

DSO Entity's input: European Grids Package

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Assessment of past achievements and future challenges of the EU legal framework:

While the European energy market integration, including the development of “one of the most extensive and resilient electricity networks in the world” (COM 2023/767), can be widely acknowledged as a success story, more integration will be needed in the future as well as a **shift in perspective towards a more decentralised, digitalized and renewable energy system**. Also, two of the elements of the EU energy objectives - competitiveness and resilience/energy security - have gained new momentum due to changes in the (geo)political situation and will have to be kept in view. However, it is regrettable that the table under Question 1 in the EU-consultation does not mention “the integration of decentralised energy resources (DER) and renewables (RES)” as objective since this is central for reaching the EU’s sustainability target and poses a core challenge for DSOs. Furthermore, it unveils an aspect where the current EU framework does not seem to be fit for purpose.

Role of DSOs in the European framework:

Given the changes in the energy system and the increasing role of DSOs, the current legal framework is not yet fully adapted to the new circumstances overlooking the decentralized level which is key in empowering consumers. By integrating more than 70% of RES **DSOs play a crucial part in providing affordable and reliable electricity** to EU’s households and industries. As stated in the Action Plan for Affordable Energy “only by accelerating investments in clean energy and infrastructure [...] [we] can make energy affordable” (COM/2025/79). DSOs are central in bringing bills down in the medium-term by connecting RES/DER, enabling flexibility solutions, and thereby leading to less curtailment, re-dispatch costs and/or stranded investments. **Future-proof DSO-grids are a prerequisite for a thriving EU economy and its competitiveness.**

Greater focus on decentralised level and system-of-systems approach:

While grids in general and DSOs in particular had often been overlooked in the European legislative framework in the past, recent developments in the Electricity Market Design reform (EMD) and the Grid Action Plan (GAP) have positively put grids and their role in the spotlight. However, the **European framework remains focused on a predominantly cross-border view with little inclusion of distribution grids** which can be seen in the relatively low support for DSOs in European funding opportunities for instance.

Right level of support and mix of measures for DSOs at the EU and national levels:

Nevertheless, this does not mean that all solutions can and should be tackled within the EU framework since despite their relevance for the EU energy objectives, DSOs remain local and diverse actors (not one size fits it all). Differences in grid topology, regulatory environments, market structures, and customer profiles mean that DSOs face unique challenges and

opportunities depending on their national and regional contexts. While DSOs and DSO Entity are committed to the European project and strive for alignments on different levels, the current approach looking for simplification should also apply for DSOs while accommodating this diversity.

Therefore, it will be important to

1. **Ensure the implementation of existing EU legislation** and strengthen EU guidance to support Member States in tailoring solutions to local realities, and
2. **Improve coordination and alignment between the different levels** to foster cooperation and knowledge sharing. DSO Entity will be a key-actor in actively supporting and facilitating such exchanges.

The future framework must ensure that all players cooperate and coordinate their actions to optimise the required evolution from the energy grid towards an energy system to enable customers to actively participate in the transition. A system-wide approach in the energy landscape will open **new opportunities for customers, service providers and system operators**. It should be clear that this system-wide approach points towards engaging all players of the system to realise the energy transition in the most effective and efficient way and not to unify or standardise one-size-fits-all solutions over all voltage levels.

Concrete examples for measures at different levels:

Below are some examples of measures describing where direct or indirect EU support will be needed and identifying which areas cooperation should be strengthened.

Direct EU support:

- **Multi-Annual-Financial Framework (MFF), Funding and Financing support at EU level:** 2/3 of the needed grid investments will be at the DSO-level which has however not been in the focus of dedicated EU funding support. Given the relevance of DSOs for the delivery of the EU's objectives, greater focus should be put on DSOs as a strategic sector in a potential EU Competitiveness Fund, in the CEF-E and/or earmarked funds for DSOs in funding projects (see detailed response on questions on Investments).
- **Clearer EU-guidance for NRAs to guarantee the right investment climate for grids:** Despite small improvements in the recent EMD-reform (2024/1747) Art. 18(2)) which added that the tariff methodologies shall also consider "[...] to contribute to the achievements of the objectives set out in NECPs" they seem still too vague to ensure a more holistic approach to efficiency when protecting consumers: efficiency does not mean the lowest costs in all situations, but also the reliable availability of assets and services when needed. Therefore, the EU-level should give clearer guidance to NRAs to ensure that grid investments are aligned with the European Climate and Energy objectives as well as prepared for increasing needs for climate adaptation and prevention of physical and cyber-attacks. This can be done by either providing guidance(s) for implementation by the NRAs of Art. 18 of the Regulation

2024/1747/EU or by revising the article itself.

- **EU leadership and support on strategic topics with geopolitical relevance:** Strategic and complex topics such as reliable supply chains, accessible raw materials, or simplified EU public procurement rules are areas where active EU-action and support are needed to ensure the right conditions for DSOs on the ground. EU-support on the topic of skills and staffing should also be provided as a targeted strategic sector identified in the Union of Skills by launching a European Grid Skills Academy within the framework of the EU's Net-Zero Industry Academies.
- **Ensuring the timely adoption of secondary acts on technical rules:** Ensuring that the work in progress is delivered on time to improve the technical conditions for grids and set the right conditions in place without delay (e.g. implementation of the Network Code Demand Response or Grid Connection Codes RfG).

Indirect EU-support:

- **Ensuring and supporting the implementation of existing European rules:** During the previous legislative period positive measures related to grids were adopted and should be implemented as soon as possible (e.g. provisions on anticipatory investments, flexible connection agreements, permitting). This includes active support for a coherent implementation via the publication of guidelines or exchanges with Member States (e.g. Guidelines for dedicated grid areas, Expert Group on accelerating permitting for renewable energy projects).
- **Providing guidance in cooperation with DSO Entity on topics with primarily local or national character** and relevance to ensure further alignment through the exchange of good practices and provision of transparency of activities (e.g. Distribution Network Development Plans, Public Engagement, smart grids and digital technologies, skills and staffing). Also, effective connection queue management has increased in relevance and the introduction of transparent priority connection criteria at the individual Member State level can be a solution to substitute the "first come first served" principle. The strengthened cooperation between the institutional actors of the Grid Action Plan (EC, ACER, DSO Entity, ENTSO-E) has developed into a successful non-legislative framework of exchange that should be kept and further developed. DSO Entity is an important actor in this respect and should be actively involved in envisaged new fora such as the tripartite contract or the Energy Union Task Force.
- **Facilitating a system-of-systems approach treating DSOs/TSOs equally:** Ensure balanced EU legislation regarding the roles and responsibilities of DSOs/TSOs to guarantee good coordination and cooperation also at the national level. For instance, for national network development planning, it is of great importance that TSOs invest sufficiently in the connections between TSOs and DSOs to ensure sufficient capacity at the DSO-level to connect customers.