy transition and decarbonisation objectives, the European Commission estimates investment requirements of around EUR 660 billion per annum between 2026 and 2030, and a further EUR 695 billion per annum between 2031 and 2040. This is nearly three times the EUR 240 billion annual average recorded between 2011 and 2021, a level which far exceeds the public funding available at EU or national levels. Importantly, this investment effort is not confined to generation assets, but spans across the wider energy system, including storage and, crucially, network infrastructure (such as electricity grids and cross-border interconnectors).

   The Commission acknowledges that the existing public funding is structurally insufficient. National budgets, the EU's Multi-Annual Financial Framework and even the EIB Group cannot bridge the gap. Recent evidence cited by the Commission even suggests that investment momentum is slowing in certain segments (e.g. building renovation, heat pumps and wind power), albeit recent events in the Middle East may already be reversing this trend.

   Although sufficient private capital is theoretically available, in practice a range of structural constraints prevent financing from flowing at the required scale and speed. A mix of market and regulatory bottlenecks, such as long permitting timelines, slow grid connections, fragmented national rules and risk profiles, still prevent too many projects from reaching financial close.

   The paradox at the heart of the Strategy is stark: Europe has both the capital and the investors needed to finance the energy transition – European institutional investors alone manage around EUR 33.7 trillion in assets and clean energy projects can offer long-term, stable returns – yet capital is not being deployed at the scale or pace required to deliver the energy transition.

2. A shift in the EU mindset

   The Clean Energy Investment Strategy reflects a noticeable policy shift. Public money is no longer seen in the EU primarily as a substitute for private investment or as a vehicle for broad subsidies. Instead, it is positioned as a targeted, catalytic tool, deployed purposefully to de-risk projects and crowd in private capital.

   This approach dovetails with the Draghi Report on EU competitiveness, which stresses that Europe's growth and strategic autonomy depend on deeper capital markets and improved public-private risk allocation. In an energy system characterised by high upfront capital expenditure and long asset lifetimes, lowering the cost of capital has itself become a key policy objective.

   Accordingly, the Strategy places strong emphasis on the central role of capital markets. While bank lending remains important, it is insufficient on its own. Mobilising institutional investors and developing investment grade asset classes linked to energy

infrastructure are presented as core conditions for success. This logic also aligns closely with the broader agenda of the Savings and Investments Union, which aims to deepen and integrate European capital markets.

It also echoes recent developments in the United States, where public financing, for example, through U.S. Department of Energy initiatives, has similarly been used to de-risk projects and leverage substantial private-sector investment in major energy and infrastructure undertakings.

Core actions of the EU Clean Energy Investment Strategy

The EU Strategy aims to facilitate the mobilisation of private investment in the energy sector by improving the link between available private capital and Europe's pipeline of energy projects. While it does not directly address the underlying regulatory barriers, it complements other EU initiatives, including the European Grids Package, that seek to tackle them.

In practical terms, the Strategy focuses on four specific actions:

- **Strengthening grid operator balance sheets**: Grids are central to the Strategy. The Strategy proposes a strategic infrastructure investment fund (SII Fund), with the EIB Group as an anchor investor. It also considers off-balance sheet mechanisms, including an operator securitisation facility and hybrid financial instruments, to help grid operators finance large-scale infrastructure upgrades, while maintaining high credit ratings and ownership over their assets. These off-balance sheet solutions can help grid operators maintain investment capacity without jeopardising credit ratings and while retaining control over critical infrastructure.
- **Supporting access to finance for operators via securitisation and intermediated lending**: Under the second action, the Commission will explore with the EIB Group how loan securitisation and intermediated lending structures could enable commercial banks to free up balance sheet capacity and provide new lending to grid operators, including smaller local Distribution System Operators. It also sees a role for regional and local banks in aggregating projects and financing smaller operators within the EU's still highly fragmented distribution landscape. In doing so, it hopes to unlock additional lending without direct recourse to further fiscal subsidies.
- **De-risk the next generation of clean energy technologies:** This is the broadest action in the Strategy. The Commission, in cooperation with the EIB Group, will step up support and bolster capital access to private investments in the next generation of innovative clean energy technologies that still struggle to attract conventional capital on acceptable terms, through EU guarantees and co-investment platforms (such as InvestEU). The aim is to make pilot and early-stage projects in these technology fields more attractive to institutional investors. The Strategy focuses expressly on long-duration energy storage (LDES), floating wind, floating solar, ocean energy (wave and tidal), airborne wind energy, agrivoltaics, advanced bio-based renewable solutions, carbon capture and storage (CCS), carbon capture utilisation and storage (CCUS), as well as geothermal projects, but does not rule out other technologies or (sub)sectors. The Strategy is further complemented by a dedicated set of initiatives for small

modular reactors (SMRs) and advanced modular reactors (AMRs), where the Commission considers it necessary to de-risk early commercial deployment, as well as related fuel-cycle and supply-chain assets. This will be achieved through venture debt and other financial products supported by the EIB Group as well as public funding under the InvestEU programme.[1]

- **Establish an Energy Transition Investment Council**: As a fourth and more institutional action, the Commission will set up a dedicated forum comprising representatives from institutional investors, financial institutions, Member States and high-level Commission officials to ensure that EU policies and funding align with investor needs and support long-term private investment in the energy sector. Structured dialogue is essential to ensure that new financing tools are fit for purpose and capable of mobilising private capital at scale.

New financing tools for energy infrastructures

The Strategy introduces a suite of new financing tools designed to unlock private capital and accelerate investment in grids and innovative clean energy technologies. The Strategy's success will ultimately hinge on the ability to move beyond individual projects and deliver large-scale, replicable financing models. The proposed tools are:

1. Strategic Infrastructure Investment Fund (SII Fund)

   The SII Fund is designed as an equity (and/or debt) platform to facilitate targeted co-investment between public and private capital. The Commission and the EIB Group aim to launch the fund within 2026, with a pilot scheme aiming at leveraging EUR 500 million of financing to accelerate the uptake of "energy efficiency as a service" models, alongside specialised investment funds. In addition, the Commission and the EIB Group want to make an overall commitment of EUR 75 billion of EIB financing available over the next three years. Such commitments follow the Council of the EU's approval to amend the EIB Group's statute, granting its governing body full authority over the bank's gearing ratio (allowing the EIB Group to exceed its previous 250% exposure cap).

   The SII Fund's collaborative model would allow private managers to leverage the EIB Group's anchoring capital, long-term investment horizon and technical expertise, ensuring that large-scale private equity is mobilised into the most critical segments of the European energy network.

   This financing platform has been under active discussion among TSOs and energy administrations for months. While the concept is attractive, its further development will require careful alignment with existing regulatory frameworks, in particular with respect to unbundling rules and TSO licensing requirements.

2. The Operator Securitisation Facility (OSF)

   Building upon the EIB Group's established role in financing European energy infrastructure, the Commission and the EIB Group also intend to collaborate on an Operator Securitisation Facility (OSF).

[1] See: Commission Communication "Future development and deployment of small modular reactors (SMRs) in Europe", COM(2026).

The OSF would turn future regulated revenue streams into immediate liquidity without transferring physical ownership of the assets. It would serve as a securitisation vehicle that issues securities to private (institutional) investors, providing TSOs with upfront cash to finance new grid infrastructure. In exchange, the OSF could securitise tariff- and non-tariff based income streams that are sufficiently stable and predictable over time, to repay investors.

While many aspects of the OSF are still to be determined, we broadly see two possible approaches, drawing on comparable initiatives in global financial markets:

- **Upfront securitisation**: The structure of the OSF could be established at the outset. Under this approach, investors would assume a degree of development and construction risk and may face a gap of several years before sufficient regulated revenues would be generated. This model is therefore ambitious and will require strong credit enhancement, although similar structures have already been seen elsewhere in the market (for example, the reconstruction of Ukraine PPP Program, Lima Metro Line 2 securitisation and off-balance sheet loan financing (Peru) and the PEC 1 Tariff stabilisation securitisation (Chile)).
- **Refinancing securitisation**: In a less ambitious variant, securitisation may be used to refinance initial project finance debt, once the construction phase of the underlying project(s) is successfully completed and the assets have reached commercial operations. Under this alternative model, project finance (including EIB Group facilities) would fund upfront cash needs, with securitisation deployed at a later stage once the infrastructure is operational and revenues are being generated. Investors can then assess the asset's return profile with greater certainty.

In both cases, the EIB Group could act as an anchor investor and provide guarantees, making the structure more attractive to private investors.

3. Hybrid Bonds

The Strategy also briefly refers to the potential issuance of hybrid bonds by TSOs or other regulated utilities. These instruments combine characteristics of both debt and equity. Due to their dual nature, hybrid bonds may help regulated utilities alleviate balance-sheet pressure while still securing the upfront capital required for new infrastructure investments. Automatic trigger mechanisms may be embedded to allow for conversion once the infrastructure generates stable revenue streams, thereby enhancing investor appeal. In addition, the Commission expects that the EIB Group's role as an anchor investor will send a positive market signal and stimulate broader investor participation in the fundraising process. In all of these instruments, the EIB Group is expected to play a pivotal role, building further on its existing track record.

As regards its existing track record, in 2024, the EIB Group mobilised over EUR 100 billion in new investment for energy security, with EUR 8 billion committed to equity and quasi-equity instruments. This included support for transmission networks, interconnectors and storage infrastructure, with the EIB Group financing up to 40% of Europe's total investment in grids and storage that year.

The Strategy builds further on this track record and seeks to further expand the EIB Group's strategic role. Officially, the EIB Group can already fund up to 50% of project costs (or 75% for highly strategic projects). Beyond such direct financial contributions, the EIB Group

"The EIB Group intends to make an overall commitment of EUR 75 billion of financing available over the next three years."

also de-risks financing structures, whereby its involvement can improve the credit profile of facilities and enhance their attractiveness to institutional investors. By providing credit enhancement, taking subordinated positions or offering partial credit or risk guarantees, the EIB Group catalyses larger volumes of private capital and enables projects to reach financial close on more favourable terms. Lastly, EIB Group taking an active role may also encourage investment from peers such as the UK National Wealth Fund. The Strategy recognises these diverse functions and makes it clear that the Commission expects the EIB Group to play an even more prominent role in financing Europe's near-term and future infrastructure needs.

Implications for market participants

The Strategy does not purport to solve all of the policy, regulatory and investment challenges facing Europe's energy transition. Rather than replacing existing policy tools, it presents a financial toolbox addressing the most immediate capital-related bottlenecks, particularly for the development of new critical offshore and onshore grid infrastructure.

The Strategy is not designed to provide a holistic solution. Instead, it complements other EU initiatives, such as the European Grids Package, which seeks to address ongoing permitting, network planning and cross-border cost allocation issues.

The Strategy's wider impact is therefore likely to differ across market participants:

1. For TSOs and DSOs

   The Strategy recognises that the scale and pace of required grid investments are increasingly incompatible with a financing model that relies predominantly on traditional debt financing and fully on-balance-sheet funding.

   The proposed measures open up new potential sources of capital, including equity-like instruments, hybrid financing and off-balance sheet solutions, which could allow TSOs/DSOs to maintain investment capacity while preserving credit quality and without relinquishing control over their infrastructure. As recently emphasised by ENTSO-E, such tools are particularly relevant, given the constraints faced by many network operators in terms of gearing, ratings and regulatory returns.

   At the same time, the Strategy implicitly acknowledges that financing tools alone will not be sufficient. Their effectiveness will depend on complementary regulatory adaptations, notably (a) greater flexibility in regulatory licensing and tariff regimes and (b) faster, more coordinated permitting, planning and cross-border cost-allocation processes.

2. For private investors and lenders

   For private investors and lenders, the Strategy points towards the gradual emergence of new investment-grade asset classes linked to energy infrastructure. By combining stable revenue profiles with enhanced credit structures (often supported by the EIB Group or ad hoc public funds), the Strategy seeks to align energy investments more closely with institutional investors' risk-return requirements.

While it remains open to question whether the proposed instruments will, on their own, be sufficient to accelerate investment materially, the Strategy lays important groundwork for scalable and replicable structures, rather than one-off solutions. If implemented consistently, these tools could mark a structural shift in how Europe finances its energy infrastructure, by improving liquidity, standardisation and investor confidence in grid assets and other capital-intensive energy infrastructure that have historically struggled to attract private capital at scale, finally bridging the gap between Europe's vast pools of capital and energy infrastructure needs.

Patrice Viaene
Partner, Brussels

patrice.viaene@cliffordchance.com
+32 485 12 31 05

Philippe Baert
Counsel, Brussels[2]

philippe.baert@cliffordchance.com
+44 7483 432742

Delphine Siino Courtin
Partner, Paris

delphine.siinocourtin@cliffordchance.com
+33 6 88 88 29 21

Bryony Theaker
Partner, London

bryony.theaker@cliffordchance.com
+44 7951 024 744

Sandy Hall
Partner, London

sandy.hall@cliffordchance.com
+44 7973 944 450

[2] Currently seconded to our London Office.

David Ballegeer
Partner, Brussels

david.ballegeer@cliffordchance.com
+32 478 90 48 62

Fabricio Longhin
Partner, Washington D.C.

fabricio.longhin@cliffordchance.com
+1 202 378 8388

Peter Hughes
Partner, Washington D.C.

peterc.hughes@cliffordchance.com
+1 646 209 7040

Sébastien Nerincx
Associate, Brussels

sebastien.nerincx@cliffordchance.com
+32 476 08 12 67