DIGITALEUROPE

17 FEBRUARY 2026

# European Grids Package: A digital backbone for Europe's energy

## Executive summary

The European Grids Package is a crucial step to place grid infrastructure front and centre for Europe at a critical moment, as networks face mounting roadblocks to deliver electrification for the energy transition.

We strongly welcome the Commission's own recognition that grid-enhancing technologies (GETs) are central to modernising Europe's power system, nearly **doubling** network capacity while cutting costs by up to **35 per cent by 2040**.[1] Digitalisation lets grid operators optimise existing infrastructure, target high-value upgrades and manage congestion through forecasting and monitoring tools. Using current assets first is key to a secure, affordable and sustainable energy transition.

DIGITALEUROPE's membership includes European energy providers, clean tech leaders including grid equipment manufacturers and industrial energy consumers, such as data centres, giving a full system view of Europe's energy transition. To remain globally competitive and strengthen the security and resilience of critical infrastructure, Europe must prioritise investment in grid modernisation and digital innovation. DIGITALEUROPE highlights that despite the European Commission's recognition that **€1.2 trillion** in grid investment is required by 2040,[2] the Grids Package falls short in addressing the scale and urgency of investment required at the distribution level, where action is most urgently needed.

We therefore recommend to:

- Ensure grid tariffs reward digital investments, extend to distribution grids the proposed binding digitalisation requirements for transmission networks, and establish more robust definitions for 'smart electricity grids' and 'non-wire solutions';
- Strengthen investment incentives by updating grid tariffs to reward both capital expenditure (CapEx) and operational expenditure (OpEx);
- Strengthen network planning coordination across all voltage levels and investment phases;
- Accelerate permitting through national capacity building, focused implementation and reduction of grid permitting deadlines to a maximum of 1 year, in line with the Renewable Energy Directive (RED),[3]
- Ensure clear national frameworks to enable efficient and timely grid connections.

1 COM (2025) 1005 final (p.3)
2 COM (2025) 1005 final (p.6)
3 Directive (EU) 2023/2413



**DIGITALEUROPE**
Rue de la Science, 37, B-1040 Brussels
+32 2 609 53 10 ► Info@digitaleurope.org
► www.digitaleurope.org
EU Transparency Register: 64270747023-20

@DIGITALEUROPE DIGITALEUROPE digitaleurope_org

# Table of contents

## Extend digitalisation requirements to distribution grids

DIGITALEUROPE welcomes the Trans-European Networks for Energy (TEN-E) proposal's introduction of **a definition for ''non-wire solutions''** under Art. 2 (19), referring to ''investments in the energy infrastructure in electricity, which can increase the available grid capacity or improve the efficiency of grid operation by deploying grid enhancing technologies, including digital solutions.''[4] We equally support the amendment, as part of the TEN-E proposal, to Art. 48 (b) of the Regulation on the Internal Market for Electricity (EMD),[5] since it prioritises the **consideration of non-wire solutions over physical network expansion** in the assessment of infrastructure needs by transmission system operators (TSOs).

We are also supportive of the inclusion of **smart electricity grids (SEGs) as a new electricity infrastructure category** to implement priority thematic area under Annex II (1)(g) of the TEN-proposal and the fact that it includes, under Annex IV (4)(d), flexibility and demand-response, storage, cybersecurity and digitalisation as key indicators to qualify priority projects. All these elements are a recognition of the urgent need for a decentralised, digitalised grid with cost-optimal planning. They also reflect the ambitions of the upcoming Strategic Roadmap for digitalisation and AI in the energy sector.[6]

However, to maximise the impact of the TEN-E framework on Europe's grid modernisation and the clean transition, we recommend to:

- **Include references in the recitals of the TEN-E proposal to the need, under existing binding EMD requirements,[7] to update remuneration tariffs to cover both CapEx-OpEx investments and anticipatory investments. These references should also support the development of smart grid indicators (SGIs) for grid efficiency and performance.** We developed a comprehensive 'grid productivity metric'[8] as a valuable tool to measure how efficiently grid infrastructure is used. This can help to build a case for operators to justify recovery of digital investments through network charges and therefore build investment confidence in digital solutions and GETs under the total expenditure (ToTEx) approach. Further collaboration among relevant stakeholders is needed on the actions above.

- **Extend the scope of the smart electricity grids project category under Annex II to distribution and ensure such distribution-focused projects are equally eligible for projects of mutual interest (PMI) and projects of common interest (PCI) funding status.** Distribution grids are critical to enable significant progress on the electrification of end-uses whilst decarbonising. Regrettably, the TEN-E proposal remains heavily focused on transmission grids, even if the Commission itself recognised that over 60 per cent, i.e., €730 billion, of the €1.2 trillion needed to modernise electricity grids by 2040 should be at distribution level.[9] With around 40 to 55

4 COM (2025) 1006 final
5 Regulation (EU) 2019/943
6 European Commission, *Strategic Roadmap for digitalisation and AI in energy*, available at https://energy.ec.europa.eu/news/strategic-roadmap-digitalisation-and-ai-energy-sector-consultations-opened-2025-08-06_en
7 Under the Regulation on the Internal Market for Electricity revision (Art. 18(5) of Regulation (EU) 2019/943, as amended by Regulation (EU) 2024/1747), and Art. 59(1)(l) Directive 2019/944
8 DIGITALEUROPE, *DIGITALEUROPE's feedback on the European Grids Package consultation*, available at https://cdn.digitaleurope.org/uploads/2025/10/DE_response-to-Grids-Package-consultation-1-1.pdf
9 COM (2025) 1005 final

per cent of Europe's distribution grid assets over 40 years old,[10] the bulk of infrastructure modernisation should lie at the local level. This is where most flexibility needs, congestion and new connections challenges are taking place.

- **Better incorporate flexibility assets and energy storage by updating the definition of 'smart electricity grid' in Art. 2 (9) of the TEN-E proposal and in the Annex II (1)(g), as well as clarify the goals of the ten-year network development plan as amended by Art. 48 of the EMD.** As highlighted in the Grid Connection Guidance,[11] energy storage and flexibility can solve grid congestion rapidly, deferring or eliminating lengthy and costly grid reinforcement. These changes are key to ensuring flexibility assets and energy storage are placed on an equal footing with other non-wire solutions, as recognised alternatives to grid reinforcement.

## Strengthen network investments and regulatory and financial mechanisms

Defining the right incentives and investment frameworks to implement priority projects will be a turning point for Europe's energy infrastructure. This is particularly timely as the Commission is set to unveil its Clean Energy Investment Strategy[12] to boost financing for the green transition, sending a clear signal that accelerating and de-risking investment is now a central EU priority. The Grids Package should be seen as a natural and complementary instrument to help translate this investment momentum into delivery on the ground.

To do so, it is necessary to:

- **Ensure an effective enforcement of TSO investment provisions under the ten-year network development plan under the proposed Art. 40 (a) of the EMD.** We welcome the clarification in the revised provision explicitly highlighting the importance of anticipatory investments to meet future system needs. This is a key step toward future-proof grid planning, enabling timely investments in grid capacity and digital solutions ahead of demand, and avoiding higher costs, inefficiencies and lost system value from delayed action. The EMD already includes binding requirements on investments, yet its implementation status remains fragmented across Member States and insufficient in applying the ToTEx approach. The Council of European Energy Regulators (CEER) has shown[13] that while National Regulatory Authorities (NRAs) already have powers to intervene when TSOs do not execute intended investments, half of the NRAs across the EU struggle to unilaterally amend national development plans (NDPs). Unfortunately, oversight of project implementation remains much weaker than for planning. This gap should be addressed to

10 Eurelectric, *Connecting the dots: Distribution grid investment to power the energy transition*, available at https://www.eurelectric.org/publications/connecting-the-dots/
11 Notice (C/2025/6703) (p.19-23)
12 European Commission, *Clean Energy Investment Strategy*, available at In focus: EU investing in energy infrastructure
13 CEER, et al. *NRA Oversight on Electricity Transmission Grid Development and Investment*, a report (2025), available at https://www.ceer.eu/wp-content/uploads/2025/11/GA197_07_1_EXTERNAL_NRA-oversight-on-electricity-transmission-grid-development-and-investment.pdf

translate the Clean Energy Investment Strategy's objectives into stronger NRA oversight of delivery.

- **Mobilise a broader mix of financing tools for grid digitalisation and modernisation**. This should involve de-risking anticipatory grid investments,[14] strengthening EU-level public-private partnerships and enabling large energy users to co-finance grid reinforcements, storage, GETs and key enablers such as 5G standalone and mission critical networks, using tools such as flexible connection agreements, flexibility services and long-term contracts.

## Align grid planning and investment at all voltage levels

To improve planning coordination, we recommend **aligning the transmission planning timelines with those for distribution**. This is important given the expected launch of the EU's distribution network planning platform later this year.[15] In particular, we recommend to:

- **Develop multiple scenarios in line with national energy and climate plans (NECPs) and Agency for the Cooperation of Energy Regulators (ACER) framework guidelines, rather than one central scenario.** The Commission's proposal to ensure the Union-wide network development plan shall be based on the central scenario, which may be complemented at a later stage with possible sensitivity analyses in case of change of external conditions, does not align with ACER framework guidelines[16], which suggests strengthening both mid- and long-term system planning by developing multiple scenarios consistent with the NECPs. We believe this to be more effectively than optional sensitivity analyses every two years, to take into account technology changes, decentralisation of energy demand and supply chain changes.

- **Ensure distribution system operators play a meaningful role in developing the central scenario, TSO development plans and ten-year network development plan (TYNDP) with their data, forecasts and needs.** This will guarantee that local grid developments are properly supported by upstream national and EU-level infrastructure.

- **Ensure scenario planning offers long-term visibility with a 20-year horizon for TSOs and a 5- to 10-year horizon for distribution system operators (DSOs).** Improved long-term planning is a prerequisite to enable anticipatory investments, support scalable grid infrastructure and ensure alignment with industrial and national development strategies.[17] Taking into account the European

14 Including additional European Investment Bank (EIB) packages that will provide bank guarantees to European grid component manufacturers, such as the EIB €1.5 billion Grid Manufacturing Package launched in September 2025. More information on the EIB activities on energy is available at: https://www.eib.org/en/projects/topics/energy-natural-resources/energy/index

15 As highlighted in the COM (2025) 1005 final, the Commission will work together with the EU DSO Entity to establish, by the 2026, Energy Infrastructure Forum, a platform for EU distribution network planning that will provide visibility at distribution level on future plans and related-manufacturing needs across Member States.

16 ACER, Framework Guidelines for the joint TYNDP scenarios to be developed by ENTSO for Electricity and ENTSO for Gas, available a https://www.acer.europa.eu/sites/default/files/documents/Official_documents/Acts_of_the_Agency/Framework_Guidelines/Framework%20Guidelines/FG_For_Joint_TYNDP_Scenarios.pdf

17 This approach is consistent with the European Parliament resolution (C/2025/6265) and the Council conclusion (463/24).

Parliament's report on electricity grids, long-term visibility is needed beyond the current horizon for the NDPs, which do not provide sufficient insight into the long-term needs of the energy system.

- **Introduce stronger safeguards for confidential data-sharing and establish an EU-wide methodology under Art. 11 of the TEN-E proposal.** DIGITALEUROPE supports measures in the TEN-E revision to enable voluntary, confidential, contract-based data sharing between users, distributors and producers, as it will lead to better network development plans. Yet, we recommend adding dedicated provisions under Art. 11 (7) on robust organisational and technical measures to protect commercially sensitive data of private stakeholders involved in the process. We also support stronger provisions that allow data and estimates, such as those listed under Art. 11 (3), to be updated dynamically over time. Finally, we also support the development of an EU-wide methodology to share this information coherently and consistently across Member States. This is key to inform coordinated EU grid planning.

## Accelerate permitting measures

Permitting remains one of the biggest bottlenecks with procedures taking up to 5 to 15 years for grids[18] and other assets, including 7 to 10 years for data centres.[19] We **support the amendment to Art. 8 of the EMD**,[20] which extends the concept of overriding public interest status to grid projects. It reflects the central role of grids in achieving climate neutrality. Similarly, we endorse the streamlined permitting procedures and targeted exemptions from environmental assessments for certain grid infrastructure at both TSO and DSO levels. Effective implementation will now depend on national capacity building to ensure administrative resources and technical readiness, beyond the regulatory provisions outlined.

We also welcome the proposal to amend Art. 16 of the RED[21] setting a new, faster, streamlined and **digitalised regulatory permitting framework** for electricity grids, energy storage, recharging stations and renewable energy. This includes single digital portals for all steps of the permit-granting process, including grid connections, to centralise data sharing. It is now essential to keep the process focused and avoid reopening broader sections of the recently adopted RED legislation beyond those proposed in the Grids Package, especially since the related legislation is not yet fully transposed nationally. Doing so would add complexity, prolong negotiations and delay urgent delivery.

Looking at the permitting file, we call on the European Parliament and Council to:

- **Further accelerate grid permitting by extending the one-year acceleration measures introduced in the revised RED to grid infrastructure, including GETs and innovative networks.** Whilst the proposed two-year limit is essential for the energy transition, applying the

18 IEA, at al. *Lack of ambition and attention risks making electricity grids the weak link in clean energy transitions*, (2023), available at https://iea.blob.core.windows.net/assets/ea2ff609818043128de9494bcf21696d/ElectricityGridsandSecureEnergyTransitions.pdf

19 EMBER, at al. *Grids for data centres: ambitious grid planning can win Europe's AI race*, (2025), available at https://ember-energy.org/app/uploads/2025/06/Grids-for-data-centres-in-Europe.pdf

20 Directive (EU) 2019/944

21 Directive (EU) 2018/2001

same accelerated principles to grid permitting for both demand- and generation-side projects would ensure greater consistency and coherence across the entire energy system.

## Enable efficient and timely grid connections

We support the overarching goals of the Commission's guidance[22] on efficient and timely grid connections. It supports the digitalisation of the application process through status tracking[23] and automated information. Advanced digital tools (e.g., potentially using AI) can provide automatic pre-validation of data and calculations of available capacity, significantly reducing processing times for users. Importantly, the guidance also acknowledges the need for anticipatory investment and long-term system planning, as well as recognises external pressures affecting grid development, including permitting delays and supply-chain constraints that require action.

However, as a non-binding document, its practical implementation remains uncertain and dependent on varying levels of political commitments across Member States. We urge attention to:

- **Establishing clear, transparent regulatory frameworks at national level to operationalise the shift away from the 'first-come, first-served' principle for grid connections, which we welcome.** Member States should develop robust criteria to qualify 'grid-friendly' uses of the grid, in line with the guidance's definition of projects that are aligned to system needs, mitigate network expansion requirements and lower overall system costs for consumers.[24]

- **Ensure systematic transparency on available grid hosting capacity by requiring clear, user-friendly infrastructure outlines and access to machine-readable grid data.** We support the Guidance's recommendations to go beyond existing EU legislation by strengthening links with network development plans and expected future capacity availability, including through traffic light systems, at least monthly updates of maps and enabling stakeholders to better anticipate connection opportunities. National policies should also promote the publication of clear problem statements, identifying bottlenecks, constraints, and required upgrades across the network. ENTSO-E and the EU DSO Entity should also continue to prioritise efforts foreseen under the Grid Action Plan[25] (i.e., Action 6) to develop a pan-European platform (i.e., Capacitypaedia) to provide definitions and links to national capacity maps, expected to go live on 2026.

22 COM (C/2025/6703)
23 This includes provisions for TSOs to implement fully digitalised procedures (e.g., self-service portals) that allow applicants to track the status of their connection requests in real-time).
24 COM (C/2025/6703) (p.21)
25 COM (2023) 757 final

FOR MORE INFORMATION, PLEASE CONTACT:

Vincenzo Renda

**Director for Digital Transformation Policy**

vincenzo.renda@digitaleurope.org / +32 490 11 42 15

Katrin Saarep

**Policy Officer for Green Transition**

katrin.saarep@digitaleurope.org / +32 491 56 11 2

## About DIGITALEUROPE

DIGITALEUROPE is the leading trade association representing digitally transforming industries in Europe. We stand for a regulatory and investment environment that enables European digitalizing businesses across multiple sectors and citizens to prosper from digital technologies. We wish Europe to grow, attract and sustain the world's best digital talents, investment and technology companies. Together with our members, we shape the industry policy positions on all relevant policy matters and contribute to its development and implementation. Our membership represents over 56,000 businesses who operate and invest in Europe. It includes corporations and scale-ups which are global leaders in their field of activity, as well as national trade associations from across 30+ European countries.

**DIGITALEUROPE**
Rue de la Science, 37, B-1040 Brussels
+32 2 609 53 10 ▶ Info@digitaleurope.org
▶ www.digitaleurope.org
EU Transparency Register: 64270747023-20