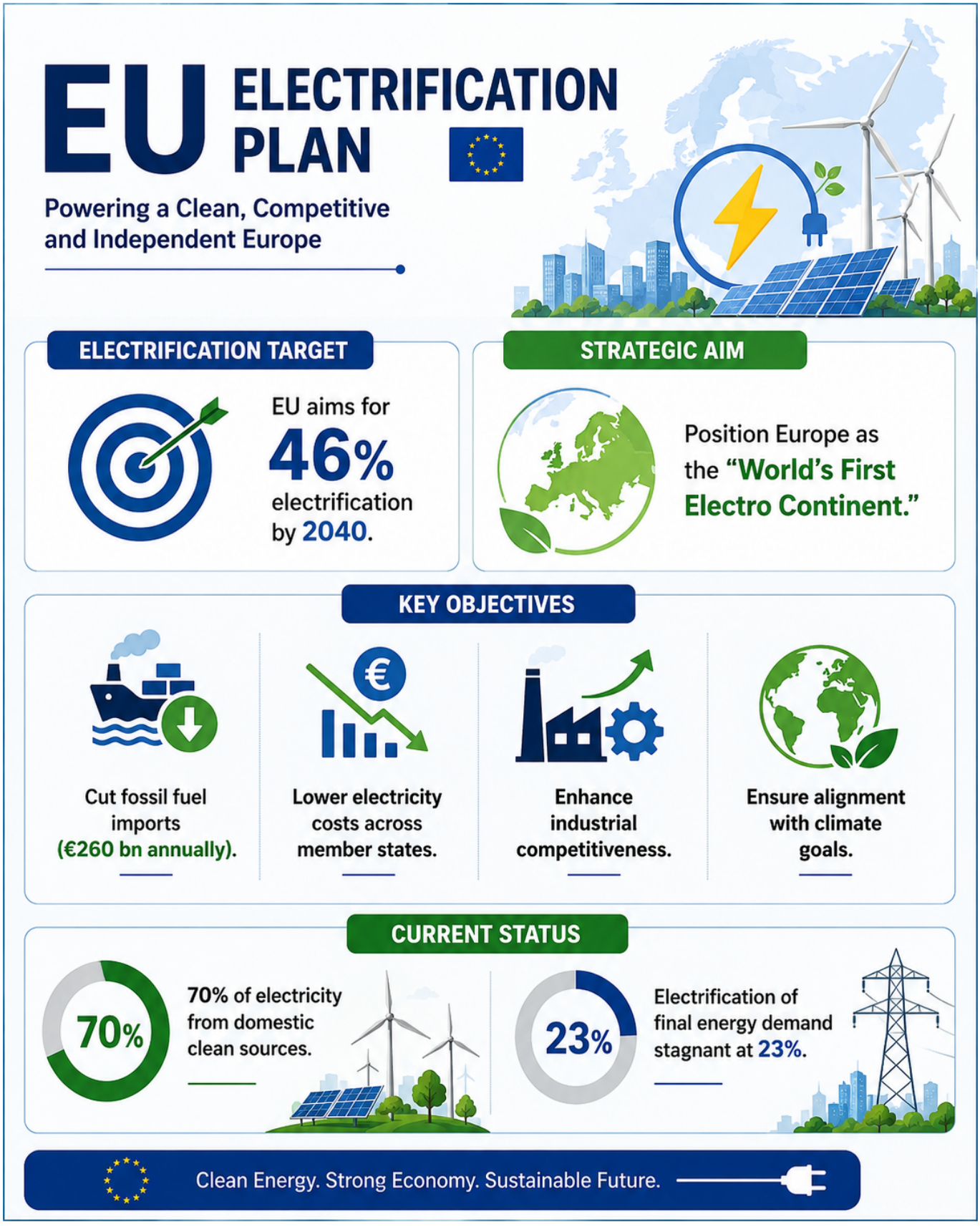
EU Electrification

Prelims: *Current events of national and international importance | Environment*

Why in News?

Recently, the European Commission has proposed an ambitious plan to raise the European Union's electrification rate.

- **Electrification Target –** European Union aims for *46% electrification by 2040.*
- **Aim –** To position Europe as the *"World's First Electro Continent."*
- **Key Objectives**
    - To reduce annual fossil fuel imports, currently valued at €260 billion.
    - To lower overall electricity costs across member states.
    - To enhance the competitiveness of European industries.
    - To ensure alignment with established climate targets.
- **Current Status –** Currently, 70% of electricity is generated from domestic clean energy sources.
- Electrification of final energy demand *remains stagnant at 23%.*



Electrification Action Plan

The primary focus is to reduce costs and accelerate the adoption of electrification.

- **Measures**

- To reduce the price disparity between electricity and natural gas.
- To reduce taxes and network charges for industrial consumers.
- To accelerate the deployment of smart meters.
- To utilise financial instruments such as social leasing, ETS support, the Social Climate Fund, and the Clean Heat Market.
- To expand electricity grids through the implementation of the Grids Package.
- Investment in clean tech manufacturing, supply chains and workforce skills.
- **Economic & Social Impact**
- Electric vehicles are *78% less expensive* to operate compared to fossil fuel-powered cars.
- Heat pumps can reduce household heating bills by up to 60%.
- These initiatives have the potential to create several hundred thousand new jobs.

Reference

Down to Earth | EU targets 46% electrification by 2040