

Europex Position on the Electrification Action Plan

Brussels, 20 November 2025

Europex welcomes the European Commission's initiative to develop an EU Electrification Action Plan as part of the Clean Industrial Deal and the Action Plan for Affordable Energy. We support the overall political goal of advancing electrification and decarbonisation as key pillars of Europe's transition toward a clean, secure and competitive energy system.

Given the cross-border nature of energy markets and infrastructure, we agree that the challenges identified are best addressed at the European level.

1. Barriers to Electrification

We broadly agree with the barriers identified in the Call for Evidence. From our perspective, cost-related and infrastructure-based challenges are the most critical and where our members bring substantial expertise and experience.

- **Cost-related barriers:** the current cost structure for electricity, particularly comparing the price of electricity to the price of the fossil fuel to be replaced, remains a major obstacle to electrification. Network tariffs, levies and taxes distort relative price signals.

Our members play an essential role in price discovery through transparent, liquid competitive wholesale markets. The EU's internal electricity market has proven instrumental in delivering transparency, efficiency and competitive prices across Member States. Maintaining and strengthening this market design will be key to ensuring that electrification progresses cost-effectively.

We underline the importance of technological neutrality in all policy measures to avoid a distortion of investment incentives. Market-based competition among technologies, guided by accurate price signals, will ensure that electrification develops where it brings the highest value to the system and consumers.

- **Infrastructure-based barriers and flexibility:** flexibility is another central enabling factor for electrification. The successful integration of increasing shares of renewable generation and electrified demand requires well-functioning flexibility markets, supported by transparent, consistent and market-based rules. At best, such markets are organised by neutral entities with proven expertise and a clear track record to develop new markets, define products that meet the requirements of both sellers and buyers and master the interplay with other existing markets to avoid negative spillover effects.

We strongly encourage the Commission to continue the work on the Network Code on Demand Response (NC DR) and to promote its swift and coherent implementation across Member States. This will help unlock the full potential of flexibility services offered by a wide range of market participants.

In this context, we caution against the introduction of parallel instruments such as peak-shaving products outside existing market frameworks. Such products risk distorting price signals, fragmenting liquidity and undermining the efficiency of wholesale markets. In general, all flexibility should be valued within integrated, transparent market structures, not through administrative interventions.

- **Infrastructure based barriers and grid expansion -efficient usage of the network:** in the long term, grid expansion is the backbone of electrification — it ensures that clean, reliable and affordable electricity can reach everyone and power the transition to a sustainable energy future. Therefore, it supports the broader transition away from fossil fuels.

A broader grid also increases the robustness of the infrastructure that will become even more important to European societies as it allows power to be rerouted when parts fail, avoiding or reducing blackouts. A reasonable expansion ensures that infrastructure can handle extreme cases and load shifts sustainably.

We urge that it is essential to make additional grid capacities available to the market to enable cross-border exchanges to allow for their full and efficient use for the benefit of European industry and consumers.

This being said, grid investments are long-term solutions to tackle congestions considering their costs and the time of construction. Thus, it is of utmost importance also to optimise the usage of the existing grid system and to support the active participation to the wholesale electricity markets of the distributed resources that are already in place.

2. On the Anticipated Impacts of the Electrification Action Plan

While we share the objectives described in the Call for Evidence, we believe the section titled “Likely impacts” should be approached with caution.

First, as explicitly noted by the Commission, the Electrification Action Plan is not accompanied by an impact assessment. Therefore, the expected “impacts” should not be presented as analytical findings, but rather as objectives or desired outcomes.

Second, the impacts currently listed appear more as a wish list than as empirically substantiated consequences. They largely mirror the challenges identified earlier in the document—indicating that these are conditions to be achieved, not automatic effects of adopting the plan.

We fully support these aspirations, such as enhanced energy security, lower costs and increased flexibility, but caution that these outcomes will depend on effective policy implementation and well-functioning markets.

In this respect, marketplaces and prices provide a crucial feedback mechanism to assess progress toward these goals. Transparent market outcomes should be used as a benchmark to evaluate whether the plan's objectives are being met.

3. Proposed Instruments and Measures

We support many of the measures outlined in the Call for Evidence. The emphasis on flexibility, market-based incentives, cross-border integration and the development of storage assets aligns well with our vision for a modern, efficient and resilient European electricity system.

However, we wish to make several key points:

- **Flexibility limits:** It will not be possible to render all demand fully flexible. Policymakers should recognise this inherent constraint to avoid unrealistic expectations.
- **Accurate and time-based pricing:** Electricity prices should reflect real-time system conditions and scarcity in every market time unit. Consumers should have the opportunity to hedge their peak-time exposure with effective, market-based instruments, fostering both predictability and efficiency.
- **Locational signals:** The suggestion that new demand should be located close to clean energy generation installations requires further clarification. While system optimisation is desirable, policies that prescribe or constrain demand location could risk distorting investment signals, undermining competition, or conflicting with internal market principles.

Conclusion

We strongly support the Commission's efforts to accelerate electrification across Europe and to create the conditions for a clean, competitive and integrated energy system.

We urge the Commission to:

- Maintain and strengthen the integrity of the internal electricity market as the foundation for cost efficiency and transparency;
- Continue the development of flexibility frameworks such as the NC DR and integrate all flexibility products within market-based mechanisms;
- Avoid measures that distort price signals or fragment liquidity; and
- Ensure that objectives and expected outcomes are clearly framed as goals, accompanied by transparent market-based evaluation mechanisms.

Through these actions, the Electrification Action Plan can effectively advance Europe's decarbonisation goals while safeguarding market efficiency and consumer value.

About

Europex is a not-for-profit association of European energy exchanges with 37 members. It represents the interests of exchange-based wholesale electricity, gas and environmental markets, focuses on developments of the European regulatory framework for wholesale energy trading and provides a discussion platform at European level.

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