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Understanding the Electrification Action Plan

And why Europe's Technology Industries are essential to its success

Key takeaways

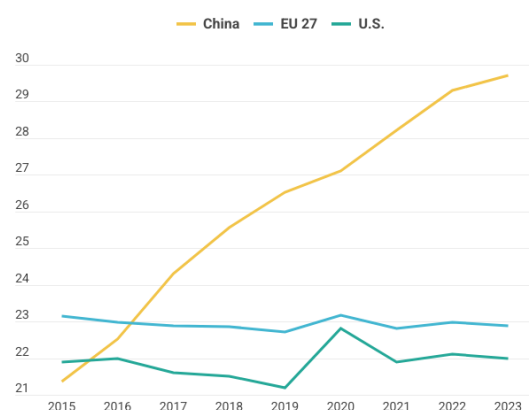
- Electrification is essential for Europe's decarbonisation, energy security and industrial competitiveness but has stagnated in recent years;
- Barriers are affordability, grid access and investment certainty – rather than available technologies;
- The Electrification Action Plan is a political strategy designed to expand the electrification of end uses across Europe and stimulate a movement that has stagnated in recent years.

1.1. What is the Electrification Action Plan?

A political strategy designed by the European Commission to increase electrification of usages in Europe. The Plan includes a list of concrete measures (legislatives or not) aiming at stimulating the use of electricity for heating and cooling buildings, for transport and for manufacturing products and technologies.

Electrification has stagnated for a combination of reasons: The access to affordable, secure and stable electricity remains a challenge, and there is significant variation between Member States in terms of prices and infrastructure. At the same time, Europe is operating with ageing grids and still lacks a truly integrated Energy

Share of electricity in total final energy consumption



Source: IEA, Enerdata, RMI, BNEF.

Eurelectric 2025 Power Barometer

Union. Another challenge is that, after decades of subsidising fossil fuels, there is a need to better inform consumers about the technologies that already exist for electrification and those that are emerging in a continuous drive to find innovative solutions for more efficient and decarbonised energy use.

1.2. Why is the Electrification Action Plan particularly relevant now?

Electrification was initially driven by the need to decarbonise the economy, and it remains one of the fastest ways to achieve emissions reductions, particularly when combined with the deployment of renewable and low-carbon energy sources.

Today, it is a critical energy security issue. Europe's access to fossil fuels is increasingly unstable and our dependence on foreign governments comes at a significant cost. At the same time, investments in renewables and low-carbon energy have proven their value, meaning Europe is increasingly ready to rely on its own energy sources rather than imported fuels. This is why electrification is attracting so much attention today: it can support decarbonisation, improve energy security and help Europe become more independent.

1.3. What does the Electrification Action Plan mean for Europe's technology industries?

For many years, Europe's technology industries have invested in innovation, energy efficiency and technologies that support decarbonisation. As a result, we already produce many of the solutions needed for electrification. These technologies can help industries make better use of local renewable energy sources, participate in flexibility markets and adapt their energy consumption to price signals through smart and automated systems.

In addition, as well as supporting climate and energy objectives, Orgalim believes that the increased adoption and deployment of electrification technologies will strengthen the competitiveness of European industry by helping companies become more efficient, resilient and less dependent on external energy sources.

1.4. If the technologies already exist, why isn't electrification happening faster?

For many industrial applications, especially low- and medium-temperature processes, electrification technologies are already commercially available. The two main barriers are:

1. Electricity prices

The business case for electrification often depends on access to affordable and predictable electricity prices. Many companies have faced significant price volatility in recent years, making investment decisions more difficult.

2. Grid access

Many industrial sites face challenges when connecting to the electricity grid or increasing their available grid capacity. In some cases, companies do not know when connection requests will be processed, creating uncertainty and delaying investment decisions.

While technology readiness is improving, these structural barriers continue to slow deployment.

1.5. How can the Electrification Action Plan help address these challenges?

The Electrification Action Plan can help in several ways. Firstly by sending a strong political signal that electrification is a key part of Europe's future industrial and energy strategy. This is important because it gives businesses greater confidence that investments in electrification are aligned with the long-term direction of EU policy.

Secondly, it can improve the business case for electrification by promoting measures that support electricity affordability and price stability. In particular, it can encourage greater flexibility in the electricity system and explore how network charges can better reward consumers that participate in flexibility markets or act as prosumers.

Finally, the Action Plan can help raise awareness of existing electrification technologies and support ongoing efforts to modernise the grid, ensuring that consumers and industries are better equipped to electrify their operations.

1.6. What would a successful Electrification Action Plan look like from Orgalim's perspective?

Although the Electrification Action Plan is a political strategy rather than a legislative proposal, we hope it will include concrete actions that accelerate electrification across Europe.

For Orgalim, success would mean greater electricity affordability and price stability, stronger support for industrial investments, and increased certainty for businesses considering

electrification projects. This is particularly important when companies face high upfront capital expenditure costs.

We would also like to see a strong link between electrification and energy efficiency. Many electrification technologies can make industrial processes more efficient, so these two objectives should go hand in hand.

Ultimately, a successful Action Plan would create the conditions that allow industries to invest with confidence and deploy electrification technologies at scale.

1.7. What would Orgalim not like to see in the Electrification Action Plan?

Sector-specific or overly-prescriptive approaches that create strict obligations or additional burdens for companies would be a concern. While we support the electrification of our economy as extensively as possible, we must also consider that companies operate in different circumstances. Not all industrial processes can be electrified in the same way or at the same pace, so businesses need flexibility to identify the solutions that work best for them. The Action Plan should therefore provide an open and enabling framework rather than a one-size-fits-all approach.

At the same time, we believe that indicative EU-wide electrification targets could be useful to monitor progress and track Europe's electrification journey, provided they remain aligned with the EU's broader decarbonisation objectives and do not translate into rigid obligations for individual sectors or companies.

Orgalim represents Europe's technology industries, comprised of 770,000 innovative companies spanning the mechanical engineering, electrical engineering, electronics, ICT and metal technology branches. Together they represent the EU's largest manufacturing sector, generating annual turnover of over €2,972 billion, manufacturing one-third of all European exports and providing over 11,9 million direct jobs. Orgalim is registered under the European Union Transparency Register – ID number: 20210641335-88.