STATEMENT ON THE REVISION OF THE PUBLIC PROCUREMENT DIRECTIVES

ENTSO-E AND EU DSO ENTITY
JANUARY 2026

DSO ENTITY
DSOs FOR EUROPE

entsoe

EXECUTIVE SUMMARY

Europe's electricity grid is the foundation of a resilient energy system and a competitive economy. Together, Transmission System Operators (TSOs) and Distribution System Operators (DSOs) operate more than 11 million km of grids throughout Europe, ensuring that electricity reaches every home, business and region – from large centres to rural communities.

	ENTSO-E (TSOs)	DSO Entity (DSOs)
Foundation	2009 in the Third Energy Package	2019 in the Clean Energy Package
Members	40 TSOs representing 36 countries	830 DSOs representing the EU-27
Joint roles	› Development of technical rules for the electricity system in the form of Network Codes and Guidelines. › Establishment of close cooperation between TSO-DSO to ensure a system-of-systems view. › Support of TSOs and DSOs in implementing and monitoring common rules and EU legislation.	
Joint objective	› Ensure a carbon-neutral future while continuing to safeguard grid security and a reliable supply to end-use customers.	

As grid operators, we call for the revision of the Public Procurement Directives to:

- Facilitate access to the grid technologies needed for Europe's energy transition (e. g. by promoting flexible and voluntary non-price criteria while taking into account their impact on the feasibility of projects and enabling grid operators to swap and sell equipment among themselves)
- Boost competition and cost-effectiveness in procurement through the introduction of increased threshold values, flexibility in tender processes and subsequent changes to contracts and framework agreements
- Make tenders more attractive across Europe by simplifying administrative procedures.

1 INTRODUCTION

Why grid operators need a fit-for-purpose framework

The European Union's public procurement market is a cornerstone of its economy, with over 250,000 public authorities collectively spending around € 2.3 trillion annually on services, works, and supplies. This expenditure represents approximately 15 % of the EU's GDP[1]. The market encompasses a wide range of sectors, including infrastructure, construction, transport and logistics, healthcare, education, social services, catering, IT and communication, energy, waste management, and security and defence.

Public procurement is a powerful tool for stimulating jobs, growth, and investment, fostering an economy that is more resilient, innovative, resource and energy-efficient, and socially inclusive. High-quality public services rely on modern, well-managed, and efficient procurement processes. Enhancing public procurement can lead to significant savings: a 1 % efficiency gain could save € 20 billion per year.

Europe's electricity system operators must deliver the largest grid buildout in EU history to meet climate, security-of-supply and industrial policy objectives.

Yet the current EU public procurement regime slows down critical infrastructure delivery instead of enabling it. Rules designed for stable markets do not reflect today's realities: long lead times, concentrated supplier markets, geopolitical uncertainty, rapidly evolving technologies, new sustainability obligations and tight project timelines. Inflexible tender procedures according to the Public Procurement Directives are adding to the problem, with administrative efforts so high they are effectively obstructing competition and decreasing the attractiveness of the European market, contributing to rising costs and risking delays or even cancellation of essential grid projects.

A fit-for-purpose framework is therefore essential to ensure grid operators can procure efficiently and strategically, while respecting transparency, equal treatment and competition. Without targeted reform, Europe risks falling short of its decarbonisation and security goals because the grid buildout is held back by excessive administrative burden and outdated procedural rigidity.

European preference – for manufacturing and sales

European grid operators are already purchasing the majority of grid technologies from manufacturers located in Europe. It is important to emphasise that alongside the "made in Europe" approach, which will not solve the gap between demand and manufacturing, we must also focus on "sell in Europe". This means not only encouraging contracting entities to purchase EU-made products but also ensuring that European manufacturers meet domestic demand. In several strategically important markets, e. g. large power transformers, European buyers compete with global demand. It is essential to ensure that, in parallel, economic incentives are created for European manufacturers to prioritise the European market, rather than placing compliance obligations solely on contracting entities.

"Made in Europe" alone will not solve the problem; we also need "sell in Europe" so that European buyers can access high-quality and competitively priced grid technology. Therefore, policymakers should be cautious before considering the introduction of any mandatory restrictions on contracting entities in the current market.

The European Grids Package, published by the European Commission on 10 December 2025, also highlights this challenge and calls on the sector to scale up to keep pace. Therefore, TSOs and DSOs would welcome incentives for European manufacturers not only to relocate capacity back to Europe but also to increase that capacity.

1 European Commission, Public procurement , Internal Market, Industry, Entrepreneurship and SMEs, Improving public procurement can yield big savings: even a 1 % efficiency gain could save € 20 billion per year, accessed January 2, 2026.

2 GRID PROCUREMENT AS A CRITICAL AND STRATEGIC TOOL FOR EUROPE

Non-price criteria and European preference: application needs to remain voluntary

ENTSO-E and DSO Entity understands that the European Commission is considering the introduction of mandatory non-price criteria in the revision of the Public Procurement Directives. A rigid approach that could close off the European market for grid technology could have unintended consequences. An analysis by the European Commission has indeed found that the grid sector is very resilient in terms of technology leadership, with high shares of domestic manufacturing for most critical components, and a low degree of third-country dependency.[2] Given the already highly concentrated market structures, need for speed and investments; restricting European market access may limit competition, create shortages for grid materials, and hamper innovation. Ultimately, it will contribute to further price spikes, with a risk that the grid buildout is further delayed and becomes unaffordable. Therefore, policymakers should be cognisant of the market situation for grid technologies when considering the introduction of any new initiatives.

In this context, non-price criteria should be used flexibly to assess genuine risk exposure and incentivise innovation, rather than impose prescriptive thresholds that markets may not yet be able to meet. The EU must avoid setting criteria where no material added value can be expected. For example, in cases where the supplier base is almost exclusively European, local content criteria for grid technology purchasing would fail to deliver any added value regarding quality and differentiation of offers. Tailored approaches on the other hand allow buyers to reward suppliers that invest in sustainable and circular solutions[3], and innovation in Europe, while maintaining affordability and security of supply. We therefore invite the Commission to produce a toolbox on voluntary non-price criteria that grid operators may use where appropriate. Such guidance would support contracting authorities in applying non-price criteria consistently and effectively, while retaining the flexibility necessary to adapt to specific market conditions and product types.

Boost resilience and access to critical infrastructure: enable grid operators to sell equipment and services among themselves

The current legal framework treats contracts between grid operators as contracts subject to public procurement law. For example, if one grid operator has a contract under adherence to EU procurement law, a grid operator which was initially not part of this scope (e.g. no call-off right) is not able to receive equipment under this contract, even if the initial grid operator does not currently need the goods and services and would like to pass on call-off rights to the second one. This is an unnecessary obstacle as goods or services have already been procured by a grid operator through public procurement. Further, allowing selling/swapping between grid operators would strengthen the resilience of the European grid, e.g. in emergency situations or where grid equipment for common projects is not otherwise available on the market. Thus, the updated Public Procurement Directives should allow for selling or swapping of publicly tendered goods and services between contracting authorities and the passing on of call-off rights to framework agreements with the possibility to adapt the contract according to national regulations. This practice of re-selling and swapping among similar entities already exists in the Defense and Security Procurement Directive c.f. article 13, litra f. It could save 6-12 months of time by avoiding double (or redundant) public procurement procedures and help reduce crisis response times.

2 Communication from the Commission C/2025/3236 of 18.06.2025

3 Minimum sustainability requirements for public procurement procedures, including the Commission's decision not to include grid technologies for now. See ENTSO-E response to the European Commission's call for feedback on Draft Implementing Regulation – Ares(2025)7728646

3 SIMPLIFICATION AND FLEXIBILITY AS ENABLERS OF COMPETITION

Simplify the procurement of innovative materials and services

An innovative solution in procurement is of interest for contracting authorities when it enables better results at optimised cost by procuring in a more cost-efficient way. While contracts with the sole objective of creating research, experimentation, studies or development can be entered into using the negotiated procedure without prior call for competition, it remains a requirement that the award does not preclude future tenders. This makes it undesirable for suppliers to invest time, innovative resources and costs in partnerships with contracting authorities. Thus, the current public procurement framework is not suitable for purchasing innovative materials or enabling genuine innovation partnerships, making targeted adjustments necessary.

We call on the Commission to support innovative solutions and new technologies for grid development by encouraging the application of the negotiated procedure without prior call for competition. These provisions should follow the model already established in Directive 2009/81/EC, article 13(c) and article 28(2), allowing more flexible negotiated procedures where innovation, research and development are required. This would make cooperation with suppliers commercially viable, ensure genuine innovation uptake, and allow contracting authorities to procure advanced solutions in a legally secure and efficient manner.

Raise value thresholds to better attract cross-border participation

Despite harmonised rules intended to foster EU-wide supplier engagement, cross-border interest remains negligible in tenders under €2 million (goods/services) and €13 million (works). The majority of procedures at these values attract only national bidders. According to EU Court of Auditors data, average bidders dropped from 5.7 to 3.2 over the last decade, while single-bid tenders increased to 41.8 %. Current EU procurement thresholds have remained virtually unchanged since 1994, thus effectively decreasing in real terms. As a result, an increasing number of small and mid-value contracts must now be tendered at EU level through procedures that are often lengthy and complex, generating disproportionate administrative burden.

EU-wide thresholds should hence be set to minimum €2 million for goods/services and €13 million for works to reflect real supplier behaviour and reduce administrative burden on low-value procedures. Higher thresholds would allow procurement rules to remain proportionate, increase efficiency and predictability, and ensure that EU-level procedures are used where they deliver real added value.

Introduce flexibility in the choice of the tender procedure and enable adjustments during procedure

Under the present regulation the tender procedure must be decided at the time of tender. The contracting authority is forced to adhere to the chosen procedure during the entire tender even if it proves that switching to another procedure would increase competition and benefit the tendered contract. Premature terminations of tender procedures and subsequent relaunch of tenders are a common challenge: this rigidity increases the risk of unsuccessful bids and makes the European market unattractive for bidders, especially in sectors where competition is low.

Instead of being limited to the pre-defined procedures set out in Articles 45 – 49 of the Utilities Directive, contracting authorities should be free to select and adopt the procedure best suited to ensure efficient competition for the tendered contract or framework agreement, including the flexibility to adjust and combine procedural elements where appropriate.

The objective of this flexibility is to enable contracting authorities to adapt the procedures to the specific characteristics and complexity of each procurement. Such adaptability would make it possible to respond more effectively to market feedback, avoid unnecessary termination and re-tendering, and achieve better value for money.

Greater procedural adaptability should also allow for justified modifications or negotiated adjustments within ongoing tenders in response to objective technical or market developments. This would involve allowing bidders to present their initial technical proposals, even if these do not fully match each other. A technical negotiation would then take place, aimed at aligning all bidders, for the non-mandatory requirements, on a common, agreed-upon technical offer. Once all the technical offers are aligned, all bidders would be asked to submit their economic offers based on this unified technical solution.

However, any adapted procedure must remain firmly based on the fundamental principles of EU procurement law, equal treatment, transparency, and proportionality

Render ongoing contracts and framework agreements more adaptable

Due to the fact that components like power transformers, converters, cables and various types of switchgear have long production times and are procured in significant volumes, grid operators commonly use long-term contracts or framework agreements rather than tendering each item individually. However, both instruments are constrained by Article 89 of the Utilities Directive, strictly limiting permissible modifications once a contract is signed. As a result, grid operators are frequently forced to cancel and re-tender agreements in response to market developments, outdated pricing, new technologies, or revised technical requirements and call-off values, creating unnecessary administrative and operational burdens for both grid operators and suppliers.

These regulatory constraints were designed in a more stable geopolitical and market environment and are not adequately reflecting today's conditions. The review of the Public Procurement Directives should enable the renegotiation of long-term contracts and framework agreements between grid operators and suppliers, allowing adjustments throughout the contract period, with the aim of avoiding premature cancellation and providing planning security for both the contracting authority and bidder. Consideration should also be given to providing contracting entities with more flexibility to award contracts from a multi-party framework to improve the resilience of the framework.

4 INCREASING THE ATTRACTIVENESS OF TENDERS IN EUROPE

Lower Administrative Burden (e.g. ESPD, national forms, eForms)

Public procurement procedures in the EU remain administratively heavy and difficult to navigate for suppliers, particularly SMEs. Administrative inefficiencies are slowing down procurement timelines: according to the EU Court of Auditors, average award periods rose from 62.5 to 96.4 days between 2011 and 2021. Furthermore, contracting authorities often require documents already available in public registers, and there is limited cross-border access to verified company data. This delays procedures, increases error risk and may discourage cross-border participation, reducing competition and value for money. A more proportionate and accessible procurement system requires targeted simplification measures in three areas: documentation, data access and certificate management.

First, procurement documentation should become lighter, clearer and easier to handle. The ESPD, eForms and national templates should be streamlined by removing unnecessary elements, thereby significantly reducing administrative costs. Second, contracting authorities should be able to rely on trusted, automatic access to company data. Much of the information requested from bidders already exists in public registers and access should be provided for contracting authorities to retrieve this data directly, via a central EU platform offering free, interoperable access to core company information (identity, financial standing, authorised persons, beneficial ownership). A central qualification system for contracting entities could also be considered as part of this EU platform. Third, eCertis needs to be strengthened and kept continuously up to date. Clear, comparable information on certificates and exclusion grounds is essential for cross-border procurement.

Publisher

DSO Entity
Rue Belliard, 35 | 1040 Brussels, Belgium
info@eudsoentity.eu | www.eudsoentity.eu

ENTSO-E aisbl
8 Rue de Spa | 1000 Brussels | Belgium
www.entsoe.eu | info@entsoe.eu

Design

DreiDreizehn GmbH, Berlin
www.313.de

Images

Cover: Courtesy of PSE
Page 2: iStockphoto.com

Publishing date

January 2026

DSO ENTITY
DSOs FOR EUROPE

entsoe