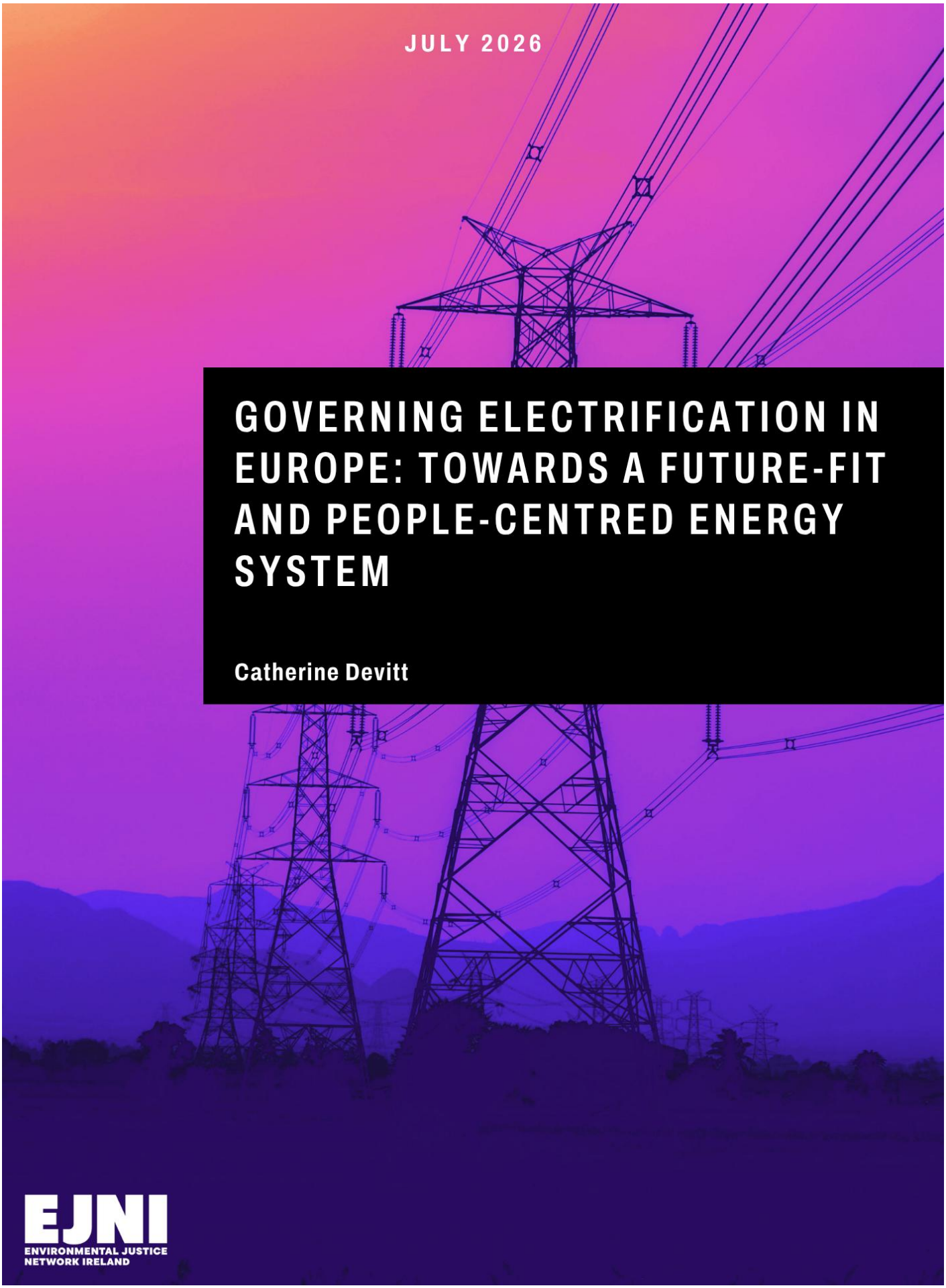

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GOVERNING ELECTRIFICATION IN EUROPE: TOWARDS A FUTURE-FIT AND PEOPLE-CENTRED ENERGY SYSTEM

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This paper frames Europe's electrification as a question of governance, asking who grid capacity is for, how its costs are distributed, and whether it stays anchored in renewables. The paper is intended for policymakers, officials and civil society engaged in EU energy and climate governance, particularly around the Irish Presidency and the electrification agenda. It aims to set out a public-interest framework for assessing electrification policy, and to translate that framework into concrete asks for the Presidency's term.

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Governing Electrification in Europe:

Towards a Future-Fit and People-Centred Energy System

Executive Summary

Electrification is central to Europe's energy transition, but its benefits depend on how electricity systems are governed and whether the electricity supplied is generated from renewable sources. As Europe builds infrastructure and allocates scarce grid capacity, the Irish Presidency has an opportunity to help ensure that electrification is governed in the public interest, supports affordability and remains anchored in renewable energy.

The challenge: Across Europe, the main constraint on electrification is no longer only the pace of renewable deployment, but the capacity and governance of electricity grids. Connection queues are lengthening, curtailment is rising and congestion costs are increasing. Electrification is therefore becoming a question of allocation: which users and sectors gain access to constrained grid capacity, and how the resulting costs are distributed. These decisions are often governed by procedural rules, such as "first come, first served", rather than by assessments of system value or public need, and they carry direct consequences for affordability, fairness and climate delivery.

Why this matters now: Ireland's Presidency has committed to concluding the European Grids Package, progressing the proposal to future-proof electricity bills and the Energy Security Framework, and progressing the Connecting Europe Facility, while the Environment Council begins work on the 2040 emissions framework. Since that programme was agreed, the Commission has published the Electrification Action Plan and the accompanying network charges proposal (17 July 2026), and the Council has agreed its negotiating position on the Grids Package (26 June 2026); each now falls within Ireland's term. The programme places energy within its competitiveness agenda and treats indigenous renewable energy and robust grids as the basis of energy security. The opportunity is to ensure that, within that frame, the governance questions, namely, how capacity is allocated, how costs are shared, and whether renewable ambition is maintained, are not crowded out by scale and speed.

The Irish case illustrates a wider European lesson: Ireland is an extreme case, but the pattern it reveals, grid capacity absorbed by a single fast-growing demand category, faster than governance frameworks can adapt, is increasingly visible across Member States as electrification accelerates.

What the Irish experience shows

- Data centres accounted for 21.2% of electricity demand in 2024 and 88.2% of demand growth since 2015 (SEAI), concentrating system planning around a single, fast-growing category of demand.
- Irish households face the highest electricity bills in Europe, with data-centre demand growth contributing to rising costs.
- Grid capacity limits have delayed connections for housing and essential infrastructure, while large users have secured substantial shares of available capacity.
- Additional wind generation between 2017 and 2023 was largely absorbed by data-centre demand, limiting its contribution to wider decarbonisation. Network tariffs already account for around 30% of a typical domestic bill, and in March 2026 one in seven Irish households were in arrears on their electricity bills.

How the Irish Presidency can advance a people-centred approach to electrification

1. Protect electrification powered by renewable energy: as the post-2030 and 2040 framework is developed, ensure that renewable energy remains the foundation of electrification as competitiveness and energy-security objectives are pursued. Press for the Action Plan's indicative 46% electrification target to be disaggregated

into sectoral pathways, so that it tracks genuine decarbonisation rather than demand growth of any kind.

2. In the Grids Package trilogues, once these open, use the compromise texts the Presidency drafts to defend independent, transparent planning

3. Advance discussions on the proposal to future-proof electricity bills to ensure that cost distribution is addressed explicitly, so that the costs of expansion driven by large users are not disproportionately socialised across households and smaller consumers, and press for grid expansion itself to be treated as a public transition cost rather than funded through charges alone.

4. Ensure that the flexibility and efficiency objectives of the grids and network-charges agenda support the prioritisation of system value and societal need, including strategic renewable and storage projects, critical infrastructure and other uses that deliver clear societal value.

5. Maintain coherence between the energy and grids agenda (TTE Council) and the EU climate framework (Environment Council), so that grid planning and investment are consistent with the EU's carbon budgets and climate objectives.

6. Support deeper regional cooperation on offshore renewables and cross-border grid planning, building on the Connecting Europe Facility and the regional frameworks, such as the North Seas, in which Ireland already participates.

Governing Electrification in Europe: Towards a Future-Fit and People-Centred Energy System

Electrification at a Crossroads: From Infrastructure Expansion to Public-Interest Governance

Electrification is widely recognised as a cornerstone of Europe's energy transition. It underpins the decarbonisation of transport, heating and parts of industry, enables the integration of renewable generation, and can strengthen energy security by reducing dependence on imported fossil fuels. As Europe seeks to reduce its exposure to volatile global fossil fuel markets, strengthen strategic autonomy and modernise its industrial base, electricity systems are increasingly being treated as foundational infrastructure for the next phase of economic and climate transition.

However, the benefits of electrification are not automatic. They depend on how electricity systems are planned and governed, and on how the electricity itself is produced; electrification delivers its full climate value only where it is matched by the continued expansion of renewable generation. The challenge is therefore no longer only whether Europe builds more electricity infrastructure, but how that infrastructure is shaped: what demand it is designed to serve, how access to grid capacity is allocated, how costs are distributed, and whether the overall direction of travel aligns with climate goals, long-term resilience and the wider public interest.

From supply to allocation

Electrification is often framed as a question of supply, particularly the pace at which renewable energy can be deployed. In practice, the primary constraint is increasingly the capacity and governance of electricity grids. Across Europe, grid infrastructure is struggling to keep pace with both renewable deployment and growing electrified demand: connection queues are lengthening, renewable curtailment is rising, and congestion costs are increasing.

This shifts electrification from a question of supply to one of allocation: decisions about grid access and investment increasingly determine which sectors and users are prioritised within a constrained system. These are not neutral or purely technical decisions, and they have direct implications for emissions, affordability and territorial fairness. Yet they are often not guided by explicit public-interest frameworks. Grid access is frequently governed by procedural rules, such as "first come, first served", rather than by strategic assessments of system value, and planning can lag behind the pace of change. As a result, the system tends to default towards accommodating large and fast-moving actors that secure early access to limited capacity.

Governance matters as much as scale

The issue is therefore not whether there is enough grid infrastructure, but how it is governed and for whom it is developed. Electrification does not only reduce emissions; it also allocates costs, benefits and access. Europe will need significant investment in grids, storage and flexibility, but investment alone will not guarantee public value: the way infrastructure is planned, prioritised and financed will determine whether electrification reduces emissions and bills or instead entrenches bottlenecks and social inequities. Current EU discussions on simplification and flexibility sharpen this risk and both can speed delivery, but, if not carefully designed, they can also weaken planning discipline and push questions of governance aside in favour of speed.

Electrification powered by renewables

As electrification rises up the European agenda, it must not be framed in ways that weaken the renewable energy ambition on which its climate value depends. Electrification and renewable deployment are complementary priorities, not alternatives, and an emphasis on electrification, competitiveness or technology neutrality should

not become a reason to slow renewable deployment or dilute renewable commitments. Protecting the integrity of the EU's renewable ambition, including within the post-2030 and 2040 climate and energy framework, is therefore inseparable from a credible and climate-aligned electrification agenda.

A more urgent and more political moment

These questions are becoming more pressing as Europe enters a more complex phase of decarbonisation, requiring deeper emissions reductions across buildings, transport, industry and agriculture, higher investment and greater coordination, in a context shaped by energy-security and affordability pressures. The agreement on a 2040 climate target and the review of the EU's climate and energy framework will shape the direction of travel for the decade ahead, and these debates are increasingly cast in terms of competitiveness and economic strategy as much as environmental ambition. Electricity infrastructure is no longer simply an enabling condition for the transition; it is becoming a central determinant of whether it can be delivered at all.

These dynamics are already visible across Member States, and Ireland provides a particularly clear example of how they play out in practice. Its experience shows that electrification is not only an engineering or investment challenge but a question of public purpose, cost distribution, legal compliance with climate obligations and political choice. This offers a wider European lesson at a moment when these questions are moving to the centre of EU decision-making.

Ireland as a Case Study: What Can Go Wrong When Electrification Governance Is Misaligned

Ireland offers a particularly revealing example of how electrification can be shaped by political and regulatory choices that are not clearly aligned with the public interest.

The country is currently experiencing significant electricity system constraints. In response, the Government has committed to major investment under the National Development Plan, including €3.5 billion in electricity infrastructure. This reflects a real and pressing need to strengthen and expand the system. At the same time, one of the defining features of the Irish system in recent years has been the rapid growth in electricity demand from data centres, with implications for system planning, network reinforcement and affordability.

According to the Sustainable Energy Authority of Ireland, data centres accounted for 21.2% of total electricity demand in 2024, and for 88.2% of the increase in demand since 2015. Data from the Central Statistics Office shows continued year-on-year growth in electricity consumption from this sector, alongside a rising share of overall metered demand.

These figures are significant not only because they are large, but because they point to a structural governance issue. When a single, fast-growing category of demand accounts for such a large share of overall consumption and demand growth, there is a risk that grid reinforcement and system planning become increasingly shaped by that demand. As noted by the National Economic and Social Council, current frameworks do not yet provide sufficiently developed mechanisms to prioritise energy uses or align new connections with the needs of the transition. The key question is therefore no longer simply how demand is growing, but what kinds of demand are being enabled, at what cost, and with what implications for decarbonisation and public welfare.

This has direct implications for affordability. Electricity system expansion is financed over time through a combination of public investment, regulated returns, network charges and consumer bills. Where expansion is driven in large part by rapidly growing private demand, there is a legitimate question as to how those costs are distributed. Without stronger intervention, there is a risk that they are increasingly socialised across households and smaller users. Data centre demand growth is already placing "enormous stress" on Ireland's grid and contributing to higher electricity bills for householders (the highest in Europe, in fact), with civil society organisations highlighting the significant implications of these costs being reflected in household energy bills. Network tariffs already account for around 30% of a typical domestic electricity bill, reflecting both the scale of Ireland's distribution network and the

investment needed to reinforce it as demand grows. The consequences are already visible: in March 2026, one in seven Irish households were in arrears on their electricity bills, with average debt of €511.

Constraints on the system are also affecting access. In some cases, grid capacity limitations have delayed or restricted connections for housing and essential infrastructure, while large energy users have secured substantial shares of available capacity. This highlights a central feature of the Irish case: electrification is not only about how quickly infrastructure is built, but about how limited system resources are fairly allocated.

There are also important implications for climate delivery. Electrification of homes, transport and low-carbon industry is central to meeting emissions targets, and depends on renewable generation reaching the users that most advance decarbonisation. If a significant share of available grid capacity and renewable generation is absorbed by large and fast-growing demand categories, this can delay or constrain the forms of electrification most relevant to decarbonisation. Evidence suggests that data centre demand has already outpaced renewable energy expansion in Ireland, limiting the extent to which new renewable generation supports emissions reductions across the wider economy. Analysis cited by NESC indicates that between 2017 and 2023, additional wind generation was effectively absorbed by data centre demand, reducing its impact on broader decarbonisation efforts.

This is particularly significant given Ireland's wider climate context. The country remains off track in several key areas, including emissions reduction, renewable deployment, and the pace of transition in buildings and transport.

There is also a legal dimension to these challenges. Under the Climate Action and Low Carbon Development (Amendment) Act 2021, public bodies are required to perform their functions in a manner consistent with national climate objectives, carbon budgets and sectoral emissions ceilings. Decisions on grid planning, connection policy and infrastructure prioritisation are therefore not neutral administrative matters. They are, in part, decisions with legal as well as climate consequences. Where electricity system development is not aligned with these obligations, the consequences may extend beyond policy and into the institutional and legal domain.

Ireland therefore illustrates a wider European lesson. The question is not simply how to electrify, but who electrification is for, how scarce system capacity is prioritised, and whether the electricity system is being governed in the public interest.

These tensions are also increasingly reflected in institutional and political debate. Recent pre-legislative scrutiny (April 2026) of Ireland's proposed Private Wires Bill highlighted concerns regarding the allocation of scarce renewable electricity and grid capacity, particularly in the context of large energy users and data centres. The Joint Committee on Climate, Environment and Energy stressed that electrification and grid development should be governed according to principles of public interest, climate alignment, affordability and fair cost distribution, and warned against frameworks that could allow large actors to secure disproportionate access to renewable electricity or shift system costs onto households and smaller users.

A Defining Moment for Electrification Governance: Ireland's Role at EU Level

Ireland's experience highlights both the urgency and the complexity of governing electrification in the public interest. The Presidency of the Council cannot unilaterally set EU policy, but it can shape political framing, negotiation priorities and emphasis, while acting as an honest broker between Member States with very different levels of exposure to the transition.

Where these questions will be decided

Ireland's Presidency falls at a critical point in the development of the post-2030 climate, energy and investment framework, and its own programme places energy at the centre of its competitiveness agenda. The Presidency has committed to concluding the European Grids Package and to progressing the network charges proposal and the Energy Security Framework, alongside cross-border and offshore grid

investment through the Connecting Europe Facility within the 2028–2034 Multiannual Financial Framework; in parallel, the Environment Council will begin work on the 2040 emissions framework. The Grids Package in particular, though begun under the previous Presidency, is a central file crossing into Ireland's term and one of the principal spaces in which grid governance, prioritisation and planning are being decided at EU level. Since that programme was agreed, the Commission has brought forward the central pieces of this agenda. The Electrification Action Plan was published on 17 July 2026 with the accompanying proposal to future-proof electricity bills, and an electrification target is to be assessed as part of the post-2030 Energy Union package. Each falls within Ireland's term. The Action Plan has been broadly welcomed by civil society organisations, with criticism concentrated on ambition, taxation and affordability.

A competitiveness frame, and what it risks

This moment matters because of how electrification is being framed. The Presidency's programme situates energy within its competitiveness agenda, alongside affordability, security of supply and strategic autonomy, and rightly treats indigenous renewable energy and robust grids as the route to genuine energy security. The risk is that, within a competitiveness-led frame, the public-interest dimensions, that is, how scarce capacity is allocated, how costs are shared, and whether renewable ambition is maintained, receive less attention than questions of scale and speed, and that investment alone is left to resolve pressures that are really questions of governance.

Independent and transparent planning

One governance question runs through several of these files: the independence and transparency of grid planning. Network development is shaped to a significant degree by transmission system operators, which are not neutral actors in decisions about where and how the grid is built. The proposal under the Grids Package for the Commission to set a first common, or "central", scenario on which operators then base their modelling is a meaningful step towards more independent and transparent planning, and points, over time, towards more independent system operation and planning at national and European levels.

A constructive dimension: regional cooperation

Regional cooperation offers a more constructive dimension of the same agenda. Coordinated planning of offshore renewables and cross-border grids, as developed in the North Seas, shows how stronger governance can improve both the security and the economic benefits of the renewable build-out. Given Ireland's participation in regional offshore and grid frameworks, this is a positive example of the coordinated, forward-looking governance the Presidency can help to advance.

Taken together, these point to a single question for the Irish Presidency: not only how to accelerate electrification, but how to ensure it is powered by renewable energy and governed in a way that protects affordability, distributes costs fairly, and delivers tangible public benefit.

Priority Actions for the Irish Presidency

Ireland's Presidency takes place against the backdrop of domestic electricity system pressures that reflect not only structural constraints, but a series of policy and regulatory choices about how demand is accommodated, how grid capacity is allocated, and how system expansion is prioritised. This creates a dual responsibility. The Presidency offers an opportunity to shape how electrification is framed and governed at EU level, while also underscoring the importance of ensuring that national approaches are aligned with these same principles.

The actions below are framed to fit the Presidency's own priorities and its role as an honest broker: they attach to files the Presidency has already committed to advancing, and to its stated goals of competitiveness, affordability, security of supply and renewable-based energy security. Leadership at EU level will be strengthened where it is matched by credible and consistent governance at home.

1. Champion electrification powered by renewable energy

The Presidency programme rightly identifies the deployment of indigenous renewable energy, supported by robust grids and electrification, as the route to genuine energy security. The Presidency can use its agenda-setting role to press for assurances that this renewable foundation is protected as the post-2030 and 2040 climate and energy framework is developed, and that electrification is not framed in ways that dilute renewable ambition. As the Environment Council begins discussions on the implementation of the 2040 framework, and as energy ministers take forward the electrification and grids agenda, the Presidency can push for renewable energy deployment being treated as the basis of electrification rather than as one option among others.

The Action Plan gives this a concrete anchor, proposing an indicative electrification target of 46% of final energy consumption by 2040, to be assessed as part of the post-2030 Energy Union package. The Presidency can press for the target to be disaggregated into sectoral pathways, with indicators of the uptake of heat pumps, electric vehicles and industrial electrification, and for it to be accompanied by binding renewable energy and energy efficiency commitments.

2. Advance the Grids Package with independent and transparent planning

The Presidency has committed to advancing the European Grids Package, comprising the revised TEN-E Regulation and the Permitting Directive, towards political agreement with the European Parliament. The Council agreed its negotiating position on 26 June 2026, and trilogues will open under the Irish Presidency once Parliament adopts its position on the TEN-E Regulation. The Presidency negotiates on the basis of the mandate rather than its own preferences, but it drafts the compromise texts. It can use that room to defend the independence and transparency of grid planning. This matters because system operators are not neutral actors in decisions about network development, and more independent, transparent planning helps ensure that infrastructure decisions reflect the public interest. Over the longer term, this points towards more independent system operation and planning at national and European levels.

3. Use the proposal to future-proof electricity bills to press for fair cost distribution

Affordability and lower energy prices for citizens are central goals of the Presidency, and the proposal to future-proof electricity bills, published on 17 July 2026 alongside the Electrification Action Plan, is the principal vehicle through which the network tariff regime will be reformed. As the Presidency chairs the Council's opening reading of this newly tabled file, the Presidency can push for questions of cost distribution being addressed explicitly: how the costs of network reinforcement are allocated, and who ultimately bears them. This includes promoting transparency around cost distribution and recognising the link between demand growth, grid investment and affordability, so that the costs of expansion driven by large users are not disproportionately socialised across households and smaller consumers. The proposal would empower Member States to reduce network charges for certain consumer groups and taxes for energy-intensive businesses, so that the distributional outcome will depend in large part on national choices.

Measures of this kind can make electrification affordable, but they also redistribute the cost of the system, and where charges are reduced for some the question of who carries the remainder becomes more rather than less important. The Presidency can press for the distributional effects to be assessed explicitly, including for households already facing among the highest electricity prices in Europe. Redistributing charges among consumer categories addresses only one side of the question; the other is who finances grid expansion in the first place. Civil society analysis has called for sustained public investment, at EU and national level, to help finance grid expansion and ease upward pressure on network fees, with network investment treated as a public transition cost rather than a burden on households. The Presidency can press for the network charges proposal to be considered alongside, rather than instead of, that question of public financing.

4. Press for scarce grid capacity to reflect system value and societal need

Where grid capacity is constrained, how it is allocated determines which forms of electrification are enabled. The prioritisation of connections is, in large part, a matter for Member States, and Ireland's own experience illustrates the consequences of relying on procedural approaches such as "first come, first served". At EU level, the Presidency can nonetheless help

ensure that the flexibility and efficiency objectives of the proposal to future-proof electricity bills, and of the wider grids agenda, support the prioritisation of system value and societal need, including strategically important renewable and storage projects, alongside greater transparency on available capacity.

The Action Plan recognises connection queues and the under-use of existing networks as central constraints, but addresses large consumers, including data centres, primarily as a source of flexibility. Flexibility is valuable, and does not resolve the prior question of which connections are granted and in what order. The Presidency can press for the allocation of scarce capacity to be treated as a governance question in its own right.

5. Coordinate the energy and grids agenda with the EU climate framework

The Presidency has emphasised a coherent approach across Council formations. That coherence is particularly important between the energy and grids agenda in the Transport, Telecommunications and Energy Council and the climate framework in the Environment Council, including the implementation of the 2040 emissions framework. The Presidency can press for decisions on grid planning, connection policy and infrastructure investment to be kept consistent with the EU's carbon budgets and climate objectives, so that grid development enables rather than constrains climate delivery.

6. Support regional cooperation on offshore renewables and grids

The Presidency supports the development of offshore grids, interconnectors and cross-border infrastructure, including through the Connecting Europe Facility within the Multiannual Financial Framework. Building on this, and on the regional frameworks in which Ireland already participates, the Presidency can support deeper regional cooperation on offshore renewables and coordinated grid planning. Coordinated regional planning, as developed in the North Seas, offers a model of governance that improves both the security and the economic benefits of the renewable build-out and helps align infrastructure development across Member States with shared climate goals.