Energy & Climate
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REPORT

Electrification

COP31 35% by 2035 target and progress amongst G20 nations

November, 2026

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Summary

- Efforts to tackle climate change in the decade since the Paris Agreement, in concert with action to address volatile and rising energy costs and provide energy security amidst two fossil fuel crises, have helped drive electrification globally.
- Electrification represents a route to greater security and affordability at national level, reducing exposure to oil and gas markets. As electricity can be more efficient than burning fossil fuels – coal, oil, or gas – it also aids decarbonisation by reducing demand for primary energy.
- At the household level, electrification offers greater energy security, efficiency and affordability through switching to electric vehicles from petrol/diesel ones, electric heat pumps from oil and gas, and through installing solar generation and battery storage.
- Worldwide, across industry, buildings, and transport (which each account for roughly a third of final energy use), nearly a quarter – 23% - of final energy demand had been electrified by the end of 2024, as global momentum on climate action coincides with affordability and energy security imperatives.
- Most progress has been made on industry, and on powering, heating, and cooling buildings. On the latest data available (to end 2024), however, there has been limited progress globally on transport.
- A global electrification target agreed at COP31 could add increased momentum to speed up the process and narrow the gap to the proposed target level of 35% electrification by 2035.
- The electrification and decarbonisation combination throws into stark relief growing risk for major fossil fuel producing countries – like Australia, co-hosting COP31 – as momentum on both brings the world closer to turning the corner on demand for coal, oil and gas. India and China both saw falls in reliance on fossil fuels last year, and China has recently cut its emissions as it also leads the world in producing net zero technologies.
- In the G20, the world's largest economies, South Korea has already hit, and Japan is close to 35%, whilst China – the world's biggest emitter and second biggest economy – looks to be on track for 35% before 2030.
- The UK has made good progress on decarbonisation, and has one of the cleanest power systems in the G20. But the UK is below the global, G20 and EU average on electrification.
- The UK has an opportunity to lead by example. Given the certainty now that the world will overshoot the Paris goal of 1.5˚C, the UK G20 presidency next year can drive electrification and decarbonisation in tandem, showing what is possible on industry and buildings, and stepping up the pace of transition to EVs, also enhancing our competitive advantage on transport into the bargain.
- The UK's rapid decarbonisation has fuelled electrification sufficiently to hit 35% for industry already. With continued commitment to the shift to electric heat pumps to replace gas and oil, the UK could also be on track for 35% buildings electrification by 2030, after having sped up progress in recent years.
- The UK's progress on electrifying transport is middling compared to other G20 nations, but it is still low in absolute terms. Surface transport makes up the largest sector of UK emissions, with the majority coming from driving. Despite a strong acceleration of EV sales in recent months and years, the UK Government remains poised to announce a decision about the future of the Zero-Emission Vehicle Mandate which could slow the transition to electric vehicles.

Context

Crises

In the midst of the second fossil fuel crisis in five years, consumers and businesses are increasingly under pressure from volatile oil and gas prices driving up the cost of living. Coming alongside other inflationary pressures like global trade wars, and worsening climate change – as well, now, as El Niño impacts on our food supply chains – continued reliance on fossil fuels is hitting affordability everywhere.

The Russian invasion of Ukraine drove gas and oil prices up sharply, on top of the effects of demand after the pandemic.; Over the four years of 2021 to 2024, high fossil fuel prices cost the UK £183 billion, both through for the direct costs of fuel, heating and power generation, and through wider impacts on the economy. In 2026, the US and Israel's war on Iran has driven wholesale oil and gas prices up to the point where, after the first six months of the war, this has added £9.8 billion to UK energy and road transport costs. All of this adds cost and inflation onto day-to-day prices for British consumers.

Clean transition

Electrification of our lives, and our economies, offers a partial route out of this affordability crisis. Alongside the global transition towards clean, green energy, electrification offers energy security at the national level, and at the individual household level. The rapidly growing second-hand EV market, improvements in battery technology, plummeting costs of solar power generation, and concessionary financing to help ordinary people to switch to clean, electric solutions to heat and power our homes, and move around, offer a more stable and affordable alternative to coal, oil and gas.

This is happening across the world as global momentum towards electrification and decarbonisation picks up pace. The solutions to energy security, efficiency and affordability are also the cleaner solutions that cut global planet-heating emissions.

The International Energy Agency (IEA) reports that, since 2019, demand for electricity has grown more than twice as fast as overall energy use. In other words, growth in use of electric vehicle engines to replace internal combustion engines, heat pumps to replace gas and oil heating, air conditioning, and industrial electrification have all driven electrification. More of our modern world is powered by electricity than directly by burning fossil fuel (coal, oil, and gas) products.

That does not mean that all of the electricity is clean, and much of it is still generated by burning coal and gas in particular. Burning fossil fuels is a far less efficient means of powering anything than electricity, involving losses via waste heat of between 50-65%, with further losses in transmission and conversion.

But Ember analysis shows that a third of the world's electricity, in 2025, was generated by renewables rather than combustion of fossil fuels – overtaking coal powered generation

for the first time. What is more, the growth of renewable generation globally is fast enough that it is currently meeting growing demand for power, as sectors electrify. Solar power alone – which grew at 18 times the rate of gas generation – met three quarters of the net rise in electricity demand in 2025.

To push electrification further, the joint COP31 presidency of Türkiye and Australia has proposed a target for discussion and agreement at the UN climate talks in Antalya in November 2026 for the world to reach 35% electrification of final energy usage by 2035. We take a look at progress towards that in the largest economies – the G20 – using International Energy Agency (IEA) data that has tracked countries' progress up to the end of 2024, on their latest numbers.

Electrification target

What is being targeted

This report follows the proposed target's focus on 'final energy'; the energy delivered to end consumers for use in their homes, businesses, vehicles etc. This differs from measures of 'useful energy', which instead aims to quantify the useful work which is delivered by that final energy in providing the service which the economy demands - heating, cooling, motion etc.

The difference between these two measures is wasted in the final consumer process - for instance, waste heat generated by an internal combustion engine, with only around 25% of the energy contained in liquid fuels reaching the wheels of a typical ICE car, and the remainder wasted, primarily as heat. The equivalent figure for an EV with regenerative braking is closer to 90%.

Efficiency

Electrical equivalent technologies - heat pumps, EVs - tend to be vastly more efficient in use, meaning that as we electrify our economies, the total final energy required to deliver useful energy services will fall sharply. Whilst electrification represents a more efficient use of whichever fuel is input to the system to generate the power than burning something to create heat or drive movement, for instance, it is only part of the solution in terms of decarbonisation. This is especially true now that we know that the world is on track to overshoot the Paris Agreement 1.5˚C goal, making it more urgent to go further and faster om decarbonisation, in order to limit that overshoot, and hasten a return to, and below, 1.5˚C of global temperature rise.

Decarbonisation

Electrification and decarbonisation are fuelling one another. As renewables investment booms – running at twice the level of investment in fossil fuels – and deployment grows, more of our electricity is decarbonised, which adds to the impact of electrification, both in

efficiency and affordability. As coal, oil and gas rise in cost, and massive investment continues to bring renewables costs down, the increased demand for electricity is, in turn, helping to fuel demand for renewables. Continued pursuit of decarbonisation of power, alongside electrification, therefore helps consolidate and compound the affordability gains which the efficiency of electrification brings about. With renewables deployment outstripping growing demand for electricity, the reduction in reliance on volatile fossil fuels to generate that electricity means that the affordability gains are not lost.

Reaching 35% electrification within the decade would help speed up decarbonisation, but doing so whilst rapidly increasing the proportion of power generated by renewables would further reduce waste from the energy system, and decarbonise more rapidly.

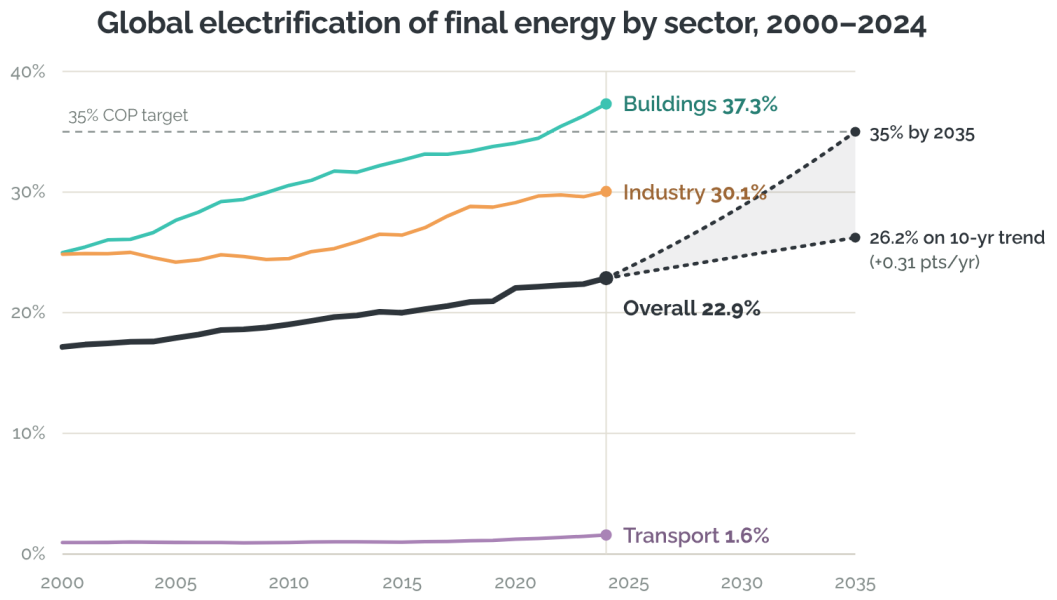
Drawing on International Energy Agency (IEA) data, which covers the period up to the end of 2024, this report looks at relative progress towards the proposed COP31 target amongst the G20 leading economies.

The G20 in 2026 has had little focus on action to tackle climate change or challenge affordability pressures under the presidency of the United States of America. However, the UK assumes the presidency in 2027 and therefore has the opportunity to bring its leadership to bear on climate change solutions, including electrification. We therefore also look at the UK's progress towards the proposed target.

Electrifying the world

The IEA's electrification report for the COP31 presidency provides a snapshot of electrification globally for 2025 and reports that electricity accounts for 23% of total final energy consumption. More detailed country-by-country data is available for 2024, and shows the total to be 22.9% that year.

The data breaks down electrification by three sectors: transport, buildings and industry. Globally in 2024, more than a third of energy for buildings – 37.3% - came from electricity whilst for industry the level is 30.1%. Transport remains low at just 1.6% electrified.



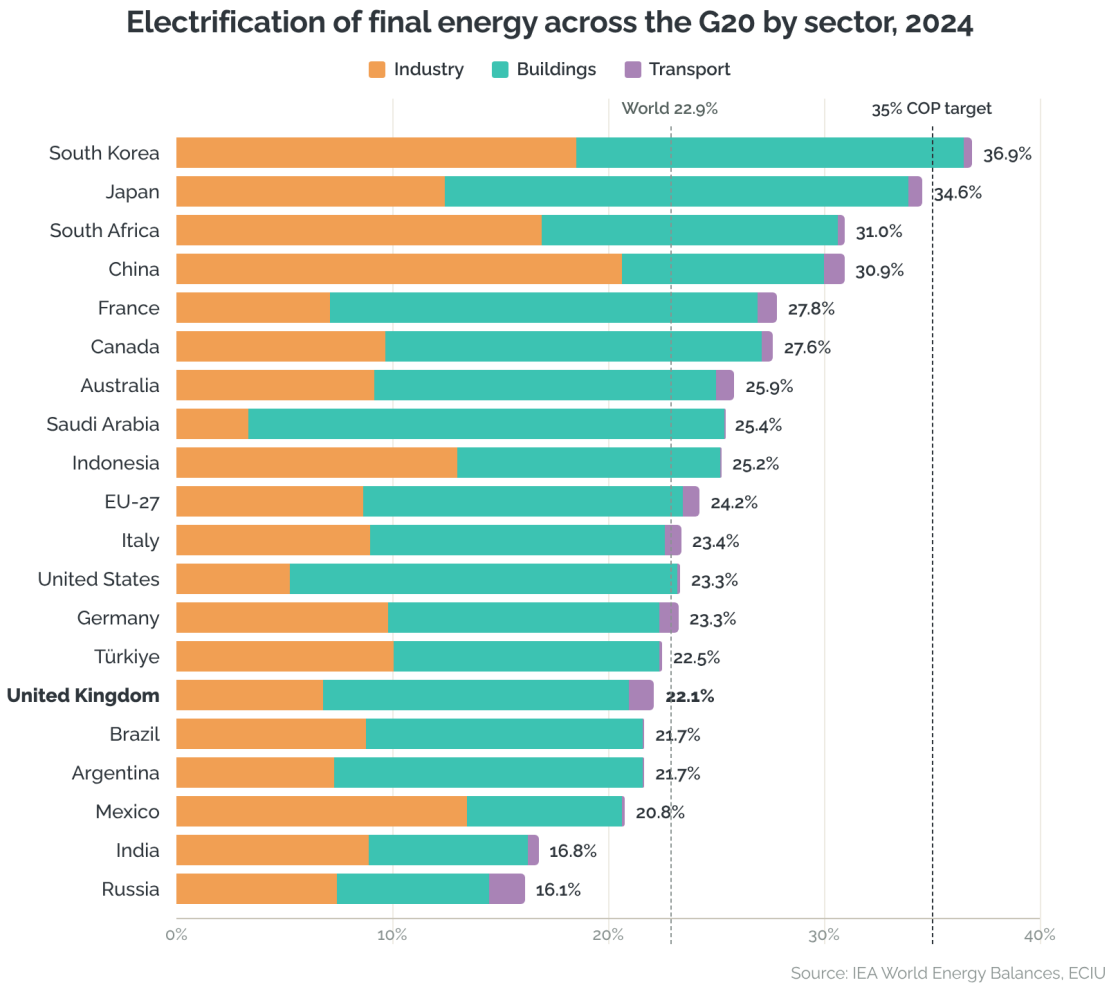
Global rates of electrification have been steadily rising in recent decades. The rapid technological progress made in recent years means that cost-effective adoption of electrified technologies is more achievable than ever before, with the IEA calculating that 33% global electrification could be reached cost-effectively with today's technology. This means the potential for rapid acceleration in electrification is possible, and as the chart above illustrates, it needs to be if 35% is to be reached by 2035.

Progress in the G20

The Group of 20, or G20 nations is a grouping of the world's major economies which came together in 1999 to work together on global economies and finance following the 1997 economic crisis. The G20 members are: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Türkiye, United Kingdom, United States, plus the European Union and the African Union.

Together, they represent around 80% of the world's population, alongside 85% of world GDP and 75% of world trade. As of 2025, they accounted for 79% of global greenhouse gas emissions.

The G20 as a group is slightly ahead of the global picture on electrification, at 24.4% in 2024.

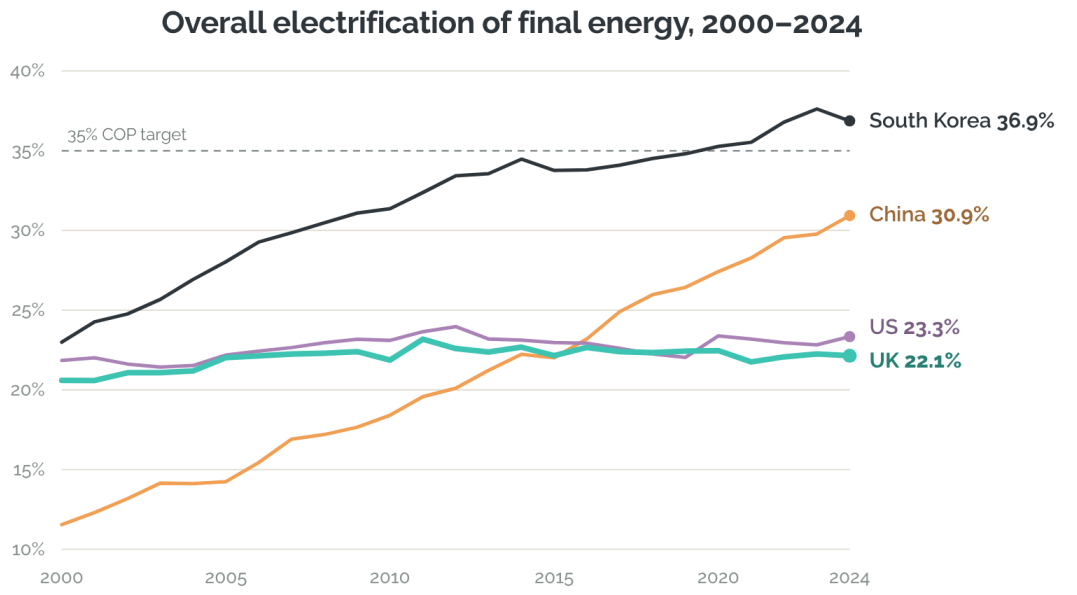


At 36.9% and 34.6% electrification, South Korea and Japan have respectively exceeded and very nearly met the target already.

At the other end of the scale, Russia and India are way behind the average, with limited likelihood of being on track to deliver 35% until late this century.

The EU, perhaps unsurprisingly, accounting for 27 wealthy, developed nations, is in the middle of the table – pretty much bang on the average for the G20, and slightly ahead of the global average.

The UK is below average overall. It has passed 35% electrification for industry, and some speeding up on buildings has put it within touching distance of meeting 35% electrification for buildings by 2035. However, in common with many nations, progress on transport is more limited, and so likelihood of meeting 35% by 2035 is limited, as things currently stand.

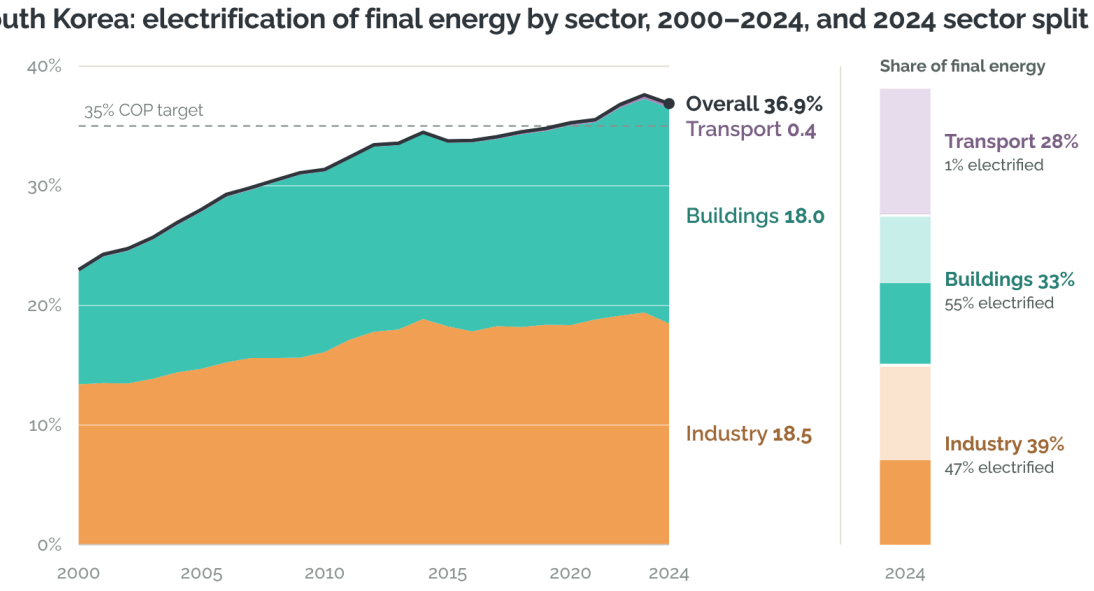


Source: IEA World Energy Balances, ECIU

Leaders on electrification

There are some countries that have already met, or are about to meet, the overall proposed electrification target – China being the most significant, in terms of its size and influence.

South Korea



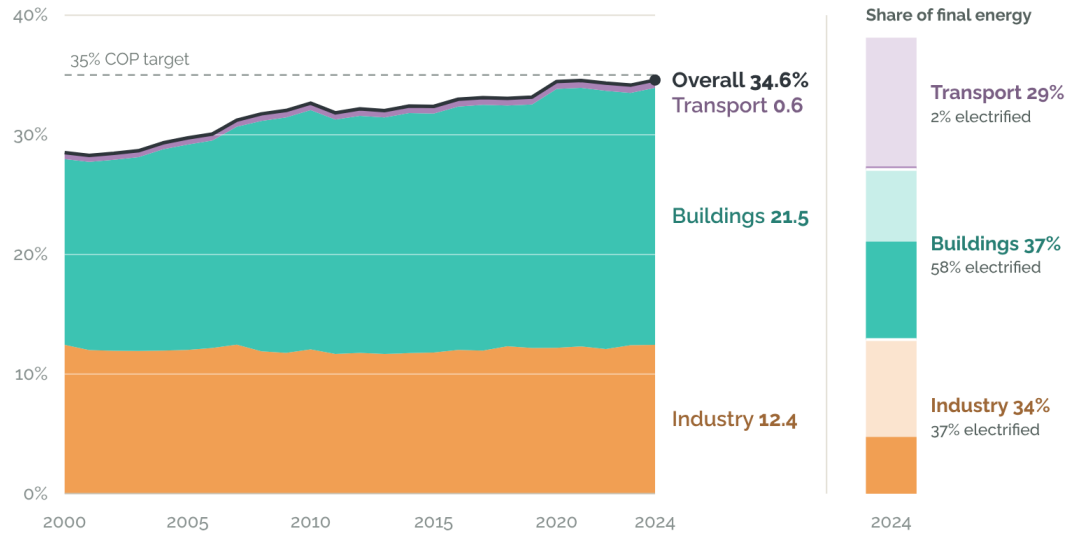
Bands show each sector's electricity use as a share of total final energy (pts). Column shows each sector's share of final energy in 2024; solid portion is electrified. Source: IEA World Energy Balances, ECIU

South Korea has already passed 35%, with a 36.9% electrification rate. This reflects 47% electrification of the country's industry, and 54.8% electrification of buildings. However, like almost every country, it lags significantly on electrification of its transport system.

President Lee Jae-myung, who took office in June 2025, is generally regarded as having stronger climate credentials than his predecessor, having pledged to accelerate renewables deployment, and committed South Korea to a 2040 coal phase-out.

Japan

Japan: electrification of final energy by sector, 2000–2024, and 2024 sector split

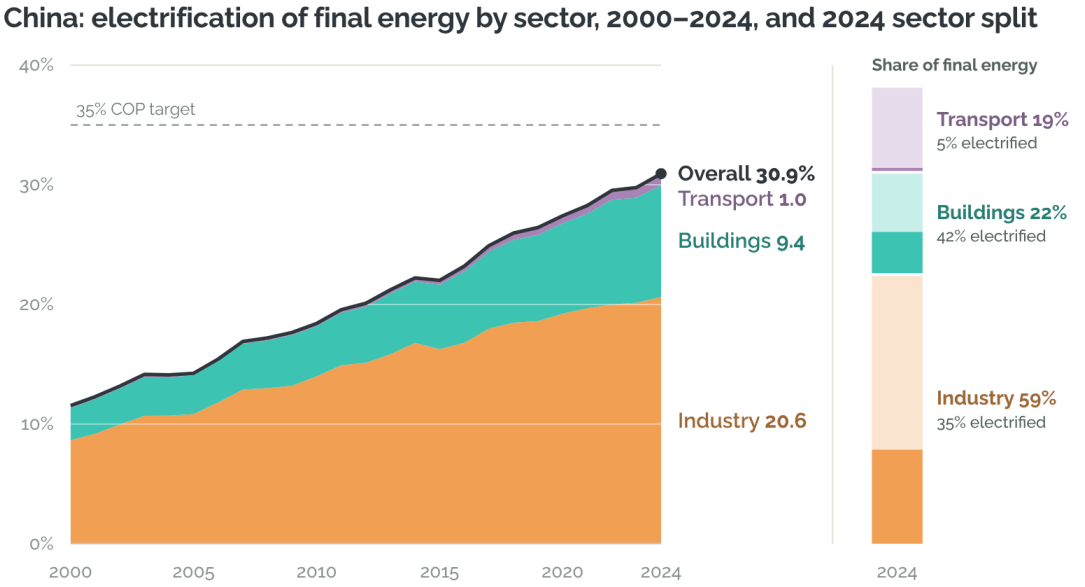


Bands show each sector's electricity use as a share of total final energy (pts). Column shows each sector's share of final energy in 2024; solid portion is electrified. Source: IEA World Energy Balances, ECIU

Japan is close to hitting the 35% target for electrification. Like South Korea, it has passed that level on electrification of industry (36.8%) and buildings (57.6%), but trails at 2.2% for transport.

Japan's relatively new PM, Sanae Takaichi, leads a government that maintains decarbonisation as government policy, but has moved its attention more to a nuclear-led, and industry-driven transition.

China



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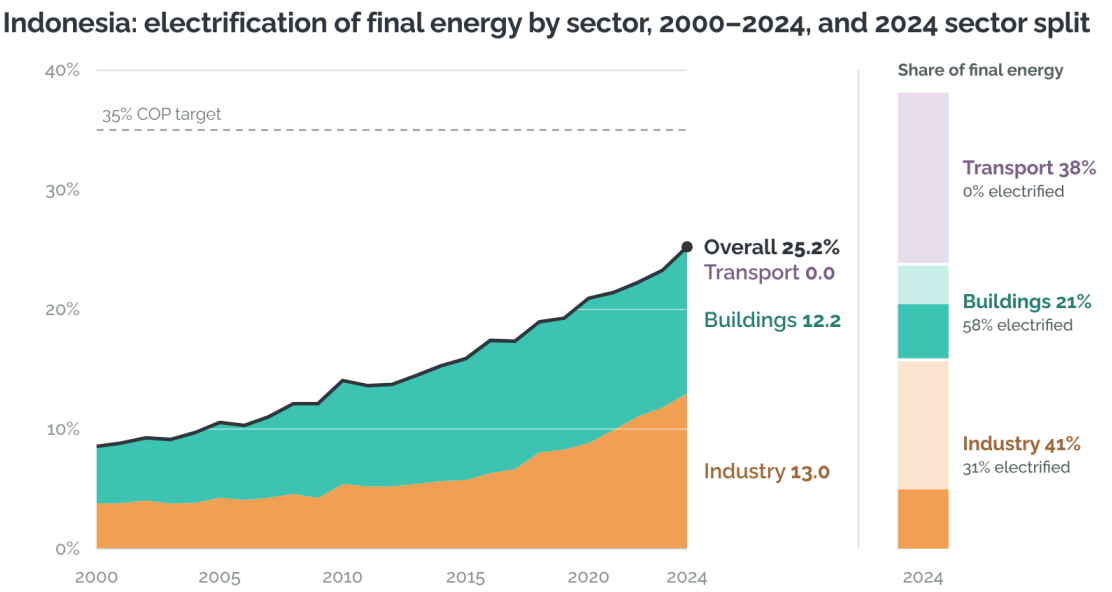
China leads the world on manufacture and deployment of renewables and electric vehicles. In 2025, according to Ember, clean power outpaced the growth in demand, with wind and solar alone covering 94% of the demand. This helped contribute to China's fossil fuel generation falling for the first time in a decade, and their emissions apparently reaching a tipping point and beginning to fall also.

The country's clean power generation grew by 15%, with the rate of solar growth, at 40%, accelerating on recent average annual rates (of 35%). At the same time, new-energy vehicles (which includes battery electric vehicles and plug-in hybrids) made up two thirds of new car sales in China in September as sales of fuel-only combustion engine vehicles down nearly a third. Last year, electric vehicles accounted for nearly 55% of all car sales, as Chinese car manufacturers supplied 60% of global electric vehicle sales.

The switch away from fossil fuels to renewable power generation, alongside the rapid uptake of electric vehicles, is reflected in China's progress on electrification – 30.9% in 2024. The country looks certain to be on a trajectory to hit 35% electrification before 2030; years ahead of the proposed COP31 target.

This breaks down to an electrification rate of 34.9% for industry and 41.7% for buildings. Its electrification rate for transport, at 5.2%, is still sharply below these other sectors, and yet is some way ahead of the UK's 3.1% (the UK is third in electrification rate for transport in the G20), and behind only Russia, at 7.1% (although this is largely related to the electrification of their extensive railway network rather than of their road traffic).

Indonesia



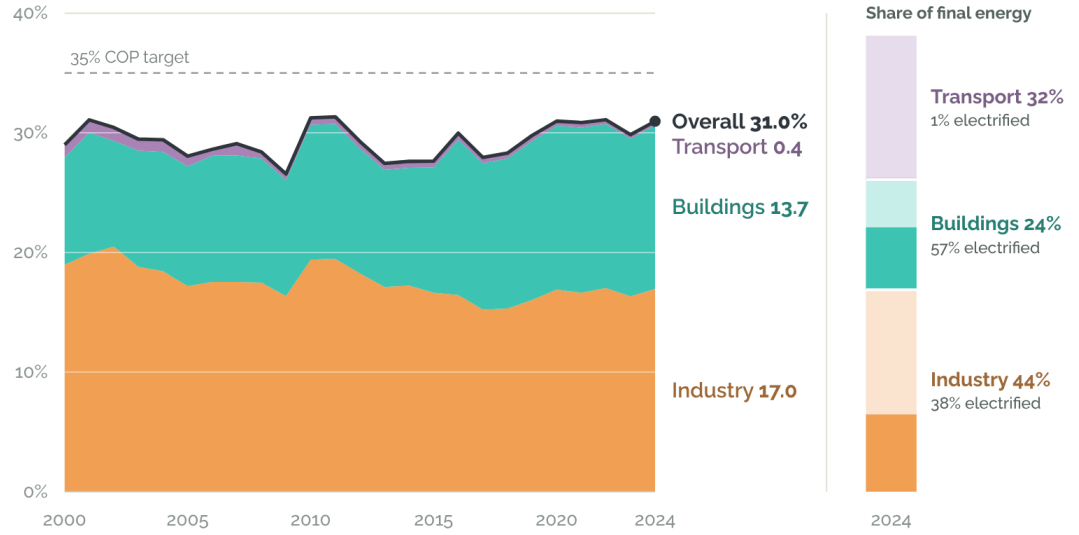
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Indonesia is above average on electrification rate (25.2%), and could be on track to reach 35% before 2035 on the basis of its actions in recent years.

Indonesia's industry is 31.4% electrified (and likely to hit 35% within a couple of year), and buildings are 58.3% electrified. However, only 0.1% of its transport sector is electrified, suggesting it would be unlikely to achieve 35% on transport any time soon, if at all, on current plans.

South Africa

South Africa: electrification of final energy by sector, 2000–2024, and 2024 sector split

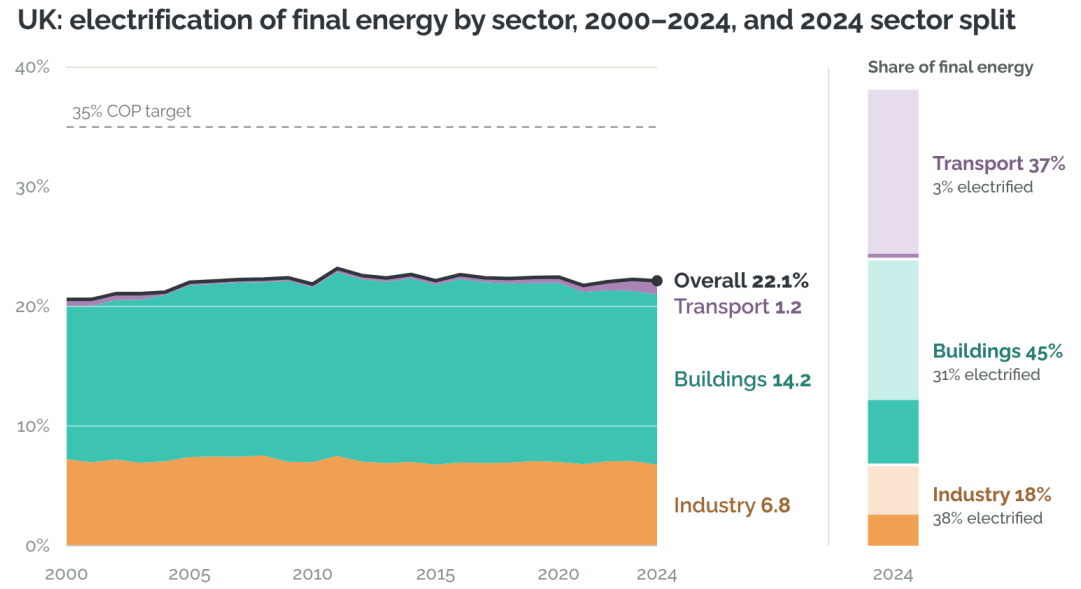


Bands show each sector's electricity use as a share of total final energy (pts). Column shows each sector's share of final energy in 2024; solid portion is electrified. Source: IEA World Energy Balances, ECIU

South Africa has an electrification rate overall of 31%, having already electrified 38.3% of its industry, and 56.6% of its buildings' energy use. Its transport system is only 1.1% electrified, however. South Africa's fairly high rates of electrification in buildings and industry, however, have been so for a long time, with little sign of recent progress building on this, calling into question whether they are on track for the 35% electrification target.

An assortment of nations group around the middle of the bloc, many not far off the average, some with some accelerating progress on one or more of the three areas (industry, buildings, and transport), but most currently on trajectories that will make 35% electrification challenging. The United Kingdom is one such.

United Kingdom



Bands show each sector's electricity use as a share of total final energy (pts). Column shows each sector's share of final energy in 2024; solid portion is electrified. Source: IEA World Energy Balances, ECIU

The United Kingdom is at 22.1% electrification rate as of 2024 – slightly below the global average of 23.9% and the G20 average of 24.4%.

Whilst globally the three sectors – industry, buildings, and transport – represent roughly a third each of final energy demand, these proportions vary in individual countries. In the UK, industry accounts for 17% of final energy demand, and as a sector it has already passed 35% electrification, standing at 38.3% as at the end of 2024.

On electrification of buildings, the UK is at 31.5% and, on the basis of some speeding up of progress in recent years, could hit 35% by 2030

However, on transport, the UK is at just 3.1% electrification. This is near the top of the table, behind just China and, surprisingly, Russia. However, even on the basis of recent years' aceleration of uptake of EVs as a share of new car purchases, the UK looks unlikely to be on track to hit 35% until much later than 2035.

The UK has been a leader globally on decarbonisation for most of the last decade and a half, and this has helped fuel its progress on electrification. More than half (52.1%) of the UK's power was generated by renewables in 2025, with 64% of power generated by low-carbon sources. Gas generated less than a third (31.8%), which is only slightly more than wind alone (29.5%). Coal-fired power generation ended completely in 2024.

The IEA's electrification data which we are using for this report do not reflect further progress over the last couple of years, since the end of 2024. The UK elected a new

government in July 2024 – one whose manifesto promised greater climate change ambition.

Buildings

Heat pumps. The Boiler Upgrade Scheme (BUS) provides grants to assist people to make the switch from oil and gas heating to cleaner solutions – mostly to air-source or ground-source heat pumps. The current government increased the BUS grants to £9,000, which has driven an increase in uptake in recent months.

July and August 2026 saw the highest, and second highest number of applications since the scheme began, with August 120% higher than the same month in 2025. August also saw the highest number of vouchers issued of any month since the scheme began, with volumes for August 40% up on July, and 103% higher than the same month in 2025. Over two fifths of the vouchers issued were for the higher, £9,000, grant level. Of nearly 100,000 installations made under the BUS, up to the end of August this year, 55% replaced gas systems, 17% replaced oil, and 13% were for properties which did not previously have a heating system.

Between January 2025 and the start of November 2026, there have been around 4,000 to 6,000 installations of heat pumps each month. 2025 saw 61,500 installations; to end October, 2026 has seen 47,361. This is currently 23% below 2025. October 2026 saw 5,860 installations – up 6% on the previous month. Before this year, installations had been trending upwards from 2021 to the end of 2025, with that year slightly up on 2024 (5.74%) at 61,500 to 58,159. (MCS) Heat pump uptake for new build homes is still low, however, with successive governments delaying policy changes under the Future Homes Standard to make them a requirement in new properties. (ONS)

Solar PV. 2025 data for installations of solar PV shows a rise of 37.4% over 2024, and a slightly higher average rate of installations per month in 2026 so far, compared to 2025 (25,745, as against 22,433).

Announcements in the UK's budget statement, however, represent a mixed bag in terms of continuing to up progress on electrification and decarbonisation of homes. The government cut at least £1 billion from the budget for its 'warm homes plan', which is intended to supply five million households with £15 billion in grants and loans for installation of heat pumps, rooftop solar and energy efficiency measures. This came the day after it launched the scheme to offer 'warm homes loans' of up to £35,000, on preferential terms to fund such installations. The budget also ended zero-rated VAT for solar panels.

However, the Chancellor suggested the government remained committed to heat-pump deployment and will continue to fund the boiler upgrade scheme at current levels of £400 million in 2028/28, and then allow it to rise with inflation. Experts suggest, though, that this overall represents a cut in heat-pump deployment funding of around £800 million on what

had previously been announced suggesting that the budget is, overall, "really disappointing for electrification."

Transport

Domestic transport is the highest-emitting sector of the UK economy, producing an estimated 30% of the UK's domestic greenhouse gas emissions. Transport has also made less progress decarbonising than other sectors, with a 13% drop in domestic emissions since 1990 compared to a 53% drop across UK domestic emissions as a whole. The majority of the UK's surface transport emissions come from cars and taxis, which drive more than two hundred and fifty billion vehicle miles each year; followed by HGVs and vans.

The UK's main policy to electrify road transport is the Zero-Emission Vehicle (ZEV) Mandate, which was first introduced in 2023 and took effect from the start of 2024. The mandate has been described as the UK's single largest net zero policy intervention, due to deliver nearly 14% of total emissions reductions required in the UK's fifth carbon budget period of 2028-2032. The mandate was originally envisaged (in the late 2010s) as rising annual targets for the market share of pure EVs in the new car market. The mandate as introduced in 2024 requires carmakers to sell an increasing proportion of EVs in the UK, rising to 80% in 2030 and 100% by 2035, but it was changed from the original plan to include some flexibilities, most notably for manufacturers to earn and trade credits from the sale until 2026 of nominally 'lower carbon' petrol and diesel cars. In addition, a ban on selling new petrol and diesel cars was to be implemented from 2030.

However, the mandate has previously been altered twice more since its introduction in 2024: in 2023, to allow sales of petrol and diesel cars until 2035 (but this was then reverted back to 2030); and in 2025, to extend flexibilities until 2029. It faces a possible further weakening with the UK Government poised to announce a decision following consultation in late 2026, with the most drastic option out for consultation allowing carmakers to sell only 50%, rather than 80%, of electric vehicles in 2030 (including flexibilities).

ECIU analysis finds that the impact of additional weakening would lead to more emissions than burning all of the gas in the recently approved Jackdaw gas field. Conversely, ECIU analysis also finds that a rapid shift from UK-based car manufacturers towards producing electric vehicles could add an additional £87bn to UK Gross Value Added (GVA) over the next decade, and support 142,000 new jobs in the car industry and its supply chains. International conflict and rising fuel prices, meanwhile, are contributing to growing demand – with 70% of cars exported from the UK in 2025 sold into markets with strong growth in EV sales. The volatile fuel prices are also leading to clear cost savings for EV drivers.

Including EV sales and flexibilities, the industry met its target in 2024 and 2025, and is also on track to meet the 2026 target of 33%. More than 5% of total cars on UK roads are now fully electric, but the long lifespan of cars registered in the UK – usually assumed to be 14-15 years – means that the continued purchase of petrol- and diesel-fuelled cars will

continue to have impacts for the UK's energy use, emissions, air quality and consumer costs for a long time to come.

Industry

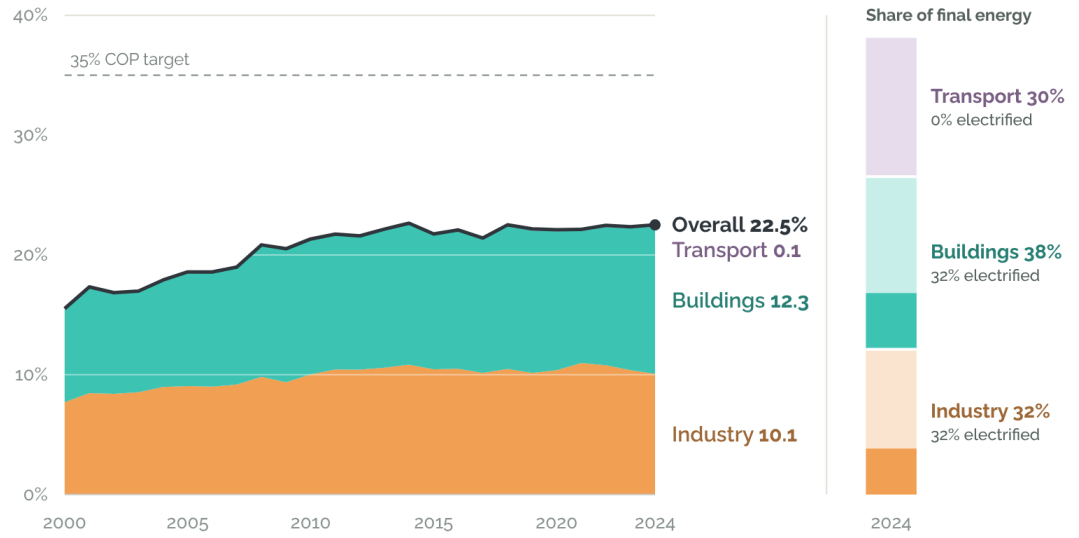
The UK has passed 35% electrification for industry. In recent years government has supported electric arc furnaces at Port Talbot steelworks and provided funding for decarbonisation and energy efficiency in the ceramics industry. The previous government introduced the British Industry Supercharger in 2024 that provided removal of policy costs, and 90% reductions in network costs to help make power cheaper for some energy-intensive industries. They also announced the British Industrial Competitiveness Scheme to reduce electricity bills by around a quarter for an even larger group of businesses; this comes into force in 2027.

COP Presidency nations

The 35% electrification target by 2035 is proposed by the COP31 presidency – jointly held by Türkiye and Australia.

Türkiye

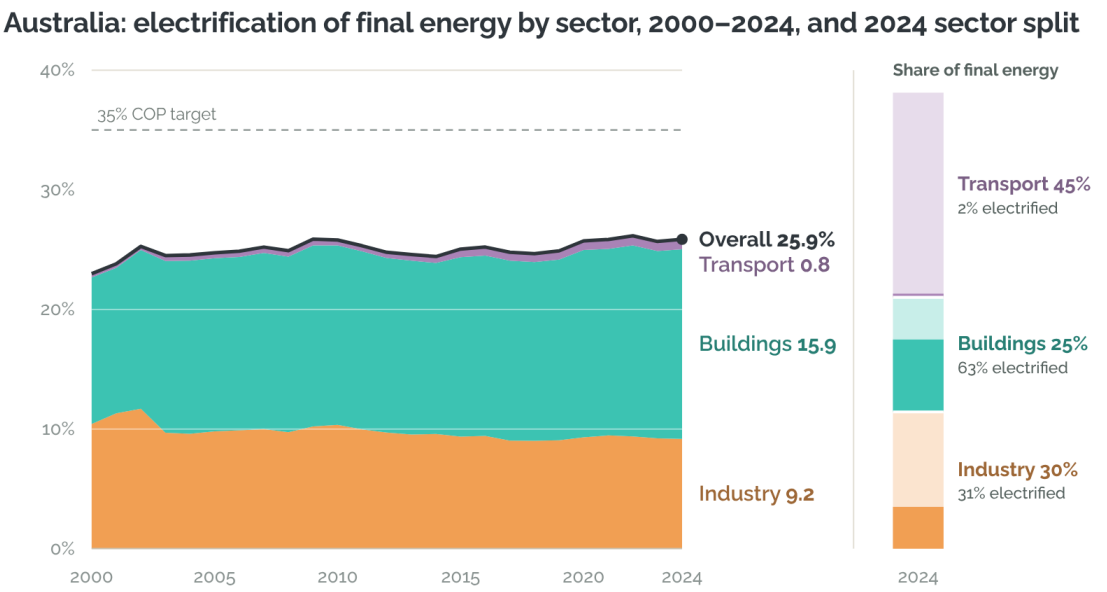
Türkiye: electrification of final energy by sector, 2000–2024, and 2024 sector split



Bands show each sector's electricity use as a share of total final energy (pts). Column shows each sector's share of final energy in 2024; solid portion is electrified. Source: IEA World Energy Balances, ECIU

Türkiye has an electrification rate overall of 22.5%. Within that, the level of electrification is 31.7% for industry, 31.5% for buildings, and just 0.5% for transport. As things currently stand, Türkiye does not look on track for delivering 35% electrification by 2035.

Australia



Bands show each sector's electricity use as a share of total final energy (pts). Column shows each sector's share of final energy in 2024; solid portion is electrified. Source: IEA World Energy Balances, ECIU

Australia is nearer to the top of the G20 list on electrification rate, with an overall level of 25.9%. Beneath this, they have achieved 30.6% electrification of their industry, and 63.2% of their buildings. Their transport system, however, is only 1.8% electrified. They, too, look unlikely – on current form – to meet 35% electrification by 2035.

Conclusion

The IEA data shows that there has been considerable global momentum on electrification across the world. Much of that will have been fuelled by the momentum from ten years of action to deliver on the ground-breaking Paris Agreement, which was agreed at COP21 in late 2015.

However, it has also been fuelled in recent years by two major fossil fuel crises that have spotlighted the significant risk for economies of continued exposure to volatile oil and gas prices through their energy system. As those fossil fuel crises have driven the cost of living ever higher, so worsening climate change impacts have added to this through food price inflation. The ensuing affordability crisis has made clear the value of electrification as a route to cheaper and more secure energy solutions that help transition away from fossil fuels.

China, in particular, has driven that momentum, both as a manufacturer and exporter of clean power technology, and through its own considerable and rapid transition towards electrification and decarbonisation of its own economy. This has led to a fall in its reliance on fossil fuels for power generation, as well as in its greenhouse gas emissions. And, whilst

India is at the other end of the spectrum on progress on electrification, its own transition towards clean energy, and investment in clean energy manufacturing, saw a coinciding fall in fossil fuel generation last year as well.

This momentum, particularly in both the world's second-largest, and its fastest-growing economies, has significant implications for global fossil fuel demand. Bloomberg recently reported a fall in demand for oil in China this year – partly related to the Iran war, and partly to the spread of electric vehicles. This will have significant medium to long-term implications for the world's biggest oil exporters – currently the United States.

Electrification and decarbonisation more widely – including the shift away from coal and gas towards renewables for power generation – will have similar implications for other major fossil fuel producers, which includes Australia.

Transport electrification is the global outlier on electrification. But the pace being set by China puts pressure on EU, US and UK vehicle manufacturers to compete as demand for electric vehicles rises, particularly in the wake of sharply rising petrol/diesel costs as a result of the Iran war. Beyond the G20, only Norway at 7.2%, and Singapore at 12.7%, have higher rates of transport electrification than China. Both indicate the importance of strong policy commitment and leadership in driving progress, maintaining a stable policy environment as market momentum picks up.

The UK has been a leader on decarbonisation over most of the last decade and a half, which has helped drive progress on electrification. However, leadership is jeopardised if the policy environment currently driving uptake of heat pumps and market share for EVs is weakened.

There is opportunity in next year's UK presidency of the G20 to pick up and drive leadership on the combined goals of decarbonisation and electrification. With net zero industries contributing over £100 billion in gross value added to the UK economy, and fuelling over one million jobs, the benefits to the UK's competitive advantage from leadership are evident, and the risks of falling behind grow as momentum picks up globally.