Prioritising direct electrification in EU funding for competitiveness and energy security

The Electrification Alliance calls upon EU **policymakers to explicitly anchor direct electrification as a strategic priority across all core European financial frameworks.** This includes embedding this priority directly into the Clean Industrial Deal financing architecture, the ETS investment Booster and Industrial Decarbonisation Bank, the Innovation Fund, including the Heat Auction, the European Competitiveness Fund, and throughout the next Multiannual Financial Framework (MFF).

Achieving long-term industrial competitiveness, strategic autonomy, and climate targets requires a coherent, robust, and fully aligned financial architecture. Yet, existing and forthcoming EU funding instruments frequently lack the dedicated prioritisation needed to accelerate direct electrification: the most cost-effective, secure, and scalable pathway available for European industry, transport, and buildings, with proven and measurable decarbonisation impact.

Beyond driving deep decarbonisation, direct electrification is the ultimate guarantee of European energy security. By replacing imported fossil fuels with competitive, homegrown, and clean electricity, Europe directly reduces its high exposure to geopolitical energy shocks, external supply dependencies, and unpredictable price volatility. According to the EU Electrification Action Plan[1]:

- Scaling up direct electrification to 46% by 2040 could save the EU up to €260 billion per year in fossil fuel imports.
- Switching from conventional gas boilers to heat pumps can lower an average EU household's heating bill by up to 60%.
- Driving a battery-electric vehicle can save up to 78% on fuel costs per kilometre compared to an equivalent fossil-fuelled car, with broader EV adoption projected to shave billions off annual oil import bills.

According to Agora Industry[2], over 60% of current industrial process heat demand can already be directly electrified using commercially mature technologies available today, reaching up to 90% by 2035. Public capital expenditure and financial guarantees must continue to preserve already electrified segments of industry, enable further decarbonisation, and target projects that directly substitute fossil fuels with clean electricity. This approach ensures resources are not diluted by transitional or fossil-based technologies that lack scalability and carry uncertain costs and decarbonisation value.

Moreover, adapting EU funding instruments and de-risking private finance will be essential to enable the investments needed for electricity grid expansion and upgrades across Europe.

---

[1] European Commission, "Electrification Action Plan", accessible here.

[2] Agora Industry, "The business case for electrifying industrial heat", accessible here.

Eased, timely and sustainable access to capital and strengthening equity support for project developers is critical to maintaining strong credit ratings amid rising investment volumes.

Clean electricity generated within our borders is the backbone of a decarbonised, secure, and competitive European economy. To safeguard our industrial future and shield our citizens and businesses from external energy crises, EU funding instruments must back the most mature, efficient, scalable, and secure solution available today.

The Electrification Alliance urges the European Commission, the European Parliament, and EU Member States to embed direct electrification as the core strategic compass of Europe's investment strategy.

The Electrification Alliance is a coalition of leading associations who believe that electricity is the key energy carrier for an efficient, decarbonised, and cost-effective European future. Our alliance brings together experts from renewable energy, transport, heating, grid infrastructure, and electrification technologies, united by a shared vision: a future where electricity drives Europe's energy system, reducing emissions, enhancing energy efficiency, and ensuring affordable power for all.

For more information about the Electrification Alliance: electrification-alliance.eu

ELECTRIFICATION
ALLIANCE