

Europe's Electrification Action Plan is a Call to Private Capital

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The European Commission's new Electrification Action Plan is more than another climate policy. It is a long-term investment roadmap that gives private capital greater confidence to finance Europe's next generation of clean energy and electrification enabling infrastructure. It is a comprehensive industrial policy that places electrification at the heart of Europe's future competitiveness, energy security and economic resilience. For private capital, it provides perhaps the clearest policy signal yet that the next decade will demand unprecedented investment in enabling infrastructure.

Europe's challenge is stark. Electrification has stalled at just 23% of final energy consumption for the past decade, while countries such as China, Japan and South Korea have already exceeded 30%. The Commission is now proposing an indicative target of 46% electrification by 2040, recognising that Europe cannot achieve energy independence or industrial competitiveness without dramatically increasing the role of electricity.

This matters because electrification is not simply about building more renewable generation. Every additional gigawatt of wind or solar requires complementary investment in storage, transmission, distribution and flexibility services. The Action Plan acknowledges this explicitly. It identifies storage as essential to a reliable, affordable electricity system and sets out a pathway to increase installed storage capacity from around 55GW today to 200GW by 2030 and 500GW by 2040.

Grid infrastructure receives equal prominence. Faster grid expansion, improved connection regimes, greater deployment of flexibility, smarter network charging and better utilisation of existing infrastructure are all identified as priorities. The European Commission has separately estimated that delivering Europe's electricity grids will require around €1.2 trillion of investment by 2040, including €730 billion in distribution networks alone¹. The Electrification Action Plan reinforces the policy framework needed to mobilise that capital while accelerating investment in storage, flexibility and clean power infrastructure

The Commission also proposes reforms to facilitate battery integration, demand response, long-duration storage and more efficient grid access. These are precisely the types of enabling assets that determine whether renewable electricity can actually power Europe's economy.

What is particularly encouraging is that the Commission increasingly recognises flexibility as infrastructure in its own right. Batteries, long-duration storage, thermal storage, demand response and flexible data centres are no longer viewed as peripheral technologies. They are presented as core components of Europe's future electricity system, capable of reducing system costs, integrating renewable generation and strengthening resilience against geopolitical shocks.

The economic rationale is equally compelling. The Commission estimates that accelerated electrification could reduce EU gas imports by more than 70% and crude oil imports by more than 40% by 2040, saving up to €260 billion annually on fossil fuel imports. It also forecasts electricity generation costs could fall by around 20%, improving affordability for households and industry while making European manufacturing more competitive.

¹ The European Commission communication on European Grids Package; December 2025

For long-term infrastructure investors, policy certainty matters as much as capital availability. The Electrification Action Plan provides exactly that. It aligns energy, industrial and security policy behind a common objective while proposing concrete reforms covering storage, grids, permitting, network charging, industrial electrification and renewable deployment.

The energy transition is entering a new phase. The first chapter was about building renewable generation. The next chapter is about building the infrastructure that allows an electrified economy to function—clean power, batteries, flexible grid services, transmission networks and digital energy systems working together as an integrated whole.

For firms such as NTR, which have spent more than two decades investing in and operating renewable energy and associated grid infrastructure across Europe, this evolution reinforces the importance of focusing not only on clean power generation, but increasingly on the storage, grid flexibility and electrification-enabling infrastructure that will underpin Europe's next phase of growth.