

# France

# 82%

of business leaders think France is too reliant on fossil fuel imports from other countries, while 90% think electrification is an effective way to reduce such reliance

**Exposure to volatile fossil fuel imports, coupled with a political desire for France to establish greater economic sovereignty, is increasing support for electrification powered by domestic sources of electricity—of which renewables are the most competitive and affordable.**

## What Business Needs

Executives want more fiscal incentives such as low-interest loans and tax measures to cover the upfront costs of electrifying their operations.

## Policy Context

France is strongly in favour of electrifying its whole economy, as epitomised in the government's recent "*Électrifions la France!*" ["Let's Electrify France!"] policy. Building on previous national plans, such as the latest ten-year Multiannual Energy Programme (PPE 3), the new policy presents a series of ambitious interventions related to electrifying the built environment, transport, and industry and agriculture. It also anticipates steps to strengthen the grid via a "first ready, first served" approach to power project developers as well as temporary connection options.

The motivation behind the government's electrification plan is summed up in the new policy's sub-title: to provide "cheaper, more sovereign, and more sustainable energy". These goals resonate strongly with the private sector, particularly at this time of increasing geopolitical tensions.

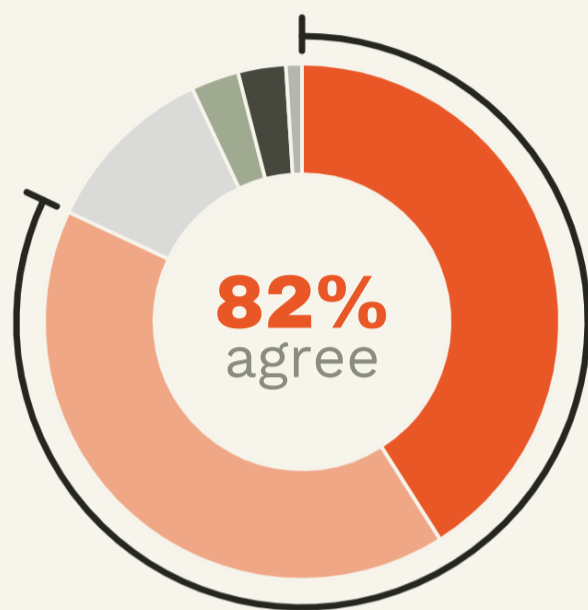
Despite having one of the cleanest grids in Europe (with fossil fuels responsible for less than 4% of electricity generation), France only uses electricity for around 26% of its total energy consumption; the bulk (58%) comes from oil and gas, most of which is imported.

This makes France vulnerable to price shocks arising from geopolitical tensions, as 69% of business leaders affirm. A substantial proportion of the business community also believes France is too reliant on fossil fuel imports (82%) and that electrification is an effective way to reduce such reliance (90%).

Renewables play an important role in delivering France's electrification goals. Interestingly, business leaders add job creation to the government's list of anticipated benefits, with 75% saying transitioning to a renewables-based electricity system will help create employment.

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## French executives say France is too reliant on fossil fuel imports



■ Strongly agree ■ Somewhat agree ■ Neither ■ Somewhat disagree  
■ Strongly disagree ■ Don't know

*To what extent do you agree or disagree with the following statements? : France is too reliant on fossil fuel imports from other countries*

Importantly, however, the government's policy does not pit renewables against nuclear, instead envisioning both as a catalyst of increased electrification. As an end goal, using electricity to meet a larger slice of energy demand is widely endorsed by industry. Fostering this view are the perceived advantages that electrification brings at a company level; a list that is topped by additional competitiveness (77%) and business growth (77%).

## Business Viewpoints

The economic rationale of France's drive to electrify resonates especially strongly with companies. In addition to competitiveness and growth, business leaders point to lower energy bills (45%) and more stable prices (32%) as among the principal benefits of electrification—in line with government aspirations for cheaper energy. A sizable majority (82%) of executives are also confident that electrifying their company's operations will lead to a reduction in operating costs over the long term.

That said, the consensus among business leaders is that electrification is not happening fast enough; three-quarters (75%) of senior executives say that government policies are moving too slowly to support the pace of electrification that their companies need. Another common complaint centres on policy inconsistency. Notably, 70% of senior executives say government policies and incentives change too often, making it difficult to electrify operations—the highest rate among non-emerging markets. An illustrative case in point is the PPE 3 itself, which provides a one-year review clause timed to coincide with the presidential election year. Despite all these concerns, however, over three-quarters (87%) of business leaders expect to electrify their operations by 2035 or before.