

DSO Entity



TAKING STOCK OF THE GRID ACTION PLAN



The Grid Action Plan follows an institutional approach with:



The Grid Action Plan at a glance

2023 marked the year of the “Grid momentum”, which welcomed initiatives at the European level acknowledging the high relevance of grids and, especially, the distribution level, in reaching the EU’s energy and climate targets.

What you should know about the Grid Action Plan:



Objectives

- Stresses grids as an EU-success story, but highlights that **challenges for the delivery of the Green Deal objectives** are emerging
- **Intents to support** grids in delivering the Green Deal’s objectives



Contents

- It is a **non-legislative initiative** of the European Commission (EC) with tailor-made measures to **support the transposition of existing energy legislation**
- It identifies **7 challenges and 14 Action Points** that should support the implementation in the **next 18 months**



Assessment

- **DSOs** and the decentralised level **are in the focus** like never before
- **Right challenges** are identified, and meaningful measures proposed - often specific measures are mentioned for DSOs (e.g. permitting, funding and financing¹, remuneration schemes)
- **DSO Entity appears as a key institutional actor** and is responsible for the delivery of 7 out of 14 Action points often together with ENTSO-E.

¹ Especially the high investment needs for DSOs are addressed by mentioning that “the bulk of the investment will be within borders” with an estimate of 375-425 billion of investment in distribution grids needed by 2030. Eurelectric’s Grid for Speed report (2024) revised this number upwards, estimating investment need at 67 billion euros per year to 2050 in the distribution grid¹.

What is in the Grid Action Plan?

The Communication identified several challenges faced by grids and proposed concrete, but non-legislative actions, to tackle them within the next 18 months.

These manifold actions can be summarised in five thematic clusters:



Improving long-term grid planning to include renewables and deal with increased electrification: Measures proposed include the mapping and sharing of good practices of Distribution Network Development Plans, the establishment of a pan-EU overview of available grid hosting capacities, and guidance towards the digitalisation of grid connection requests.



Smartening the grid by supporting network efficiency and innovative technologies: Measures proposed include the creation of more clarity on existing smart electricity grid technologies via tools such as Technopedia or TechRadar to promote the uptake of innovation and improve network efficiency.



Improving access to finance and introducing regulatory incentives for forward-looking grid build-out: Measures proposed include the promotion of available funding instruments, addressing obstacles to private financing and the identification of the conditions under which anticipatory investments would be allowed for DSOs.



Accelerating deployment through faster permitting and public engagement: Measures proposed include the acceleration and simplification of permitting procedures through the implementation of existing legislation, and the reinforcement of the public's involvement and support through the Pact for Engagement, of which DSO Entity is a founding signatory.



Strengthening grid supply chains: Measures proposed include the development of common technology specifications and standards as well as improved visibility in grid projects pipelines for manufacturers.

Why is the Grid Action Plan relevant for DSOs at the national level?

Although the GAP is a European initiative, it primarily targets the implementation of legislation and measures at the national level. Thus, **it calls on Members States and National Regulatory Authorities (NRAs) for more supportive action towards grids**. The following actions are primarily geared towards necessary developments at the national level and should be known by national decision-makers.



The EC explicitly calls for the **introduction of regulatory incentives for forward-looking grid build-out** and announces the publication of guidance for conditions to approve anticipatory investments in Q1-2025.



The EC highlights **the need to better incentivise the usage of grids** and mentions insufficient smart grids incentives which should be addressed in ACER's tariff report in Q1-2025 (e.g. adequate OPEX compensation at times of rising digitalisation costs, data processing and flexibility procurement).



The EC stresses the need for **better access to finance** and the implementation of **tailor-made financing products** to support grids given the unprecedented increase in the volume of grid capital expenditure which affects key financial performance indicators such as credit ratings.



The EC intends to increase the **visibility of the available funding opportunities** for the distribution level such as smart electricity grid Projects of Common Interest (PCIs). At the national level, the EC further calls onto Member States **to assess their available options to allocate funds** towards the distribution grid.



The EC addresses **permitting** as one of the core challenges and encourages Member State to transpose the Renewable Energy Directive (RED III)'s provisions targeting infrastructure permitting procedures. These include, for instance, the introduction of the "overriding public interest principle" for infrastructure projects connected to renewable installations.