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REGULATORY
ASSISTANCE PROJECT

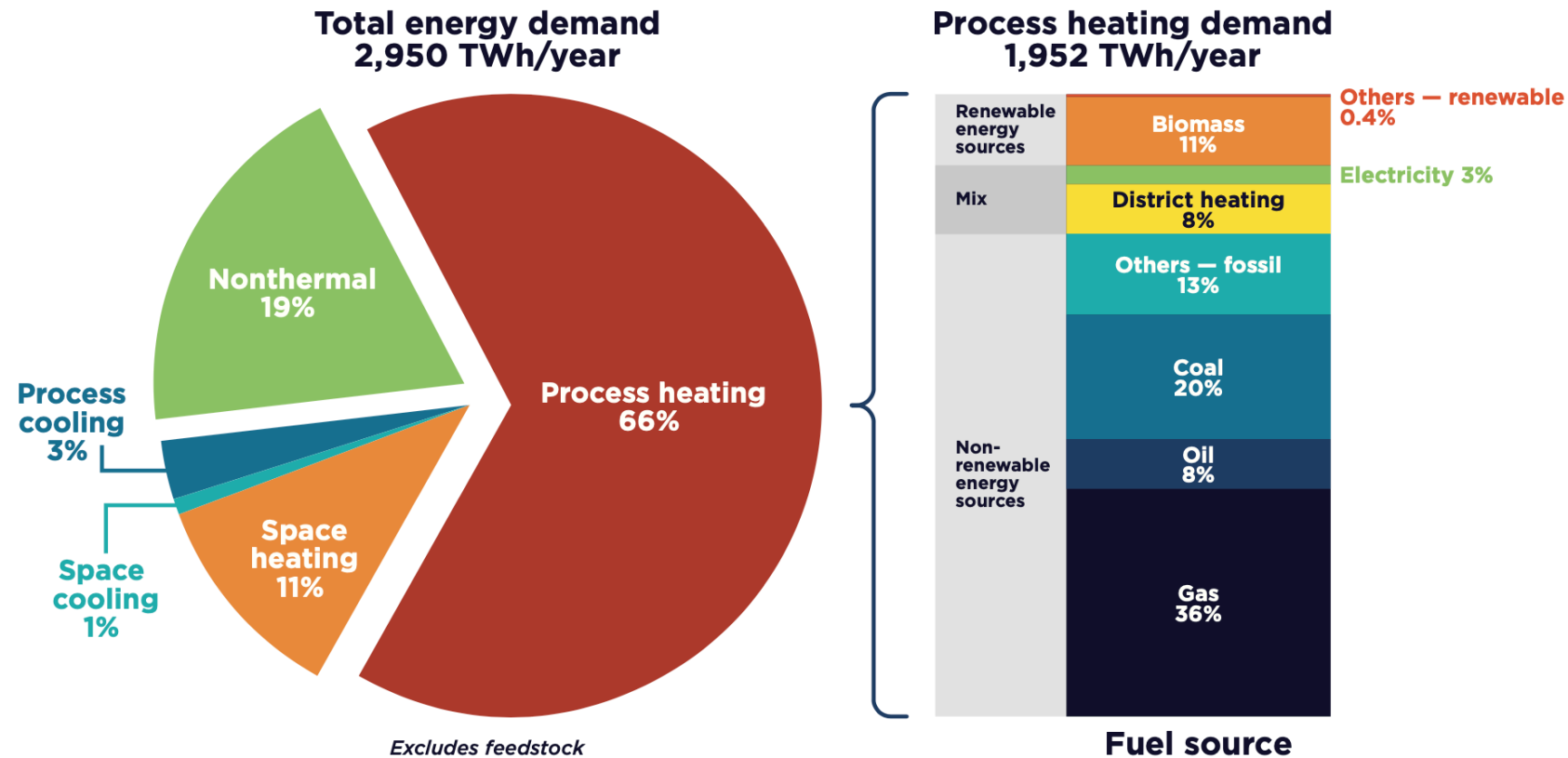
11 December 2024

Some like it hot: moving from industrial electrification potential to practice

Agora/RAP industrial electrification

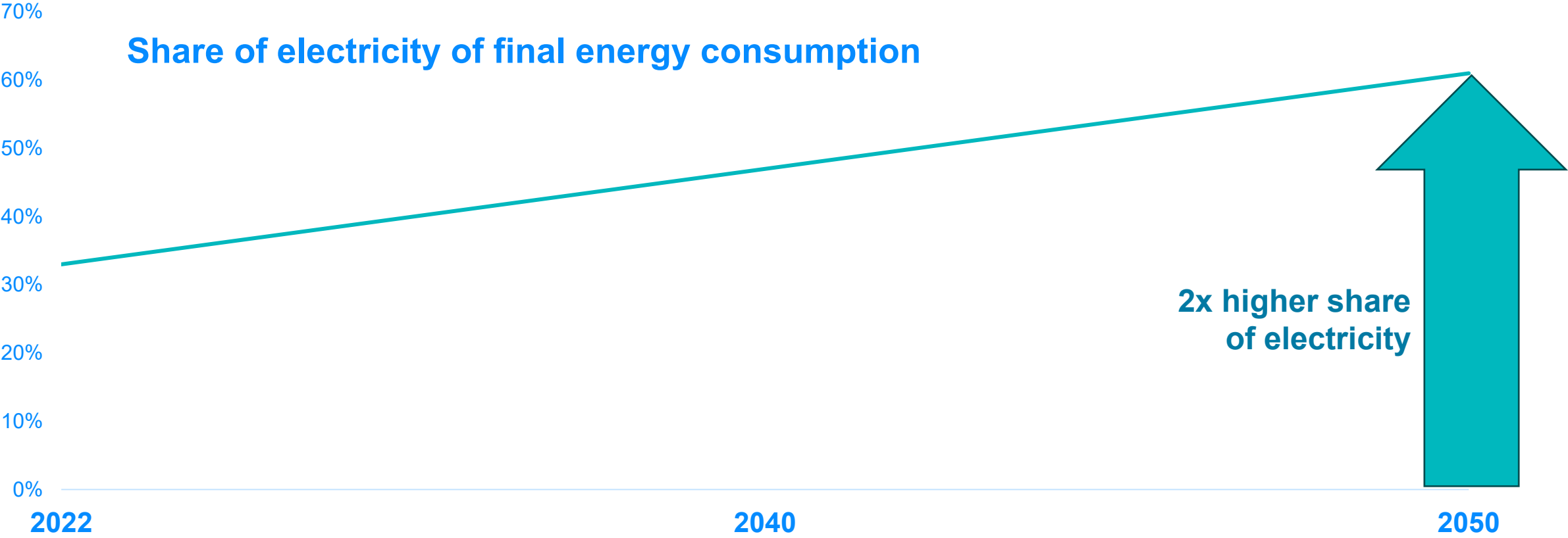
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78% of Europe's industrial process heat is fossil with only 3% from electricity



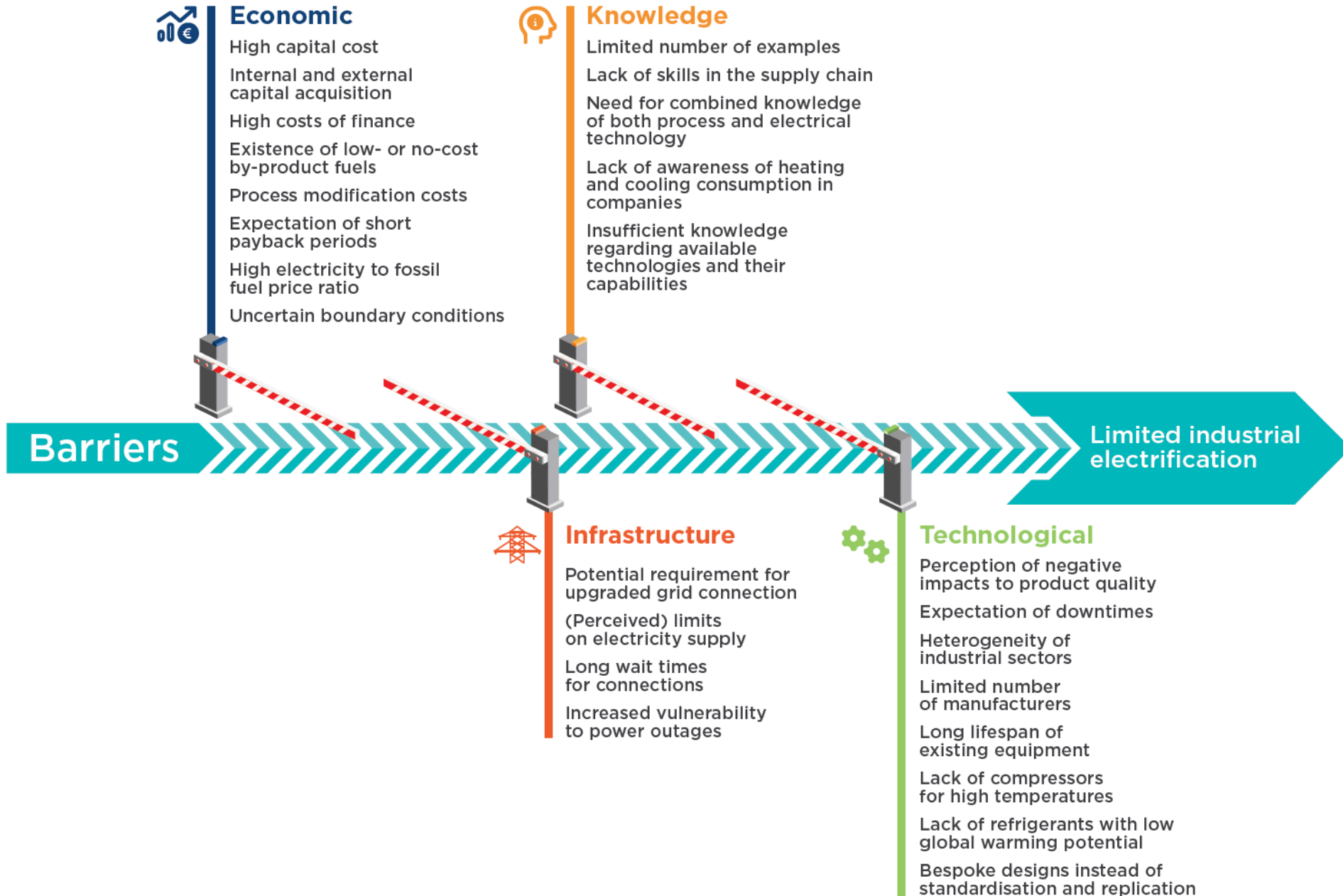
Source: de Boer et al. 2020

EU industry electrification under 90% GHG reduction target by 2040 and climate neutrality by 2050

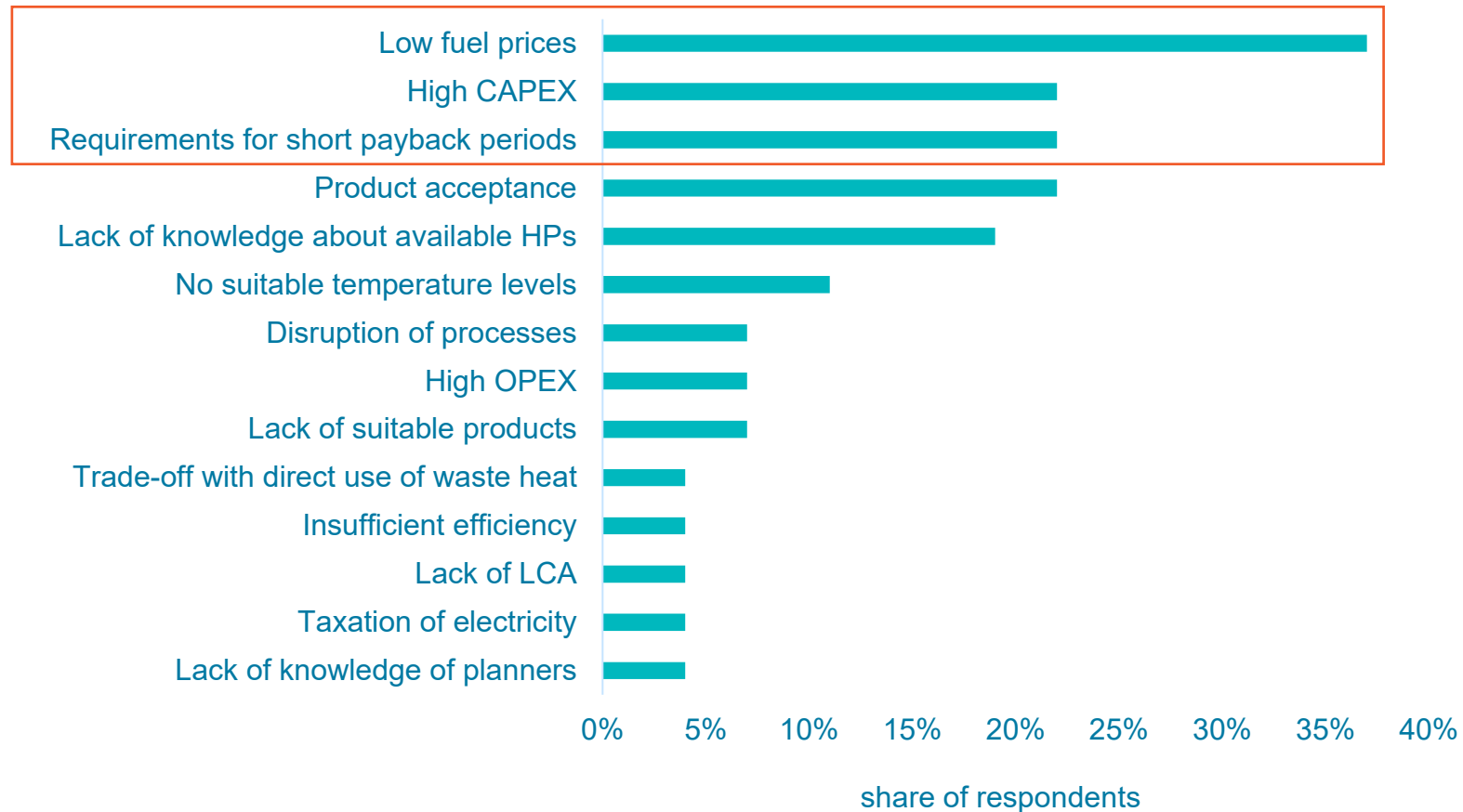


Source: European Commission 2024

Barriers to industrial electrification

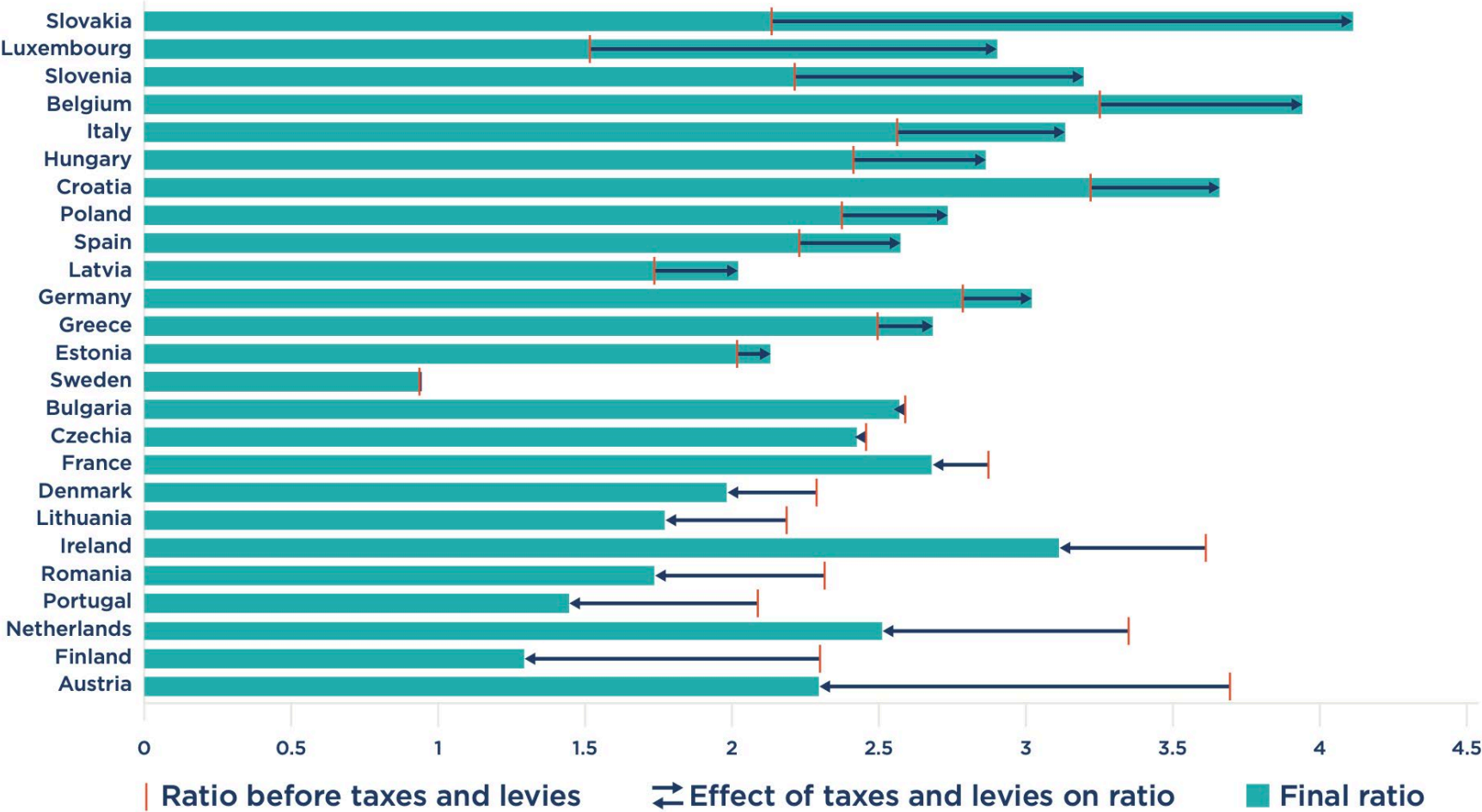


Challenging economics identified as key barrier to deployment of industrial heat pumps



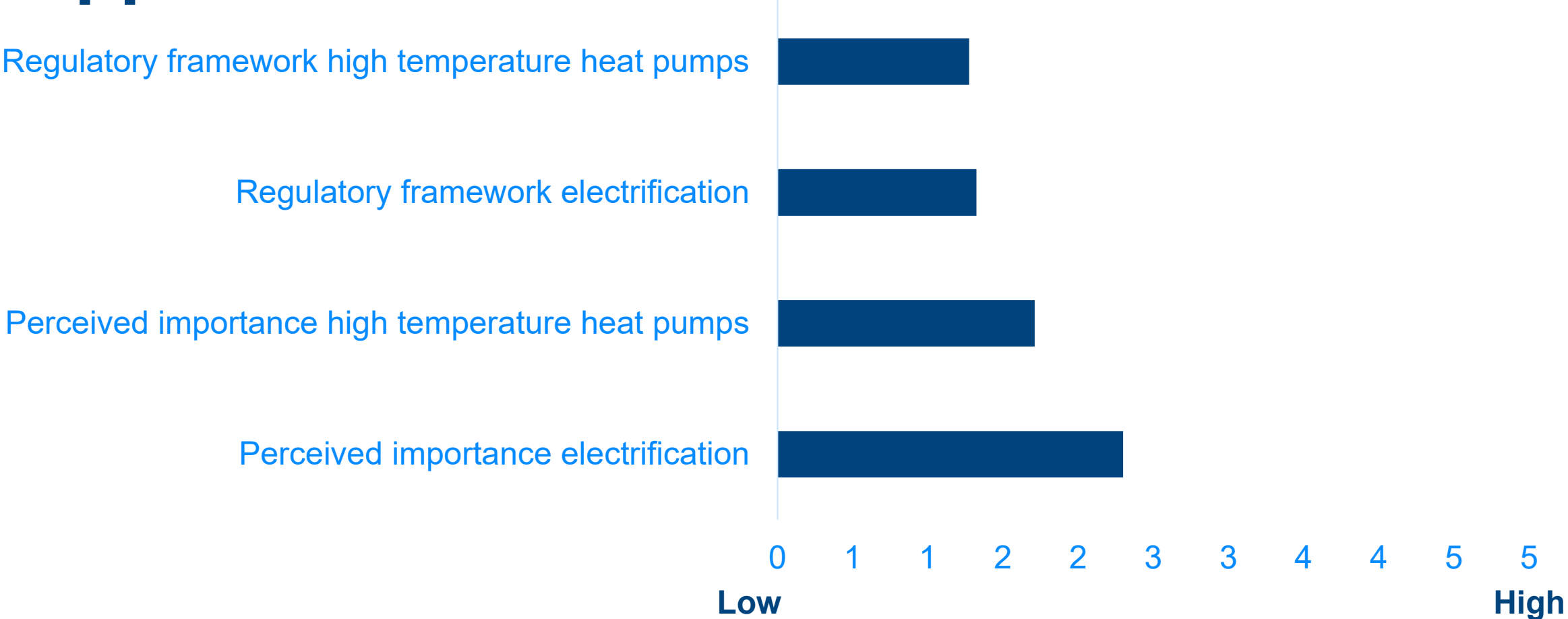
Source: Wolf et al. 2017

Aligning tariffs, taxes and levies with electrification



Data source: Eurostat. (2024). Energy Statistics – Prices of Natural Gas and Electricity

Expert survey scores show poor policy support for industrial electrification





10-point action plan for industrial electrification

1. Include a clear focus on industrial electrification with help of a high-profile **task force**. The task force would develop ideas for advancing industrial electrification in Europe.
2. Set industry **electrification targets** in line with achieving 60% industrial electrification by 2050 complemented with clear roadmaps for industrial subsectors.
3. Set tighter **standards** on new industrial installations through Industrial Emissions Directive.
4. **Support Member States** in creating a favourable climate for investments in industrial electrification. Provide guidance on rebalancing taxes and levies on electricity and fossil fuels and how Member States could provide financial support to industry.
5. Ensure **state-aid guidelines** do not pose a barrier to industrial electrification, by allowing operational support for direct electrification and by highlighting options in the guidance given to Member States.

10-point action plan for industrial electrification

6. Fully consider industrial electrification in the implementation of the **Action Plan for Grids**.
7. Support improved access for industry to **demand-side flexibility markets**.
8. Launch a **study on how electrification can drive industrial competitiveness** in the EU.
9. Ensure **EU funding programmes** support industrial electrification, including through earmarked funds and improved fund accessibility.
10. Ensure adequate **support for small and medium-sized enterprises** through intermediaries and the sharing of good practices. Improve funding accessibility through project bundling, standardisation or reduced administrative requirements.

Some like it hot: Moving industrial electrification from potential to practice

Jan Rosenow, Sem Oxenaar and Elian Pusceddu





About RAP

Regulatory Assistance Project (RAP)[®] is an independent, global NGO advancing policy innovation and thought leadership within the energy community.

Learn more about our work at raponline.org

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