

DSO Entity's response to the European Commission's call for feedback on the proposal for an Industrial Accelerator Act (COM/2026/100)

Executive Summary

DSO Entity welcomes the European Commission's proposal for an Industrial Accelerator Act (IAA) (COM/2026/100), and its ambition to strengthen European industrial capacity, secure European manufacturing value chain, and accelerate decarbonisation. While the proposal's balanced approach, addressing both EU competitiveness and supply chain needs to support the energy transition, is broadly welcomed, some aspects require further clarification to avoid unintended impacts on grid developments.

The proposal introduces new EU-origin and low-carbon public procurement requirements for products from energy-intensive industries such as steel, concrete, mortar and aluminium, but unclear definitions risk extending the scope beyond raw materials to downstream grid technologies, potentially increasing costs and supply constraints, hindering energy transition investments and industrial competitiveness. While included exemptions from these provisions are welcomed, their current design may impose significant administrative burdens and lacks alignment with market realities, particularly regarding tendering procedures and the high threshold for disproportionate costs.

In addition, the provisions on the development of Industrial Acceleration Areas would benefit from a clearer distinction between administrative permitting procedures (public authorities) and (technical) grid connection agreements (grid operators), to avoid legal ambiguities and confusion in interpretation. Further consideration should also be given to the involvement of DSOs in the designation and planning of these areas to ensure alignment with local network realities and planning scenarios.

About DSO Entity

DSO Entity is the legally mandated EU body for European Distribution System Operators (DSOs), uniting all sizes of electricity DSOs in Europe. It was formally established in June 2021 by following the EU's Electricity Market Regulation (2019/943/EU) to develop future-proof conditions for the functioning of the electricity market together with ENTSO-E and to facilitate a seamless and affordable energy transition. DSO Entity represents more than 800 DSOs of every size, connecting more than 250 million electricity households and industry clients across all 27 EU Member States.

Assessment of key-provisions in the IAA

1. New public procurement requirements (Article 11)

The proposal introduces new EU-origin and low-carbon public procurement requirements for products from energy-intensive industries such as steel, concrete, mortar and aluminium, but unclear definitions risk extending the scope beyond raw materials to downstream grid technologies, potentially increasing costs and supply constraints. While exemptions from these provisions are welcomed, their current design may impose significant administrative burden and lacks alignment with market realities, particularly regarding tendering procedures and the high threshold for disproportionate costs.

Recommendations:

- **Clarification of scope of new public procurement requirements for products from energy intensive industries (Article 11.2, 11.3):** The proposal introduces new obligations for the public procurement of products from energy intensive industries i.e. steel, concrete, mortar and aluminium, as well as for “*any product whose performance depends on these materials, intended for use in buildings, infrastructure [...]*”. At least 25% of steel procured or used in relevant products must qualify as low-carbon while 25% of aluminium must be both low-carbon and of Union origin. For concrete and mortar, at least 5% of the total volume used must meet both low-carbon and Union-origin criteria (*Annex II Part I*). While grid technologies are not explicitly mentioned, the unclear definition of products “depending on” these materials raises uncertainty about whether grid equipment (such as cables) falls within scope. A strict interpretation could have far-reaching consequences, potentially bringing a wide range of DSO-relevant technologies and materials into scope, from aluminium-based cables, overhead line conductors (e.g. ACSR types), towers, and grounding to lightning protection systems. Given the current difficulties in procuring essential grid-materials, and that electricity grids are considered a net zero technology under the NZIA scope (so also fall under NZIA’s requirements in public procurement), concerns have been expressed over the potential for high prices and limited supply of a wider range of materials should the provision be applied in that sense. Therefore, it would be important to clarify that the scope does not go beyond raw materials and does not include downstream products.
- **Exclusion of grid technologies from the scope of future delegated acts supplementing the proposed provisions (Article 28h.2):** The current text empowers the Commission to adopt delegated acts to supplement Annex II of the NZIA by adding additional net-zero technologies to the scope of the IAA, potentially including electricity grid technologies. This creates legal uncertainty regarding future changes to the public procurement framework which should be addressed by explicitly excluding certain technologies, notably grid technologies, from both the scope of the IAA regime and related delegated acts.
- **Clear applicability and feasibility of exemptions to procurement requirements (Article 11(3)):** While it is positive that exemptions are provided to these requirements (Article 11(3)), there are concerns over their design and feasibility in that they seem to fail to acknowledge the current market reality and risk creating a disproportionate burden on buyers.

- **On Article 11(3)b (lack of suitable tender submitted):** The requirement for two rounds of tendering to prove no suitable tenders were submitted creates administrative and time-consuming burdens on buyers. An alternative approach would be to permit the award of contracts to non-compliant tenders as a second step within a single procurement procedure. Priority would be given to compliant tenders. Non-compliant tenders would be considered only where no suitable compliant tenders or requests to participate are received, or where compliant tenders do not meet the required volume.
- o **Regarding exception 11(3)c (disproportionate costs):** The 25% threshold for cost-difference consideration is considered overly high and not realistic. No company currently operates with profit margins that would allow it to absorb such increases. As a result, projects are more likely to be delayed, scaled down, or cancelled rather than benefit from the exemption.
- **Further clarification on compliance with framework and burden of proof (Article 11(4)):** The self-declaration mechanism set out in the provision is positively appraised, as it relieves the burden of verification from the buyers. However, the inclusion of “contracting entities” within the scope of Article 11(4), while excluded under the new Article 25a(4) of the NZIA, creates uncertainty regarding its application to DSOs. If applicable, the provision would require DSOs to obtain supplier self-declarations of compliance. However, the absence of a clear definition of “self-declaration” risks imposing disproportionate administrative burdens and legal liability on DSOs, particularly if extensive verification of the contents of the self-declaration is expected. To address these concerns, the following recommendations are proposed:
 - **Clarify the exclusion of DSOs from the scope of the Industrial Accelerator Act, or align the content of its Article 11(4) with Article 25a of the NZIA,** to exclude contracting entities from its scope.
 - **Define the form of the self-declaration and limit the verification obligations** to confirming its existence, not reviewing the accuracy of its contents.
 - Should DSOs be included within the scope of this obligation, the administrative burden created could be mitigated by **limiting the application of the obligation only to larger procurement procedures** through the introduction of thresholds.
- **Electric vehicle procurement requirements (Article 11, Annex III):** The proposal sets out new origin-requirements for the procurement of selected types of electric vehicles, including considerations on the place of assembly, and sourcing of selected components (traction batteries, main electronic systems, e-powertrain). Sufficient flexibility in the application of such criteria for the procurement of specialised corporate vehicles should be provided, to avoid delays in fleet electrification where Union-compliant options may currently be limited.

2. Permitting framework and Grid Connection requirements

The proposal introduces a streamlined permitting framework for the deployment of new Industrial Acceleration Areas to be established in each Member State (Articles 25–27). It refers to the definition of “permit-granting procedures” (Article 3) set in the Renewable Energy

Directive (EU) (2018/2001), and sets single access points (Article 4), and integrated procedures under a competent authority (Article 5). The future demand for these Industrial Acceleration Areas is to be reflected by DSOs in their network development plans.

While these measures aim to accelerate industrial deployment, they risk blurring the distinction between administrative permitting and technical grid connection processes. Grid connections are governed by technical feasibility, network capacity, and system security considerations and are subject to sector-specific regulations. They should neither be treated as administrative permits nor be subject to overly stringent deadlines. DSO's concerns about the amalgamation of administrative permitting procedures and technical grid connection processes already surfaced in the framework of the Commission's guidance on grid connections and the Proposal for a new EU Permitting Regulatory Framework as part of the EU Grids Package. In addition, the planning and designation of Industrial Acceleration Areas may create challenges if not aligned with grid realities, particularly in the absence of explicit DSO involvement and clear cost recovery mechanisms for anticipatory investments and in view of current local grid congestion circumstances in some Member States.

Recommendations

- **Clarification of grid connection as a technical process (Articles 3(4) and 5):** DSO Entity recommends clarifying that grid connection procedures are distinct from administrative permits and should not be considered under "permit-granting procedures." The technical nature of these processes, as well as the contractual nature of the grid connection relation between system operator and the grid users must be explicitly recognised, and DSOs must retain full authority to assess and accept or reject connection requests based on network conditions. The definition should be amended in the Renewable Energy Directive (2018/2011/EU) and consistently in the IAA.
- **Introduction of single access points (Article 4):** It should be clarified that single access points and integrated permitting procedures do not replace or interfere with existing grid connection processes, and that grid connection procedures do not fall within the scope of these future platforms. Clarification should also be provided on the respective roles of competent authorities and DSOs.
- **Single permit-granting procedure based on a single application (Article 5):** Confirmation should be provided for the clear exclusion of grid connection procedures from the permits covered under this provision. If they are included, consideration should be given to ensuring that fixed deadlines proposed remain realistic and reflect the technical complexity of grid connection assessment.
- **Involvement of relevant actors in the planning of Industrial Acceleration Areas and complexity of permitting regimes (Articles 25–27):** Mandatory and early involvement of DSOs is essential in the designation and planning of Industrial Acceleration Areas. This is key to align industrial development with grid capacity and avoiding inefficient or unfeasible siting decisions. Further, the establishment of multiple-layered acceleration areas alongside the existing renewable acceleration areas adds complexity and questions which regime would take precedence over the other in case of conflict.

- **Accelerated connection and anticipatory investments in Industrial Acceleration Areas (Recital 56, Article 26(d)):** The recital introduces a constructive framework for Acceleration Areas, with the potential to support more forward-looking planning and enable anticipatory grid investments by DSOs. The requirement for Member States to assess future energy needs and share this analysis with local operators can further strengthen coordination and integration into network development planning. From a DSO perspective, this approach can contribute to faster and more efficient grid connections for projects located in these areas, provided it is properly aligned with network planning processes and implementation realities. At the same time, careful consideration will be needed to ensure that the increased focus on accelerated deployment remains consistent with the operational constraints (including local congestion) and planning cycles of distribution networks.