Unlocking the next chapter: recommendations for a robust Electrification Action Plan

Europe is facing its second energy crisis in just four years, once again exposing the structural risks of continued dependence on imported fossil fuels. This moment reinforces a clear conclusion: electrification is not only a decarbonisation pathway, but the most effective systemic solution to strengthen Europe's energy security and resilience thanks to both increasing reliance on domestic sources and delivering higher end-use efficiency for many applications. Yet despite its strategic importance, Europe's electrification rate has remained largely stagnant over the past two decades. The forthcoming Electrification Action Plan therefore represents a critical opportunity to correct course — providing a coherent, forward-looking framework that aligns EU and Member State policies around a shared objective of accelerating electrification across the economy.

While the KPI of 32% by 2030 is a positive step, the Action Plan must now be underpinned by a genuinely demand-oriented framework in all three key end use sectors (transport, buildings and industry). In the background of this initiative, we cannot underestimate the significance of recent and upcoming legislative proposals, notably the Automotive Package, the Post-2030 Framework, and, especially, the Grids Package. Grids are the indispensable backbone of electrification, which will require a clear EU framework for anticipatory investments to ensure their timely reinforcement and build-out. The design of grid tariffs to ensure predictable revenue for operators and stimulate flexible electrification, for example charging of EVs during night or peak solar, while ensuring visibility and predictability of costs for grid users will also be paramount.

It is therefore essential that EU policymakers simultaneously ensure these instruments are fully aligned with the shift towards electrification, as any misalignment would undermine policy coherence and reduce the effectiveness of any of the measures put forth in the Action Plan.

Building on Eurelectric's longstanding call for such a plan and its updated five key priorities, the following recommendations complement the Commission's AccelerateEU Communication. Taken together, these considerations are intended to ensure a robust and meaningful Electrification Action Plan that gets to the core of how Europe's electrification efforts are coordinated and effectively delivered across sectors and policy frameworks.

Demand creation – Price signals and funding of electrification

1. **Decarbonisation bank**
   - Institutionalise the Innovation Fund pilot auction on industrial process heat with an increased annual budget and a targeted scope for direct electrification.
   - Use the announced ETS investment booster to bridge the gap towards a fully-fledged Industrial Decarbonisation Bank under the new MFF.

2. **Prioritise electrification in EU funding**
   - Introduce a priority for electrification in EU funding, and provide guidance to align EU funding, EIB lending, Power Purchase Agreements (PPAs) counter - guarantees and state aid (EV charging deployment, purchase subsidy schemes, etc).
   - Update the Modernisation Fund to better support lower-income countries in their transition to electrification.

3. **EIB loans for electrification**
   - Enable the European Investment Bank to provide favourable interest loans for all electrification-related investments and increase the budget of the EIB Frontloading Facility to accelerate the deployment of heat pumps and electric vehicles (EVs). Consider possibilities for stimulating financing of charging infrastructure, such as where market failures like the "chicken and egg" challenge exists for heavy-duty vehicles (HDVs).

4. **Tripartite agreement for electrification**
   - Encourage Member States to adopt Tripartite agreements for electrification, aimed at reducing upfront costs of electrical solutions and help consumers to switch away from fossil-based technologies. This would enable the public sector to mobilise private funds by providing a long-term guarantee against default risk.1

5. **Electrification under security-related funds**
   - Ensure investments into end-use electrification (HPs, EVs, industrial electrification) qualify under security-related funding streams.

6. **Implement ETS 2**
   - Implement ETS2 in a predictable, socially just and politically viable manner by balancing regulatory certainty for investors with adequate protection for vulnerable stakeholders.
   - To this end, prioritise the early and targeted use of ETS2 revenues under the Social Climate Fund to reduce costs for citizens and businesses and support the transition away from fossil fuels to electrification.

A level playing field – taxation

1. **Revise energy taxation**
   - Publish and adopt a legislative proposal on taxation as soon as possible and therein:
     i. Reduce electricity taxes to minimum levels, and remove non-electricity levies, financing these through broader and more neutral sources (e.g. general taxation or carbon revenues), while preserving cost-reflective network tariffs.

2. **Place a reduced VAT on key electrification technologies**
   - Apply reduced VAT on key electrification technologies such as heat pumps, batteries, and smart chargers, following the example of solar panels.

Enabling regulatory frameworks

1. **Electrification as a political target**
   - An indicative EU-wide electrification target tracked through the NECPs with specific KPIs to monitor and forecast electricity consumption for 2030 and 2040.[2]

2. **Industrial Acceleration Areas'**
   - Dedicated electrification acceleration areas, building on the 'Industrial Manufacturing Acceleration Areas' as proposed in the Industrial Accelerator Act to support accelerated electrification in relevant sectors for new and existing industrial clusters by addressing permitting issues and to support grid development and connection.[3]

[1] Eurelectric position on tripartite agreements, 2025. Link here.
[2] Eurelectric post-2030 position paper, 2025. Link here.
[3] Eurelectric position paper on electrification acceleration areas, 2026. Link here.

3. **EU Social leasing scheme**
    - Scale up and develop a European framework for social leasing to support the uptake of clean technologies such as electric vehicles and heat pumps, ensuring that electrification is affordable and accessible for households most exposed to energy and transport poverty. EU funds, such as RRF, Social Climate Fund could be particularly mobilised to support this objective.

4. **Policy and regulatory neutrality**
    - Guarantee that a technology-neutral approach is respected between all decarbonised electricity generation technologies – renewables and nuclear – to secure sufficient electricity supply for the transition. This principle should guide all policy, funding and regulatory frameworks supporting electrification.

5. **Electrification 'knowledge hubs'**
    - Establish consumer platforms for credible information and comparison points on electrification solutions and existing funding opportunities. These platforms could include:
        i. a repository of certified installers for key technologies like heat pumps, EV charging, and photovoltaics.
        ii. 'one-stop shops' covering subsidies, installers, permits, administrative procedures and financing options.

6. **Primary Energy Factor (PEF) for electricity**
    - The PEF for electricity is key when making decisions about energy efficiency investments, which commonly have a long lifespan. To ensure the signal for such investments is consistent, the electricity PEF should be based on the future rather than on the past electricity mix, thus resulting in a value lower than the PEF for fossil fuels.
    - This should be addressed in the current review of the Energy Efficiency Directive (EED).

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