



The Great Illusion of “Cost-Free” Decarbonisation

In recent years, decarbonisation has moved beyond the realm of technical specialists and has become part of everyday language.



When decarbonisation turns into a slogan

Today, everyone talks about decarbonisation with remarkable ease, as if it were a self-evident and universally shared concept. The problem is that decarbonisation is neither an opinion nor a rhetorical exercise. It is a technical, industrial and financial challenge that requires expertise, numbers and difficult decisions. When it is reduced to a slogan, it inevitably loses contact with reality.

Out of this simplification comes one of the most persistent narratives of recent years: the idea that the energy transition is economically neutral, if not outright “cost-

free”. It is a comforting narrative, politically convenient, but conceptually fragile. Not because the transition is unnecessary, but because presenting it as painless removes its central element: costs do exist, they are significant, and above all they are concentrated in time.

The real issue is not cost, but timing

The critical point is not only how much decarbonisation costs overall, but when those costs materialise. Long-term scenarios converge on a clear dynamic: capital expenditure is not evenly distributed along the path to climate neutrality. On the contrary, a substantial share of investment is concentrated in a relatively narrow time window, during which infrastructure, grids, flexibility capacity, industrial retrofits and support systems must be delivered almost in parallel. It is during this phase that the system comes under pressure — not only financially, but also operationally and organisationally.

This concentration is not accidental. It is the direct consequence of how long-term climate objectives, formalised starting with the Paris Agreement, have been translated into intermediate targets, regulatory deadlines and sector-specific obligations. The combination of 2050 goals with

accelerated milestones has produced a compressed investment trajectory. This is not a value judgement on climate objectives, but an observation on policy design: when rigid deadlines are imposed, capital tends to move in synchronised waves, amplifying stress and risk.

The myth of automatic payback

In this context, another recurring illusion takes shape: automatic payback. The assumption that energy efficiency, technological innovation and emissions reduction will always and automatically generate secure economic returns is a dangerous simplification. In reality, many business cases depend on assumptions beyond the control of operators: energy prices, regulatory stability, market design, the availability of enabling infrastructure. A change in any of these variables can significantly delay or erode expected returns. Talking about payback without talking about risk means ignoring the financial dimension of the transition.

System cost and individual cost do not coincide

Here a fundamental distinction emerges, one that is often overlooked: the difference between system-level cost and cost for individual actors. At a macroeconomic level, decarbonisation may appear rational and even efficient in the long run. But systems do not invest — companies do. Industrial players, utilities, financial investors and public authorities commit capital, and each faces a very different risk-return profile. Instruments such as carbon pricing mechanisms or market regulation can be effective in reallocating resources at system

level, but they also shift costs and risks onto specific actors, often in asymmetric ways. Saying that something “works for the system” does not answer the crucial question of who bears the cost today, and under what conditions.

Decarbonisation is an industrial choice

Against this backdrop, a core misunderstanding must be addressed: decarbonisation does not mean shrinking the productive base. Effective decarbonisation is not an environmental project applied to industry; it is an industrial project designed under environmental constraints. It is not about reducing industrial capacity, but about transforming it. Competitive strengthening is not a side effect — it is the implicit objective of a transition that aims to be sustainable over time.

From this perspective, technological neutrality is not a political slogan, but an operational principle. It means assessing solutions based on effectiveness, scalability and economic sustainability, rather than labels. A concrete example can be found in policy frameworks that tie public support to measurable environmental outcomes rather than prescribing specific technologies. The US Inflation Reduction Act, with its performance-based tax credits linked to verifiable emissions reduction, follows precisely this logic: define the objective and allow industrial actors to determine how best to achieve it. When policy stops picking technologies and focuses on results, industrial risk is reduced and capital allocation becomes more rational.

When the transition meets global competition

The picture becomes even more complex when global asymmetries are taken into account. Climate is a global phenomenon; policies are local. When decarbonisation pathways are not aligned internationally, the risk is not only environmental but economic. Production and emissions can shift without being reduced, undermining competitiveness and industrial resilience. It is no coincidence that explicit corrective instruments have been introduced in recent years to address these asymmetries. The Carbon Border Adjustment Mechanism is built on the recognition that internalising the cost of carbon, while rational at system level, creates tangible competitive impacts for industries exposed to international competition. CBAM does not eliminate the cost of the transition; it redistributes it. The very fact that such a mechanism was deemed necessary demonstrates that the transition was never — and could never have been — cost-free.

Without institutions, the transition does not hold

In this context, treating decarbonisation as an ideological issue is a strategic mistake. It is not an identity flag, but an economic and industrial choice. When it becomes ideology, it loses effectiveness; when it is approached as a technical and decision-making problem, it becomes governable. As Jean Monnet famously observed, “nothing is possible without people, but nothing lasts without institutions”: the transition cannot rely on slogans or intentions alone, but on tools, rules and architectures capable of enduring over time.

The real lever of the transition is therefore planning. Planning understood as the ability to set priorities, sequence investments and recognise interdependencies between technological, infrastructural and financial decisions. The order of decisions matters as much as their direction. Premature investments without enabling infrastructure increase costs; delays in critical elements create bottlenecks. Governing the transition means accepting this complexity and equipping institutions with the competencies and governance needed to manage it.

From myth to decision-making responsibility

Moving beyond the narrative of “cost-free” decarbonisation does not mean being pessimistic. It means being mature. Shifting the debate from promises to informed choices is the first step towards making the transition credible and sustainable over time. Decarbonisation does not fail because it is costly; it fails when we pretend that it is not.

In the next Focus Corner, we will explore this gap in more detail, showing why economic and industrial models often tell a very different story from political narratives — and why taking those models seriously is not a constraint, but a competitive advantage.