

Delivering the electricity grid to enable Europe's sustainable competitiveness

- Recommendations for the first 100 days of the European Commission -

We are calling on the European institutions to:

1. strengthen grid technology supply chains to manage costs the borne by consumers;
2. enhance regional collaboration and streamline permitting to speed up project delivery and fully exploit the EU's renewable potential;
3. enable innovative financing and dedicated funding to de-risk and unlock energy infrastructure projects which carry EU-wide benefits;
4. prioritise electrification and unlock flexibility to reduce energy costs;
5. reinforce efficient electricity market exchanges;
6. ensure a secure and resilient electricity system to support socioeconomic prosperity.

Decarbonising the energy system in a cost-effective and secure manner is essential for sustainably lowering energy prices and, therefore, anchoring industry to and keeping high-quality jobs in the European Union. The electricity grid is enabling the delivery of Europe's ambitions. By integrating more on- and offshore renewables into the European energy system, the electricity grid is helping to mitigate the Union's dependence on external fossil fuel imports. It is also supporting the growing electrification of industry and society, ensuring that electricity which is locally produced is efficiently used. As the owner of two electricity transmission system operators (TSOs), Elia in Belgium and 50Hertz in Germany, Elia Group believes that the European Commission should advance measures that effectively contribute to the Union's affordability and competitiveness, help to swiftly deliver the related infrastructure and solutions for this, and reduce the administrative burden while supporting innovation and entrepreneurship.

1. Strengthen grid technology supply chains to manage the costs borne by consumers

— Appropriately implement the Net-Zero Industry Act (NZIA) to avoid unintended additional red tape.

The grid technology supply chain differs fundamentally from the supply chain for other net-zero technologies, as it often involves only a handful of bidders, mostly European. European TSOs are currently facing increasing costs and delays as they seek to procure grid components due to limited manufacturing capacities and increased European and global demand. Incorporating fixed sustainability criteria into procurement processes may further complicate them, and thus increase red tape without any added value. In turn, this would diminish the attractiveness of European tenderers, reduce the number of bidders and competition, and thereby exacerbate already spiralling prices (indeed, the lead times and cost of power transformers has doubled in just a few years) while slowing



down grid expansion and increasing the grid tariffs paid by consumers. Instead, the European Commission should design NZIA implementing and delegated acts related to market access in a targeted manner and only where needed.

— **Revise the public procurement framework in line with TSO needs.**

The current thresholds for launching public tenders are much too low for TSOs who manage large and complex infrastructure projects. Significantly raising these thresholds could deliver a real advantage in cases where it is already clear that the number of bidders in the market is limited. Sectoral addenda might prove helpful in tackling existing pitfalls of the legislation with a view to narrowing TSO supply chains. For example, TSOs should be given the flexibility to transfer grid equipment among themselves if needed to overcome unforeseen shortages and avoid the delaying of crucial projects.

2. Enhance regional collaboration and streamline permitting to speed up project delivery and fully exploit the EU's renewable potential

— **Align objectives as early as possible during the spatial planning stage.**

Whilst renewable energy potentials vary across Member states, the latter currently set their energy targets independently from each other, without any real alignment occurring between them. Early coordination between neighbouring countries is essential, in particular in offshore planning, both regarding electricity generation (including for export) and grid infrastructure development. Relevant authorities should collaborate much more closely to harness Europe's offshore potential as efficiently as possible, which will lead to lower system costs overall. In addition, as outlined in our 2024 viewpoint¹, cooperation in spatial planning should take into account wake effects and the correlation of wind speeds, since both are significant elements that, if handled appropriately, can lead to a more efficient use of the EU's offshore wind potential as part of an integrated energy market.

— **Strengthen initiatives for regional collaboration in energy infrastructure planning.**

Regional initiatives taken by energy infrastructure operators have filled a gap in joint planning considerations; these are not yet covered under EU legislation. While this flexibility has helped the setting up of related collaborative frameworks, such as the Offshore TSO Collaboration (OTC), the fruit of these collaborations (including jointly identified and backed projects) needs a regulatory framework that helps the realisation of projects which carry wider European benefits. An adequate funding framework would unlock projects which – even though they carry benefits for the EU as a whole – would not be realised without additional support. Eventually, coordinated planning and funding will be crucial for effectively streamlining limited financial resources and will unlock the benefits of infrastructure development that takes place across whole sea basins at a time.

¹ Elia Group (2024), 'Going like the wind: The virtuous circle of offshore wind benefits in Europe'

— **Simplify EU legislation related to energy infrastructure permitting, for speedier project delivery and enhanced legal certainty.**

First, streamlining permitting-related legislation can help to further speed up the delivery of projects. For example, related provisions from the Water Framework Directive could be included in the upstream Strategic Environmental Assessment level, just as the assessment of species and site protection was (following the Renewable Energy Directive). Second, simplifying and harmonising rules, such as the (currently) diverging assessment and exception standards under the Birds Directive and the Habitats Directive, will allow for a more practical application of the rules for project promoters. Last but not least, aligning the Environmental Liability Directive with recent changes made to the Renewable Energy Directive and the Emergency Regulation framework is crucial for enhancing legal certainty for project promoters.

3. Enable innovative financing and dedicated funding to de-risk and unlock energy infrastructure projects which carry EU-wide benefits

— **Reduce cost of debt via de-risking tools.**

Blended financing with significant private investment will be needed, given the sizeable investments that our grids require. De-risking tools, such as counter-guarantees or syndicated loans, are a cost-effective way to crowd in private investment that carries low budgetary impact. Action 9 of the Commission's 'EU Action Plan for Grids' and the European Council's conclusions from April 2024 mention the need for such mechanisms, but they have yet to be implemented. The European Investment Bank (EIB) and national investment banks should foster their immediate implementation.

— **Increase and simplify access to EU funding targeted at electricity transmission grids.**

Funding at supranational level for transmission infrastructure should mirror the increased need for interconnection. EU level funds for grids, notably the Connecting Europe Facility (CEF), need to be increased in the next Multiannual Financial Framework (MFF). Concentrated CEF funding to incentivise progress on stalling hybrid projects would, for example, offset spillover benefits and uncertainties, moving negotiations forward. The Innovation Fund should also be accessible for grids in specific cases to further strengthen funding.

— **Set up an offshore financing facility.**

Project-by-project negotiations – particularly those relating to offshore projects – are less likely to deliver on project goals, due to their limited efficiency and the fact that they do not include all relevant impacted countries. An offshore financing facility, supported by those Member States located around the same sea basin (for example, the members of the North Sea Energy Cooperation), could spread the risk while pooling the benefits for all stakeholders. Sea basins seem to provide an adequate regional scope for this. Such a facility should be open to contributions from the EU, Member States and third countries such as the UK & Norway (both hosting and non-hosting countries should be involved), and private investors.

4. Prioritise electrification and unlock flexibility to reduce energy costs

- **Make electrification a priority in order to achieve decarbonisation.**

The direct electrification of energy demand should be prioritised in energy policy and investment decisions to efficiently integrate homegrown renewables into the system and consistently reduce Europe's dependence on fossil fuels. Electrification should also stand out as a no-regret pathway when setting and implementing the 2040 targets as part of the revision of the European Climate Law and of the Governance Regulation.

- **Ensure a fair taxation framework for electricity.**

The revised Energy Taxation Directive should ensure that electricity is amongst the least taxed types of energy in order to incentivise industry and households to continue their shift towards electrification. Taxes and levies in electricity bills should be made more transparent, and non-electricity related taxes should be removed to support industry competitiveness.

- **Promote industrial electrification and incentivise industrial flexibility.**

In addition to promoting the integration of electrical technologies for (low- and mid-temperature heat) industrial processes into the system, industrial flexibility should be incentivised by, for example, enabling value optimisation in different electricity markets and an adequate grid tariff design.

- **Unlock and scale up households and SME flexibility.**

While Member States should swiftly implement current supportive EU legislation (which allows multiple suppliers behind the meter, the access and sharing of data at and behind the meter, for example), Europe should further focus on three main enablers to unlock flexibility. First, developing of a stable price signal that correctly reflects real-time system needs. Second, ensuring interoperable access to data at pan-EU level via the establishment of a European Energy Data Space. Lastly, introducing 'flex-ready' devices that meet minimum requirements to provide flexibility in a secure and seamless manner.

5. Reinforce efficient electricity market exchanges

- **Strengthen EU-UK collaboration in the areas of energy and climate.**

The recently announced 'reset' of EU and UK relations is an opportunity to improve currently inefficient market arrangements and fully unlock the potential of investments in offshore energy infrastructure. Strong EU-UK collaboration in the energy sector is needed to achieve the shared goals of energy security, sustainability, and economic growth. Therefore, the Trade and Cooperation Agreement (TCA) should be unbundled to allow significant progress to be made on energy cooperation between the EU and the UK. Both parties need to move towards establishing a mature relationship to tackle climate change through the energy transition.

— **Develop a serviced price coupling mechanism between the EU and UK.**

Following the UK's departure from the EU, trading activities related to wholesale energy products are now governed by two distinct, albeit still very similar, regimes. Removing regulatory barriers to trade, the current TCA mandate should be reviewed by shifting the scope from Multi-Region Loose Volume Coupling (MRLVC) to a serviced price coupling mechanism. The EU would therefore enhance its access to UK renewable energy, unlock investments in offshore generation and grid infrastructure, and fully exploit the North Sea's renewable potential. Efficient cross-border trading would also benefit both EU and UK consumers by reducing costs².

— **Remove the unintended effects of CBAM.**

The implementation of the Carbon Border Adjustment Mechanism (CBAM) for electricity should be amended to avoid unnecessary costs and the associated administrative burden. Three points should be addressed. First, TSOs should be exempted from the CBAM for electricity, given that they are not energy traders and should not be considered as CBAM declarants. Secondly, a solution is needed for offshore wind generated within the Exclusive Economic Zones (EEZs) of Europe's Member States. For example, the origin of renewable electricity should be defined as European and technical specificities should be agreed upon for offshore wind energy in line with it being an integral part of national grids. Third, the UK should not be considered as a non-exempted third country; instead, it should be recognized as a G7 decarbonised economy and as a potential partner for the EU that is likely to reach its climate neutrality goals as quickly as the EU does. Ideally, the Emission Trading Systems (ETS) between the EU and the UK should be linked in the short term and current default values should be reviewed, or specific exemptions should be provided to the UK as the third country which has the highest level of interconnection with the EU.

6. Ensure a secure and resilient electricity system to support socioeconomic prosperity

— **Streamline and simplify the assessment and approval of capacity remuneration mechanisms (CRMs) to contribute to security of supply.**

The upcoming EC assessment and guidance on CRMs should leverage the lessons learned from recent CRM approval processes. The guidance should include key principles such as reaffirming the complementarity between the European Resource Adequacy Assessment (ERAA) and the National Resource Adequacy Assessment (NRAA), and promoting CRM designs features (such as technology neutrality and non-discrimination, centralised procurement, etc.) that can benefit from a 'fast track' process.

²Elia Group (2024), '[Broad coalition of energy associations and TSOs calls upon political leaders to prioritise enhanced electricity trade between UK and EU to fully develop the offshore potential of the North Seas](#)'

— **Strengthen cooperation and coordination to ensure the physical resilience of offshore and onshore grid infrastructure.**

In addition to ensuring the timely transposition and implementation of the Critical Entities Resilience (CER) Directive, the EU's cooperation with NATO regarding the physical security of critical infrastructure, including grids, should be intensified. Strong public-private partnerships that will help to mitigate different threats (such as terrorism, warfare, and new climate risks) are needed, as is the continuous exchange of information related to security system technology to support the comprehensive development of threat scenarios and risk analyses.

— **Reinforce the security of decentralised assets.**

Decentralised devices, including inverter-based solutions, should be compliant by default with essential cybersecurity requirements included in the Cyber Resilience Act, and manufacturers should be subject to rigorous conformity assessment procedures to mitigate risks that could impact the stability and security of the electricity system. In addition, EU legislation like the NIS2 Directive and the Network Code on Cybersecurity should be appropriately implemented, for example by making the relevant operators of decentralised assets responsible for cybersecurity matters, including in their supply chains.

— **Support the rollout of secure digital infrastructure for critical entities.**

A secure digital infrastructure, consisting of connectivity, data centres and the cloud, is essential for critical entities like grid operators to (amongst other things) limit the risk of cyber-attacks and securely access the data used for real-time decision making. Europe should support Member States by providing guidelines for the use of private and hybrid clouds, allocating funding, and promoting strategic partnerships between critical entities across different sectors to deploy secure digital infrastructure.



Who we are

Elia Group is a unique European company which owns two electricity transmission system operators (TSOs): Elia Transmission Belgium (ETB), which operates in Belgium, and 50Hertz, which operates in the north and east of Germany. It is through these regulated entities that the Group operates 19,460.5 km of high-voltage power lines and cables, so keeping the lights on for over 30 million end users. For more information, visit www.eliagroup.eu.