

The EU Electrification Action Plan

Position Paper



Our Position on the EU Electrification Action Plan

EGGA-Galvanizing Europe supports the objectives of the proposed Electrification Action Plan, which represents an important opportunity to address the structural barriers to a more cost-effective and efficient electrified industrial system.

To enable wider electrification across our sector, the Electrification Action Plan must focus on overcoming key obstacles such as:

- the unfavourable electricity to fossil fuel price ratio
- insufficient storage, reliability and grid capacity for distributing renewables, and
- the high cost of new electricity infrastructure.

Electrification of batch galvanizing is technically viable and represents one of the most realistic decarbonisation pathways for the sector. Where conditions are favourable, electricity is already used for furnace heating in a small number of plants - but to make electrification more widely feasible for our industry, EGGA calls for reduced uncertainty and the opportunity for long-term planning, through:

1. Competitive and predictable electricity prices with reduced disparities across Member States
2. A new dedicated funding mechanism for non-energy-intensive industry (EII) SMEs seeking to decarbonise through electrification, including by future ETS2 revenues
3. Reliable electricity supply, faster and less costly grid connections and simplified permitting
4. Reduced costs for energy storage and support for practical flexibility solutions

Other important actions would include:

5. Stronger incentives for on-site renewables and innovative clean energy options
6. Support for the electrification of industrial transport

The batch galvanizing industry is a reliable partner in delivering low-carbon and long-lasting infrastructure across the EU. By maximising durability and reducing the need for maintenance and replacement, galvanized steel plays an essential role in renewable energy installations, electricity grid systems and other net-zero technologies.

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The Galvanizing Industry and Electrification

A partner for low-carbon and long-lasting infrastructure

The batch galvanizing industry provides the most durable form of steel protection by applying a strongly bonded coating of zinc metal. This ensures decades of maintenance-free durability for around 8 million tonnes of steel products every year, predominantly used in infrastructure, construction and vital net-zero technologies such as electricity transmission towers and solar structures.

Committed to decarbonisation as part of the steel value chain

Our industry, predominantly composed of SMEs, is energy dependent, but not an EII. The batch galvanizing industry is fully committed to decarbonising its processes as part of the steel value chain, as also suggested in the Steel and Metals Action Plan.

The electrification of batch galvanizing furnaces is technically viable today and is one of the most realistic decarbonisation pathways for the sector, while other options such as hybrid systems or hydrogen can also support the decarbonisation transition. Energy efficiency improvements are already a continuous focus of the industry.

Support needed for non-energy intensive SMEs in their electrification pathway

The galvanizing industry is exploring electrical heating solutions but face significant challenges. Electrification will only be feasible if accompanied by affordable and predictable electricity prices, dedicated financial support to address high upfront investment costs, and faster, lower-cost grid connection and permitting procedures.

To deliver the goals of the Electrification Action Plan, the batch galvanizing industry should be supported in its electrification pathway and recognised as an enabler to the EU's net zero and clean growth objectives.

Recommendations

1. Ensure affordable and predictable electricity prices

The primary barrier to electrification in the batch galvanizing sector is the relatively high electricity cost compared to natural gas, which results in higher operational costs. The unpredictability of future electricity prices further discourages investment in electrification and raises competitiveness concerns.

Affordable and predictable electricity prices mean electricity that is priced competitively with natural gas, predictable over the long term, and with reduced price disparities across EU Member States to reduce internal market distortions.

The Electrification Action Plan must improve electricity price competitiveness, ensure price stability tools and support schemes that are accessible to SMEs and mid-cap industries like the batch galvanizing, which are not EIIs but still face significant transition needs.

2. Provide a dedicated funding mechanism to support electrification for non-EII SMEs

The batch galvanizing industry is SME-dominated and is not an Energy Intensive Industry (EII), making most EU funding instruments difficult to access despite significant decarbonisation needs.

The batch galvanizing industry needs dedicated EU and national financial support to address high upfront investment costs of industrial electrification. Funds such as the Industrial Decarbonisation Bank must be realistically accessible to non-EII SMEs.

EGGA recommends the establishment of a dedicated funding mechanism for non-EII SMEs seeking to decarbonise through electrification. This mechanism should be financed, at least in part, by revenues generated through ETS2. A legal basis already exists: Article 10(3) of Directive 2003/87/EC, as amended by Directive 2023/959, provides Member States with the possibility to use ETS2 revenues to support these sectors. However, the provision does not guarantee that non-EII SMEs (essentially what the Directive identifies as the ETS2 “additional sectors”) will benefit from such support. This leaves significant discretion at national level, creating a high risk that these sectors may be overlooked in funding allocation decisions.

The dedicated funding mechanism should have the following key features:

- **Investment grant schemes** based on the **percentage of process electrified/decarbonised**, rather than rigid thresholds based on MW installed or CO₂ abated, which disadvantage smaller installations that exist to serve local manufacturing activities.
- **Technical assistance for SMEs for project preparation and financing**, as well as targeted funding for research and innovation.
- **Simplified and SME-friendly application procedures** to avoid discouraging participation.

Moreover, with operating temperatures in the range of 420°C to 580°C, EGGA recommends avoiding the use of the 500°C threshold (as indicated in the Commission’s public consultation) as a rigid category for industrial heat in funding or policy frameworks.

3. Address grid reliability, connection and permitting issues

As the galvanizing process requires continuous and stable power supply, power grid failures, blackouts or cyber attacks can lead to severe economic losses for galvanizing plants. Electricity supply reliability is therefore a key factor for electrification.

Galvanizing plants also report high costs and long delays to connect to the grid, insufficient grid capacity, especially for complete transit, as well as lengthy and complex administrative and permitting procedures. These factors hinder planning and delay electrification investments.

EGGA recommends:

- Ensuring, in coordination with the European Grids Package, **electricity system adequacy and supply reliability, including risk preparedness measures**. The EU should prioritise grid resilience, diversify sources, storage, distribution and control technologies to give industry confidence to electrify their operations.
- **Simplifying and accelerating grid connection procedures for industrial sites**, ensuring clear, transparent timelines, as well as **reducing connection fees, particularly for SMEs**.
- **Reducing administrative processes** and **simplifying permitting procedures** for electrification projects and grid upgrades.

4. Address excessive costs of storage and support practical flexibility solutions

Galvanizing plants operate most efficiently 24 hours a day, 7 days a week, throughout the year, meaning process flexibility is limited. Storage is essential for future electrification and renewable integration, but current storage costs, such as thermal, are excessive in the context of the investment cost, making it unviable for SMEs. For example, storage for one on-site solar project at a galvanizing plant would have increased the project cost by ten times. Storage for hydrogen production also requires significant upfront investment.

The Electrification Action Plan should therefore address the excessive cost of storage and eliminate double charging for storage assets.

In addition to storage, electrical optimisation technologies, such as idle current solutions (phase shifting) have high potential to facilitate electrification. The Electrification Action Plan should recognise and support innovation in affordable and practical flexibility solutions.

5. Strengthen incentives for on-site renewables and innovative clean energy

The Electrification Action Plan should increase support for on-site renewable electricity generation, including solutions that enable galvanizing plants to feedback excess of on-site renewable electricity to the grid. For coherence purposes, on-site renewables should also be given proper recognition in the implementation of the Construction Products Regulation.

A technology-neutral approach should be encouraged, including hydrogen and innovative forms of clean energy generation, such as Thorium power plants, to reduce energy costs and support long-term electrification.

6. Support the electrification of industrial transport

The batch galvanizing industry relies on heavy-duty transport for inbound steel and outbound galvanized steel, as well as forklifts and similar vehicles for internal logistics.

The Electrification Action Plan should ensure SMEs can access support schemes for the electrification of industrial fleet, innovation funding for technologies such as advanced battery systems and expanded charging infrastructure for electric industrial vehicles, including in industrial areas.

The Electrification Action Plan, implemented in coordination with the European Grids Package and the future Clean Energy Investment Strategy, must create a realistic and competitive pathway for the progressive electrification of process heat in the batch galvanizing industry.

Galvanizing Europe

The general (batch) galvanizing industry provides the most effective long-term corrosion protection for steel products, through the application of a metallurgically-bonded coating of zinc metal. It is a service that is applied after manufacture of the product and normally on a sub-contract basis. The coating ensuring many decades of maintenance-free durability for vital net-zero technologies, such as solar power installations and wind energy equipment. A galvanized coating is sufficiently durable and robust to provide corrosion protection across more than one product lifecycle. Both zinc and steel are recovered at eventual end-of-life.

The European General Galvanizers Association (EGGA) is the federation of the national galvanizers associations within Europe. The industry comprises about 700 general galvanizing plants (mostly SMEs) employing an estimated 40,000 people in Europe. EGGA monitors and responds to issues affecting the general galvanizing industry in Europe, in particular environmental, technical and regulatory matters. EGGA also provides a platform for coordination of marketing and other initiatives for the industry.

Further Information

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