Business Statement on Electrification in the EU

21 May 2026

In the context of the forthcoming Electrification Action Plan (EAP), companies and business organisations representing the whole energy value chain from generators to users across the EU underline the **urgency and importance of scaling up clean electrification** of the region.

This is essential because the 'frontier' of electrification is moving forwards due to faster-than-expected technological development. With **scale-up and deployment in Europe having effectively stalled in the EU for decades**, it urgently needs to do even more to keep up with the innovation race as **other major economies are rapidly seizing opportunities and massively investing in electrification**. As electro-states such as China become leading actors in the electric economy, conferring competitive advantage and electrotech pursues a growing and unstoppable momentum, the EU must remain in the vanguard of building a forward-looking economy that enables the success of emerging resilient, circular, bio-based and digital value chains – from buildings and transport to industrial manufacturing, and consumer goods and services – while shifting away from its risky reliance on fossil fuels.

For too long the EU has been at the mercy of imported and volatile fossil fuels, and we continue to be more dependent than our global competitors including China and the US. The **shift to electrification is a move to a future-proof, innovative, secure and clean economy, with benefits across society**. For households and businesses, this also means reduced exposure to fossil fuel price volatility and more predictable energy costs, strengthening willingness to invest in electrified solutions. It is time to drive forward a positive loop where progressively more clean energy flows into electricity, electrification replaces fossil molecules across industrial and heating sectors, and increased energy efficiency both provides the space for further electrification and stems from new efficient electrification technologies.

The **EU has under-valued its competitive strengths** on which to build for this, which should give it confidence in success, but **also misunderstood the gaps deriving from insufficient EU-level action and commitment**. We have the technology, and it is becoming more price-competitive every day. In key end-use sectors, including mobility (EVs) and heating, upfront price gaps are narrowing rapidly, while total cost of ownership is already lower in many cases, reinforcing consumer demand. **Barriers to driving electrification are now more linked to driving commercialisation and accessibility – both for businesses and consumers**. In order to reap their potential benefits, the EAP should address the challenges of the whole value chain include the following:

- **Investment needs: High upfront investment** to transition from fossil fuel powered devices to electrical ones remains, **despite lower operating and maintenance costs over their lifetime and growing consumer interest**. This, alongside high user **costs**, is due in part to the higher taxation and levies on electricity compared to fossil fuels in a significant number of Member States, and leads to higher electricity costs than other regions of the world. This imbalance dampens consumer uptake of electrified products. **This requires policy to focus on system costs** (e.g. through differential taxes or subsidies that reflect different sector needs (buildings, industry and mobility)) and **end-use efficiency** to ensure sufficient supplies of clean electricity (e.g. via the delivery of building renovation objectives).

- **Regulatory instability** creates uncertainty on the direction of travel in industry and where there is uncertainty, investments stall. Cost-related challenges are amplified by regulatory instability, and by poor targeting and design of support schemes to bridge the funding gap, which prevents sufficient economic signals to incentivise final investment decisions and slows demand growth.

- **Grid constraints:** The improvement of grid connections, both for industrial customers as well as electricity suppliers, is taking too long due both to underutilisation of the existing grid and slow expansion of grid capacity. Pending expansion, a maturity assessment to objectively assess projects in the queue would help ensure appropriate prioritisation while preserving the principle of non-discriminatory access.

- **A robust carbon price is essential for driving decarbonisation:** This requires continued improvement of the implementation of the EU Emissions Trading System (ETS) and maintaining the integrity of the ETS. Strong carbon pricing, supported by a fair redistribution system, ensures a just transition for consumers, provides clear signals for investors and builds confidence for consumers. With the post-2030 framework approaching and the review of the EU ETS scheduled to begin in 2026, maintaining the credibility and stability of the existing system is critical. Many businesses have already invested on the basis of today's framework, and maintaining its integrity is vital for enabling both ongoing and future low carbon investments.

- **Clearer and more consistent communication** is needed to ensure consumers understand the economic, performance and resilience benefits of electrified, fossil-free goods and services, thereby accelerating demand and market uptake.

Signatories underline the need for a clear acknowledgment, endorsed at the highest political levels, that regulatory stability and policy credibility are critical to the EU's competitiveness. There should be a strong focus on implementing what has already been agreed, in order to keep the course of the transition and harvest the benefits of the investments, while maintaining financiers' confidence in the EU – particularly in critical lead markets where competitive advantage and strategic interests lie.

Eroding keystone policies such as CO_2 standards for cars, energy efficiency targets, energy performance of buildings or ETS allowances' phase-out trajectory may well have knock-on effects on critical efforts to drive electrification and therefore future EU competitiveness. The emphasis should now be put on guidance, implementation and shaping the next generation of energy policies to kick in after 2030, rather than on attempts to re-examine agreed legislation.

Leading companies are convinced that with the political will to take decisions and implement policies and financial support on these priorities, **the EU will see not just progress in electrification but associated benefits across the economy and society, for its security and competitiveness.**[1] The EU has a unique model and potential to do this in ways that not only ensure short-term advantages but also demonstrate commitment and smart, pioneering action that can support the global transition.

[1] This vision is shared by many businesses and business organisations, including the We Mean Business Coalition which has just launched the Electric Advantage program with a white paper on the business case for an electrified economy.

Companies are committed to making the EU's clean energy transition one that ensures that the EU builds its security and resilience, competitiveness and affordability, and political and environmental sustainability. **They call therefore for immediate, bold and effective electrification policy actions** to enable investment, financing and scale-up by private sector actors in the EU economy through the following **five priorities**:

- Clear initiatives to drive a more effective implementation of the Clean Industrial Deal through the stronger **EU-level industrial strategy thinking** to reflect the dramatically changed international context, which only increases the uncertainty caused by fossil fuel price volatility as well as European vulnerability to external dependencies. **Fostering decarbonised and resilient domestic energy generation and supply chains serves European security and sovereignty interests.** Electrification is a no-regret choice. Today electricity generation is around 75 per cent decarbonised and this share is meant to reach 100 per cent in the coming years.

- To provide a clear signal for investors and industry to start planning and implementing electrified solutions, **the EAP should propose a robust target for electrification of final energy use in 2040 of 50 per cent at EU level allocated across Member States**. This is a realistic objective given the most recent evidence[2] but reflects the acceleration necessary for the EU to build competitiveness and resilience at the pace required. This would be ensured by dedicated key performance indicators including on the development of grids, to facilitate consistency within and across Member States.

- **A 2040 energy efficiency goal and accompanying legislation to ensure a decrease of fossil fuel consumption through increased energy efficiency uptake.** This will contribute to building **demand for electricity in line with the above target.**

- **Effective and stable economic signals are essential for achieving electrification objectives, complemented by funding to prioritise direct electrification in the new Multiannual Financial Framework (MFF),** notably in the European Competitiveness Fund, the Industrial Decarbonisation Bank and in the Industrial Accelerator Act. Pilot auctions such as the €1 billion Innovation Fund auction to decarbonise industrial heat should be expanded and multiplied, along with additional innovative financing tools (e.g. energy-as-a-service) and political agreements including tripartite agreements on electrification, beyond the first two sectorial ones launched for offshore wind, grids and storage. An efficient redistribution of ETS revenues will play an important role to support long-term decarbonisation investments, in particular for the industry sector. **Preserving the integrity of the EU ETS as a strong economic signal is thus an essential pillar of success.** In addition, to reduce the default risk and enhance Power Purchase Agreements (PPAs), the introduction of credit default guarantees would help, once the European Investment Bank pilot scheme has successfully concluded.

- The Electrification Action Plan should prioritise the **digitalisation of electricity distribution networks**. A smarter, data-driven grid will give businesses and government clearer visibility of real electricity use and future demand, boost flexibility and demand-side response, and enable the efficient integration of more renewables. By strengthening resilience and expanding usable distribution capacity, digitalisation reduces operational inefficiencies and supports a more reliable, investment-ready energy system. Having said this, digitalisation will not solve the need for additional fossil-free electricity production capacity.

[2] Euan Graham, Nicolas Fulghum and Katye Altieri, *Global Electricity Review 2025* (Ember Energy, 2025), https://ember-energy.org/app/uploads/2025/04/Report-Global-Electricity-Review-2025.pdf; International Energy Agency, *Global Energy Review 2025* (IEA, 2025), https://www.iea.org/reports/global-energy-review-2025; European Commission, *Impact Assessment Report, Part 1, Accompanying the Communication "Securing our future: Europe's 2040 climate target and path to climate neutrality by 2050 – building a sustainable, just and prosperous society,"* SWD/2024/63 final. (Brussels: European Commission, 2024), https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52024SC0063.

Organisations supporting the statement