

The upcoming EU Electrification Action Plan – new elements to consider

Eurelectric position paper

Eurelectric represents the interests of the electricity industry in Europe. Our work covers all major issues affecting our sector. Our members represent the electricity industry in over 30 European countries.

We cover the entire industry from electricity generation and markets to distribution networks and customer issues. We also have affiliates active on several other continents and business associates from a wide variety of sectors with a direct interest in the electricity industry.

We stand for

The vision of the European power sector is to enable and sustain:

- A vibrant competitive European economy, reliably powered by clean, carbon-neutral energy
- A smart, energy efficient and truly sustainable society for all citizens of Europe

We are committed to lead a cost-effective energy transition by:

investing in clean power generation and transition-enabling solutions, to reduce emissions and actively pursue efforts to become carbon-neutral well before mid-century, taking into account different starting points and commercial availability of key transition technologies;

transforming the energy system to make it more responsive, resilient and efficient. This includes increased use of renewable energy, digitalisation, demand side response and reinforcement of grids so they can function as platforms and enablers for customers, cities and communities;

accelerating the energy transition in other economic sectors by offering competitive electricity as a transformation tool for transport, heating and industry;

embedding sustainability in all parts of our value chain and take measures to support the transformation of existing assets towards a zero carbon society;

innovating to discover the cutting-edge business models and develop the breakthrough technologies that are indispensable to allow our industry to lead this transition.

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Introduction

Cost-effectiveness & geopolitics: Electrification using clean electricity is increasingly recognised as the most cost effective and efficient pathway to decarbonise Europe's energy system, representing the single most significant driver of emission reductions over the next 15 years. It is the most cost-efficient decarbonisation path that simultaneously answers the challenging politics of energy security, industrial competitiveness and social fairness by reducing reliance on countries of divergent values and geopolitical interests.

The lack of a policy framework: Clean power generation is increasing in Europe, but the electrification rate of end users has remained stagnant for over 20 years. One major reason is the lack of a coordinated electrification policy framework. To date EU regulatory efforts have only indirectly supported electrification, through measures such as carbon pricing through the existing ETS, but also the upcoming ETS 2, vehicle standards and RES targets. However, recent geopolitical developments revealed the true cost of Europe's dependence on continued fossil fuel imports and momentum is shifting. The Commission's efforts to put forward a set of policies targeting financing for industrial customers, heating and cooling and the upcoming electrification action plan, are steps in the right direction. It is imperative to establish an ambitious and coherent policy framework that makes electrification a convenient and attractive choice for customers. The Electrification Action Plan and the Heating and Cooling Strategy should be implemented in parallel as there are clear synergies between the two.

Timely measures for competitiveness: Although segment-specific challenges to electrify our economy vary, the underlying challenges are transversal, ranging from power infrastructure, charging infrastructure, flexibility, cultural and informational inertia, related transitional costs and importantly the lack of a level playing field between energy vectors. Timely opportunities do exist, as for example the current political commitment to modernise the EU industrial stock and revitalise its manufacturing base. Focusing the upcoming EU Electrification Action Plan on the immediate deployment of these solutions in sectors where electrification is within reach, such as in domestic heating & cooling, transport, or the low heat segment in industry will win trust in electrical solutions and help to build domestic supply chains for European industry and citizens at large.

The importance of implementing existing EU legislation properly

Extensive parts of EU energy policy legislation are agreed to but not implemented at national level. A prominent example of this is the Clean Energy Package adopted in 2019 with its revision of both the Electricity Regulation and Directive. Proper implementation of this legislation alone would enable the uptake of flexibility procurement and related market facilitation at European scale, which is still only happening in a piecemeal approach in few Member States. Another case in point is the entire Green Deal legislation which was negotiated during the past five years – and yet implementation of important pieces of legislation such as the EMD and the RED (among others) has been only patchy so far, disregarding the ongoing deadlock in creating a level playing field between electricity and natural gas through revision of the EU Energy Taxation legislation.

¹ See also our original Eurelectric position on a Electrification Action Plan [here](#).

Additional key elements for an upcoming EU Electrification Action Plan

1. New financing tools and frameworks: Industrial Decarbonisation Bank pilot auction to become a regular financial institution and Tripartite agreements for electrification

The first Industrial Decarbonisation Bank pilot auction – backed by EUR 1 billion from the Innovation Fund – was announced as part of the Clean Industrial Deal. In its current design, the scheme would provide a premium/subsidy expressed in EUR per tonne of CO₂ abated, paid at the time the new installation enters into operation.

This initiative sends a crucial signal to businesses to consider electrifying their industrial heat processes (both above and below 400°C) and supports the wider electrification agenda. It helps close the funding gap between electrified and fossil-based technologies, allowing project developers to apply for subsidies covering both CAPEX and OPEX, particularly important in countries without indirect cost compensation schemes.

Also, tripartite agreements on electrification could be facilitated through dedicated entities focused on electrification solutions. These would incentivise commitments from relevant stakeholders to adopt practical solutions, enabling lower interest rates with state-backed guarantees and increasing the negotiation leverage with manufacturers (e.g. for heat pumps or other electrification technologies). We therefore welcome the Commission's aim to improve the business case for the electrification of industrial heat processes, which today largely rely on fossil fuels.

→ The Industrial Decarbonisation Bank pilot auction scheme should be institutionalised with an increased annual budget and drawing from experiences in this first pilot auction. The current terms & conditions indicate a pragmatic outline which should be maintained avoiding any need for complex carbon accounting for applicants when choosing electricity as an energy vector.

National reference point/best practice: N/A

Reference point in EU legislation: new proposal, see also Eurelectric papers on the [Industrial Decarbonisation Bank](#) and the [Tripartite agreements](#)

2. Permitting issues for industrial sites and their grid connection addressed in new 'Electrification acceleration areas'

Permitting and long waiting times for grid connection pose a significant obstacle for industrial customers in their electrification journey. Besides inducing high levels of planning uncertainty for their project sites until the grid connection point is awarded, industrials are at times also confronted with high grid connection costs after the award of the contract. On the other hand, grid operators which also face permitting challenges are required under to the current legal framework to evaluate each grid connection request individually and to name the most technically and economically advantageous grid connection point. This fragmented processing is inefficient for all parties involved.

→ Stemming from the positive experience of Renewables Acceleration Areas in the revised RED and as envisaged in the upcoming EU grids package, permitting procedures can be meaningfully simplified through EU legislation. Designating specific areas with electrified industrial clusters – optionally with onsite generation and storage, or access to these solutions – where the principle of overriding public interest is applied in permit granting can be an

efficient way of overcoming the issue. Such ‘Electrification acceleration areas’ could provide reliably plannable locations for new loads based on available grid capacity with facilitated grid connection processes. Importantly, individual connection request could be evaluated and clustered by the grid operator in the designated area speeding up the entire investment process.
National reference point/best practice: German initiative on a ‘feed-in socket’/<i>Einspeisesteckdose</i>
Reference point in EU legislation: new proposal, in connection with the upcoming grids package and the industrial accelerator act.

3. Promoting and expanding the concept of social leasing for electrification Relatively high upfront costs, even with existing support mechanisms, still pose a challenge for citizens and businesses to electrify, specifically for the middle to low-income segment. Social leasing can make EVs and other cleantech products such as heat pumps accessible these income groups by offering affordable monthly leasing options at subsidised rates. Proven with success in Member States like France and Denmark, the social leasing concept has the potential to become an innovative tool for achieving social objectives and increased electrification. It could be used by companies as part of their business model to increase their social impact, for example by making their products or services more accessible to low-income individuals or underserved communities. ➔ The concept of social leasing provides an easily accessible offer for EVs and heat pumps with attractive financing conditions which could be further promoted across the EU. This should be offered in conjunction with existing grants and direct subsidies for heat pump and/or EV purchases, making clear to the household eligible for social leasing what other incentives can be combined with the offer. Consolidating this information would make the need for separate subsidy applications obsolete, while enabling suppliers to offer affordable rates. While the concept would be rolled out at national and/or local level to cater for tailor-made eligibility criteria, the EU could help its expansion with financial guarantees and guidelines, also with a potential role of existing EU funds to play such as the ERDF, but also the social fund under ETS 2.
National reference point/best practice: Existing social leasing concepts for EVs in France. Individual company heat pump subscription schemes (i.e. Thermondo in Germany² or AIRA in the UK).
Reference point in EU legislation: new proposal/TBC potentially adjusting the European Regional Development Fund and the European Social Fund Plus; EU Guidance on Transport Poverty published in May 2025 advised Member States to include EV social leasing in their Social Climate Plans; EU to publish by Q4 2025 a Guidance on social leasing for heat pumps; HP-SUBSCRIBE is an EU-funded program to scale deployment of heat pumps through a subscription model for commercial and public buildings³

² Thermondo example: 76Eur/mo payments which includes the initial consultation and energy assessment, installation of the heat pump system, maintenance and servicing, warranty and performance guarantees, and application support for public subsidies.

³ HP-SUBSCRIBE: Starting in November 2025, the project will engage with public authorities, financial institutions, energy service companies, heat pump manufacturers and building owners to validate and promote the model across the EU. The project will develop pilot projects in France, Austria and Greece.

4. Establish a robust governance framework with monitoring and forecasting of electricity consumptions

The Clean Industrial Deal sets a long overdue trajectory of electrification rates reaching 32% by 2030, up from 23% today. However, progress must be monitored and credibly outlined by Member States, also to ensure investment confidence and required planning horizons. The upcoming revision of the Governance Regulation will be an opportunity to enshrine this in a binding framework across the EU

→ The revised Governance Regulation should oblige Member States to integrate a dedicated electrification section into their National Energy and Climate Plans (NECP) to outline a credible trajectory at national level how to achieve such indicative KPIs on electrification. This section should include: harmonised forecasts of electricity demand by sector (transport, industry, buildings) and a clear roadmap of measures to boost electricity uptake and outlining implementation timelines. Lastly, the European Commission would take to role to regularly assess progress and provide targeted guidance.

National reference point/best practice: The recent Spanish National Energy and Climate Plan which included a national electrification indicator.

Reference point in EU legislation: upcoming revision of the EU Governance Regulation.

5. Providing credible information and comparison points about electrification solutions and existing funding opportunities

A large range and variety of available technologies leads to complex information and lack of awareness for consumers. Organisational, as well as cultural barriers which imply complex and long decision-making processes (in co-owned buildings for example) prevail when investing in electrified solutions. Habits, low acceptance levels and lack of knowledge of possible cost-savings including available funding are common obstacles. Existing options such as online cost-comparison platforms can result to be unreliable, partial or only used by certain user segments. Generally, there seems to be a lack of information and promotion of available and efficient electric solutions for both transport and heating and cooling solutions.

→ Member States' good practises have led the way in terms of trusted one stop shops for customers which can help overcome the information and awareness gap and be also considered across the EU: In Germany, the role of the *Verbraucherzentrale* or consumer advise centres are a case in point – established as a result of the oil crises in the 1970s they are a trusted and face-to-face advice option available to all consumers. They are publicly funded and offer independent information including legal advice and information campaigns.

National reference point/best practice: The institution of a *Verbraucherzentrale* in Germany, [Energy Authority in Finland & Motiva](#) provide free advice on residential energy consumption and savings at the national and regional level

Reference point in EU legislation: Article 18 on 'One-stop shops for energy performance of buildings' in the EPBD

Eurelectric pursues in all its activities the application of the following sustainable development values:

Economic Development

- Growth, added-value, efficiency

Environmental Leadership

- Commitment, innovation, pro-activeness

Social Responsibility

- Transparency, ethics, accountability



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