Position Paper

Proposals for an EU Electrification Action Plan

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Position

Executive Summary

- **Strategic imperative and approach:** SGI Europe views the EU Electrification Action Plan as an important pillar for achieving climate neutrality by 2050. The action plan must be **adaptive, fair, and based on technology neutrality**, supporting all pathways to decarbonisation that meaningfully contribute to emissions reduction goals.

- **Decelop a Tripartite Electrification Agreements:** SGI Europe advises to develop a mechanism for voluntary **Tripartite Electrification Agreements** to overcome the barrier of high upfront costs for smaller consumers (undertakings and households). This involves mandating public or private entities to **pre-finance investments** with repayment spread over time, while the State provides a **long-term guarantee** against default risk to mobilise private funds.

- **Safeguard workforce resilience and skills:** As this plan is being formulated, SGI Europe calls upon the EU Institutions to ensure a ready and resilient workforce that is cable to realise this transition on the ground. Additionally, a **structured EU Climate and Energy Dialogue** with EU Social Partners must accompany the implementation of this action plan to manage workforce adaptation and skill development that aligns with the "Union of Skills" goals.

- **Ensure a stable and targeted social funding:** To ensure a socially fair transition, SGI Europe calls for maintaining and strengthening the **Social Climate Fund** to address the regressive impacts of carbon pricing (ETS II) on vulnerable households, and sustaining the **Just Transition Fund (JTF)** to mitigate job losses and economic upheaval in regions dependent on high-carbon industries.

- **Plan a technology-neutral financing plan:** A robust financial framework is required, urging the **mobilisation of ETS revenues** to boost electrification and calling for adequate dedicated funding for infrastructure modernisation (e.g., via CEF and ERDF). Resource allocation must adhere to the principle of **technological neutrality**, supporting all low-carbon sources.

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SGI Europe- Proposals for an EU Electrification Action Plan

SGI Europe, as a cross-sectoral organisation representing employers of Services of General Interest (SGIs) and public services, welcomes the European Commission's approach in setting up an EU Electrification Action Plan. The transition to a climate-neutral economy by 2050 is a strategic imperative, and electrification is an important pillar of this transformation. SGI Europe's members, operating in energy, transport, housing, water, and waste management, amongst others, are fundamental in supporting the EU's long-term strategy.
SGI Europe advocates for an Electrification Action Plan that is **adaptive, fair, and based on technology neutrality**. An EU framework must remain open to diverse low-carbon technological solutions, supporting all pathways to decarbonisation provided they meaningfully contribute to emissions reduction goals. To ensure a successful and socially fair transition across all sectors and regions, we propose the integration of three key aspects: a proposal for a mechanism for **Tripartite Electrification Agreements**, a **resilient workforce** and **sustainable finance structure** to mobilise the transition.

Proposal for Tripartite Electrification Agreements

As the need to phase out fossil fuels grows, driven by energy security, competitiveness, and decarbonisation, the challenges faced by both actors of the energy sector and consumers are becoming increasingly significant. Achieving these goals requires a robust framework to support the transition of economic activities.

Through its recent or upcoming initiatives, such as the Industrial Decarbonisation Bank, the Industrial Accelerator Act, and the Electrification Action Plan, the Commission has made clear that the path forward lies in prioritising electrification based on decarbonised energy sources. However, the Commission's focus is on large industries and does not address smaller consumers (ranging from SMEs over small industries to households).

In most cases, high upfront costs remain the primary barrier to the wider adoption of key technologies (e.g. electric vehicles, heat pumps, charging infrastructure, and industrial electrification). While a wide range of support schemes already exist on both national and EU levels, including direct purchasing incentives, public funding, and leasing options, their long-term impact has often been too limited, particularly for smaller consumers. This is largely due to a low level of information among potential recipients, poor targeting, suboptimal design, and a lack of funding and consistency in the aid mechanisms.

To reduce upfront costs and accelerate mass adoption, SGI Europe supports the idea of developing a mechanism for **Tripartite Agreements for Electrification,** which would fit in the framework of the services of general economic interest. The aim is to incentivise Member States, on a purely voluntary basis, to mandate one or several public or private entities to promote electrification as a public good and participate in a non-distortive manner with regards to the internal energy market in its financing through supporting customers in switching to electrical appliances and services.

This entity would:

- Raise awareness among customers for the benefits of electrification, for the EU's competitiveness, for energy security and for decarbonisation to support the energy transition;
- Aggregate small-scale projects and procurement (enabling lower interest rates);
- Where applicable, pre-finance electrification investments with repayment spread over time:
- Offer or channel a range of technical and practical solutions for transport, industrial processes or heating and cooling, including automation and flexibility.

The State would not directly finance the investment costs of electrical appliances but would incentivise the **mobilisation of private funds** by providing a long-term guarantee against default risk, which evidence shows to be very limited and therefore would have only a limited impact on public finances. It could also offer loans at preferential interest rates, in consideration of the positive side effects of electrification.

All types of energy appliances and devices can be considered e.g. for the following purposes (but not limited to): heating, hot water production, cooling, cooking, and transport (buses, trains, riverboats).

This mechanism would build upon existing frameworks like EPBD's one-stop shops, streamline and reinforce what already exists and support the ETS2 implementation for smaller consumers by mitigating the transition costs.

Ensuring a ready and resilient workforce

The speed and scale of the energy transition require a corresponding effort to adapt to the European workforce and ensure employment stability. SGI Europe urges the Commission to recognise the ongoing critical need for a workforce equipped with the right skills to manage, maintain, and expand the increasingly complex and digitalised energy infrastructure.

Key actions to secure a ready workforce:

- **Structured EU Climate and Energy Dialogue:** The Electrification Action Plan must be accompanied by a call for an **EU Climate and Energy Dialogue with EU Social Partners** to facilitate workforce adaptation, skill development, and employment stability. Social partners are essential for developing a socially acceptable and fair transition model.
- **Remain the focus on green skills:** The "**Union of Skills**" from March 2025 aims to support the **roll-out of EU skills academies** to provide the skills needed for the green transition and the Clean Industrial Deal. SGI Europe supports this effort and calls for the Commission to align the recent communication on the Union of skills and connect it with the Electrification Action Plan.
- **National social dialogue for critical infrastructure: National social partners must be empowered** to increase the **visibility of occupations** in sectors crucial for critical infrastructure, especially those facing low attractiveness for young people. Furthermore, **better transversal coordinated national plans** among different sectors and labour markets are necessary to safeguard quality jobs for the transition and provide a dedicated institutional framework for national social partners' coordination.

Create a stable and targeted EU Transition funding

A robust and stable financial framework is indispensable to achieve the EU's ambitious climate targets and support the transition towards decarbonised and low-carbon energy technologies.

The **EU Social Climate Fund** is a structurally vital asset as it is the primary instrument designed to directly address the regressive impacts of both climate change effects and climate mitigation policy, specifically the extension of carbon pricing under the Emission Trading System (ETS), on vulnerable households in the key sectors of energy, transport, and housing. It is a structural necessity that ensures that financial means and political accountability are in place to address the interconnected crises of climate change, infrastructure vulnerability, and social inequality.

Furthermore, the **Just Transition Fund (JTF)** continues to be a vital instrument for poverty prevention by structurally addressing the economic upheaval caused by climate transition policies under the EU Green Deal, especially the Energy Performance in Buildings Directive (EPBD), Energy Efficiency Directive (EED) and the Renewable Energy Directive III (REDIII). It supports regions dependent on fossil fuels and high-carbon industries, directly mitigating job losses and economic collapse. By funding re- and upskilling, as well as support for inclusion of policies and energy-efficient technologies, the JTF helps to prevent communities from falling into poverty. It ensures that the costs of climate transition are shared fairly, transforming vulnerable regions into resilient, diversified economies.

To ensure a continuous and stable support for the transition, SGI Europe calls for:

- **Maintain and strengthen the social climate fund:** The fund is a **structural necessity** to address the **regressive impacts of carbon pricing (ETS II)** on vulnerable households in the key sectors of energy, transport, and housing, ensuring financial means and political accountability to manage climate, infrastructure, and social inequality crises.
- **Sustain the Just Transition Fund (JTF) for poverty prevention:** The JTF is a **vital instrument for poverty prevention** by structurally mitigating the economic upheaval and job losses in regions dependent on fossil fuels due to EU Green Deal policies (e.g., EPBD, EED, REDIII). It contributes to a fair sharing of transition costs by funding re-skilling and technology adoption.

Furthermore:

- **Mobilisation of ETS revenues:** The significant revenues generated by the **EU ETS I and II** must be a crucial leverage point to boost the development of a sustainable electrification path and other decarbonising technologies infrastructures.
- **Adequate dedicated funding:** A **dedicated and adequate financial framework** is needed for infrastructure expansion and modernisation, including an adequate budget for the **Connecting Europe Facility (CEF),** especially for the energy sector. The mobilisation of the **European Regional Development Fund (ERDF)** should also prioritise decarbonisation technologies.
- **Technology-neutral allocation:** The principle of technological neutrality must extend to the allocation of EU resources, ensuring all low-carbon sources, including efficient waste energy and waste-to-energy technologies, low-carbon hydrogen, CCS/CCU and nuclear energy, are supported on a **level-playing field**. This flexibility allows Member States to adopt the most efficient and locally relevant technologies with regards to the diversity of national energy mixes.