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NOTE

From: General Secretariat of the Council
To: Delegations

Subject: AOB for the meeting of the Transport, Telecommunications and Energy Council on 26 June 2026
Ensuring the right incentives to accelerate electrification
- Information from Denmark, France, the Netherlands and Sweden

Ensuring the right incentives to accelerate electrification

The signatories strongly welcome the forthcoming Electrification Action Plan announced by the Commission and support its objective to accelerate electrification across the buildings, transport and industry sectors. Reducing Europe's dependence on imported fossil fuels is essential to strengthen our strategic autonomy, deliver on our climate objectives, and protect both the purchasing power of European consumers and the competitiveness of the industry.

The conflict in the Middle East once again highlighted our vulnerability to fossil fuel imports. Over half of energy consumed in the European Union (EU) is imported fossil fuels, representing almost EUR 340 billion in imports in 2025. **This dependence severely undermines our energy security, and exposes our economies to disruptions beyond our control.**

It also exposes European consumers and businesses to severe price volatility. The weighted average diesel price in the EU rose by nearly one third in just two months between the start of the conflict and the announcement of a ceasefire. Such fluctuations directly affect households, while SMEs and industrial sectors face unpredictable cost increases and declining competitiveness.

By importing fossil fuels, Europe mechanically imports external crises. **Accelerating electrification and fossil free power production is therefore the most effective and durable response to reduce our exposure to repeated external shocks, whilst continuing to pursue our decarbonisation targets.**

In times of growing geopolitical uncertainty, European decarbonisation policy should take a decisive turn towards domestic and sovereign energy production sources, the deployment of all decarbonized sources – both renewable and nuclear, to electrify the building, transport and industry sectors. Electrification and the consequent reduction of imported fossil fuels shall thus become a central axis of the EU policies while ensuring resource adequacy. We call the Commission to include in the forthcoming revision of the post-2030 framework the means to ensure a clear reduction of imported fossil fuels through a massive and quick electrification. The development of electric mobility in particular should be accelerated by encouraging the acquisition of electric road vehicles, electric railway rolling stock and electric boats, and the electrification of port facilities.

However, we are convinced that the success of the EU Electrification Action Plan will also depend on the coherence and long-term stability of the European policy framework. Three conditions are essential to ensure that the EU Electrification Action Plan delivers the greatest impact:

- 1) First, **clear and consistent regulatory signals are essential to accelerate the deployment of electric technologies**, notably heat pumps (both residential and industrial) and electric vehicles. Unlike other regions, Europe chose regulation as the main tool to deliver its energy transition. This approach can only be successful if regulatory signals are seen as credible by the market. While electric technologies are mature, effective and already deliver concrete increase in purchasing power, a predictable and stable framework is necessary to drive investments and consumer uptake. **In particular, the revision of the CO₂ performance standards for cars and vans, as well as the upcoming revision of the CO₂ standards for heavy-duty vehicles planned for 2027 must preserve and create the conditions for a clear and ambitious electrification trajectory.** Weakening this framework would delay purchasing decisions, slow down electrification, harm investor certainty in electric technologies in Europe, and undermine the long-term competitiveness of the European automotive industry. The Commission's proposal of December 16th includes a step in the right direction: it ensures that the CO₂ standards regulation is both ambitious and supports European value creation and resilient value chains. It also crucially provides regulations and incentives designed to boost demand from households, transport users and businesses, which improve affordability and access to electric mobility through their contribution to the second-hand market.

- 2) Second, **electrification must build on a coherent and incentive-based market framework.** At a time when they are facing repeated attacks, the signatories wish to reiterate that the **EU's electricity market design and the carbon market (ETS 1) are central elements of the European Climate Policy which make the transition away from fossil fuels economically viable.** They structure investments in clean and domestic electricity production capacity – both renewable and nuclear – optimise the dispatch of generation assets and ensure our security of supply. Weakening this framework would create massive regulatory uncertainty, delay investment and ultimately increase our dependence on imported fossil fuels. We call for the forthcoming revision of the ETS directive to reinforce the EU ETS, in order to improve visibility for economic actors, enable the achievement of European climate objectives, and ensure the competitiveness of the European economy. We call the Commission to strongly limit the deviations to the electricity market design, as well as distorting subsidies to production or consumption of electricity, to the recently adopted temporary measures limited to the time of the Hormuz crisis.
- 3) Third, **electrification must strengthen Europe's industrial base.** Europe has already built significant manufacturing capacity for electric technologies. For instance, annual heat pump production alone could reach up to 8 million units, up from around 2.5 million today. Equally, estimates show that up to 2030 we will need to install over 30 million EV charging points. But without the right policy incentives, factories will stand idle, investments will stall and jobs could be lost. Maintaining the regulatory framework adopted in the EU's 'Fit for 55' package will in particular be essential for the emergence of these industries. Ongoing discussions, including on the **Industrial Accelerator Act, should take into account that electrification is an important driver of technologies made in Europe – as defined in the Industrial Accelerator Act - support European plants, and strengthens domestic value chains** for all electric, net zero and low carbon technologies. Reducing dependence on fossil fuels must not simply replace one dependency with another, this time on imported clean energy technologies.

To harness the full potential of electrification, we therefore call to preserve the right incentives across the European policy framework to drive low-carbon investments, support demand for electric technologies and promote value creation in Europe. **Europe cannot afford to weaken the very conditions that make electrification possible.**