



# CATALYZING ELECTRIFICATION ACCORD

by the Strategic Open Dialogue on Electrification,  
a global coalition created by the GSEP

Electrification can provide significant economic, environmental, and social benefits. It has been identified as one of the key enablers of the energy transition towards decarbonization. Yet we're not progressing fast enough, with the pace of change remains far from required to meet local and global climate goals. The pace of electrification needs to double –or more– over the coming decades to keep us in line with decarbonisation goals.

The SODE is a global coalition led by the Global Sustainable Electricity Partnership that brings together forward-thinking companies from the power sector, end-user sectors (transport, industry, building), and strategic/technology partners. Our goal is to co-create innovative approaches to respond to and overcome current and future challenges to accelerating electrification for the benefit of end user companies and their employees, customers, and local communities.

We offer the following concrete recommendations and action steps to accelerate electrification that address the most pressing issues around enhancing the pace of electrification worldwide. We commit to, where relevant and possible, to act on these points as they relate to us and our businesses:

- **Deploy policy frameworks that back up electrification:** Well-designed and cost-effective electrification policies and regulations are essential to help enable and accelerate electrification:
  - Advocate for coherent and stable policy frameworks and well-targeted regulatory mechanisms that help create a level playing field for the electric utility and lower the initial up-front investment for the utility and customers to stimulate the uptake of electrified solutions. These would include stable incentive programmes where needed.
  - Support cost-reflective (flexible) electricity tariffs that promote efficiency and give strong incentives for all consumers to minimize net peak demand. This combined, where relevant, with long-term contracts can really improve the positive business case for electrification.
  - Promote clear and efficient sector-specific electrification goals, update energy efficiency codes in line with technological developments, set up regulation and support for the development of infrastructure, and expand R&D and demonstrations to accelerate technology innovation and development.
  
- **Foster new innovative business models:** New ways of doing business must be redesigned for utilities and customers. The traditional supply and demand structure must be complemented with a more sophisticated relationship where production and management of electricity occurs at multiple places:

- Increase interaction and synergy between stakeholders, especially those with net zero targets, using the electricity vector to generate positive network outcomes and externalities to benefit all customers and enable more technology solutions and innovative approaches that can unlock new business cases.
  - Boost value creation for end customers through interoperable services and across the value chain, providing a strong and unified proposition to customers.
- **Accelerating information flows along and across value chains:** Lack of credible information on electrification propositions and its benefits hinders the uptake of electrification. How information is circulated among different actors and ultimately with customers is of great importance to positively influence the uptake of electrified solutions. Utilities can play a role in aggregating and coordinating information to promote innovative technologies yet ultimately, all stakeholders like technology vendors and suppliers, must also help support the customer journey by sharing relevant knowledge and experience:
  - Support recovery of utility programs that increase customer awareness of benefits of electrification by generating a fact base and showcasing successful examples that demonstrate the value that electrification provides towards advancing the energy transition and net-zero goals. An affordable low carbon electricity is essential.
  - Engage and train stakeholders with know-how and expertise on key electrification actions and technologies and how they will positively affect their own customers to ensure the success of implemented initiatives.
  - Focus on workforce training (installing and maintenance staff, operating staff, etc.) in all three end use sectors to support customers in their transition to electrification. This focus will ensure high quality installation and knowledgeable pre- and post-installation/sales support for customers, an improved customer experience when in use and an ultimate shift in culture and perception of to a more positive one.
- **Ensuring a swift and efficient transition:** Shift towards electrification needs a transition period where new technological solutions need to work side by side with existing ones. Special focus should be placed on implementing actions to help bridge the gap before full electrification can take hold in end use sectors:
  - Acknowledge retrofitting installations in existing buildings with heat pumps as a necessary step to increase adoption of fully electrified solutions and decarbonize the building sector, streamlining commodity bills and benefitting of clearer tax schemes.
  - Full electrification also plays a major role as an enabling step for the deployment of domestic services in smart/connected buildings. In those cases where fully electrified solutions are not immediately feasible, hybrid systems may be temporarily convenient in order to significantly reduce CO2 emissions, smoothing down the learning curve and fostering a better confidence of market players (installers) in alternative technologies other than gas boilers.
  - Promote energy efficiency measures by highlighting advantages. Electrification is a major source of real and economic energy efficiency gains. Gains in efficiency ensure cost reductions in the services provided by electrical appliances, which in turn encourage the development of newer electrical services and lower energy bills, triggering higher property valuation in the case of buildings.

- **Ensuring the infrastructure in place to be fit for the transformation:** Investment in infrastructure is of utmost importance to ensure the advancement of electrification. Optimized investments in the grid increase the reliability, quality, and security of the energy supplied, whereas investment in industrial infrastructure can unblock bottlenecks in the uptake of electrification:
  - Increasing grid capacity and transmission/interconnection with cutting-edge smart grid technology to enable more integration of decarbonized power and greater connection of distributed grid assets while keeping network costs in check.
  - Invest in innovative and affordable storage solutions that can manage the flexibility required to oversee the new and existing loads on the grid, while also supporting the grid.
  - Use digitalization to interconnect all stakeholders in the value chain and create a more responsive, intelligent, and enabled system with enhanced cybersecurity.

This Accord is supported by the members of the Strategic Open Dialogue on Electrification (SODE), led by the Global Sustainable Electricity Partnership:



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