

POSITION ON THE INDUSTRIAL ACCELERATOR ACT

The four German TSOs (4TSOs) support the objective of the Industrial Accelerator Act (IAA) to strengthen European manufacturing capacity and reduce strategic dependencies in support of the clean energy transition. At the same time, the effectiveness of the IAA will ultimately be measured by its impact on the timely, secure and affordable delivery of electricity infrastructure.

Delivering grids at scale requires workable procurement rules

Grid investments are long-term, capital-intensive and governed by strict public interest obligations. As contracting entities under the EU Public Procurement Directives, the 4TSOs already operate within highly regulated procurement frameworks. We are experts in tenders of very large projects and framework agreements, managing well over hundreds of EU tenders per year. However, the grid sector also grapples with physical and cyber security threats, an overconcentrated supplier landscape, high demand meeting limited capacity, and skyrocketing prices. While procurement practices must evolve to address these realities, additional obligations in the legislation should not inadvertently further increase complexity, delay delivery or drive-up costs. Further, any additional non-price criteria under the IAA framework create a structural competitive disadvantage for public and regulated companies in procurement relative to the private sector. Public procurement procedures should serve the purpose of efficient and competitive procurement and should not be overburdened with additional requirements that distort competition.

Strengthening European manufacturing requires demand and supply-side measures

The 4TSOs support the goal of strengthening European manufacturing capacity. The majority of grid technologies is already sourced within Europe, reflecting a strong existing industrial base. Further strengthening this base will also require complementary supply-side measures that expand production capacity, ensuring that high-quality, competitively priced and reliably available grid technologies manufactured in Europe can be accessed by European buyers when and where they are needed.

Industrial acceleration requires grid reinforcements to be delivered in parallel

Further, industrial manufacturing acceleration will only deliver tangible results if grid development keeps pace. Next to grid connections for industrial sites, the upstream grid reinforcements must be planned, permitted and built in parallel to avoid structural capacity bottlenecks that would ultimately undermine industrial deployment and system security. Grids play a special role in the economy, delivering a fundamental service to most industries that constitutes a key factor for their competitiveness.

Two conditions for the IAA to deliver on its objectives

Against this background, the 4TSOs call for the IAA to be implemented in a way that:

- (1) **provides a pragmatic procurement framework for grid infrastructure, and**
- (2) **recognises that grid build-out must advance in pace with industrial manufacturing acceleration areas.**

1. A pragmatic procurement framework for grid infrastructure

From a public-procurement perspective, the IAA may affect TSOs through potential obligations linked to basic materials required for grid build-out, such as steel, aluminium and concrete. Electricity grids were rightly not intended to be a primary target of these provisions. Nonetheless, further clarification is necessary to ensure that grid-related materials and technologies remain clearly outside the scope of additional obligations, providing the legal certainty needed for long-term grid investment and delivery.

1.1. Ensure a proportionate scope for grid infrastructure

Proposal:

- Electricity grid infrastructure including the construction materials required for grid build-out, should remain outside the scope of the product categories listed in Annex II of the IAA.
- Annex II of the IAA defines the product categories subject to additional requirements under the Act. As currently framed, its scope risks to include key construction materials used in grid infrastructure, despite electricity grids not being the intended target of these provisions.

Why this matters:

- TSO procurement covers not only grid assets such as transformers or circuit breakers, but also large volumes of basic construction materials, notably steel, aluminium and concrete, used for pylons, foundations, substations and buildings.
- These materials are procured in large quantities and on tight project schedules, often across multiple projects in parallel. Subjecting them to additional procurement criteria would likely affect input prices.
- Any additional requirements under the IAA may raise costs that may not be recoverable under existing regulatory frameworks or, if they are recoverable, would result in an increase of grid tariffs. Unlike industrial operators, TSOs' investment costs are subject to national regulatory approval and efficiency benchmarks, limiting the flexibility to absorb additional obligations.
- Keeping grid-related construction materials outside the scope of Annex II would help to support cost-efficient procurement and timely grid build-out.

1.2. Preserve the current treatment of grid technologies

Proposal:

- Ensure that grid technologies remain outside additional procurement obligations, such as Union origin criteria, under the IAA.

Why it matters:

- As European TSOs, we already source the majority of grid technologies from European manufacturers and are willing to further strengthen this industrial base.
- In our procurement practice, sourcing decisions must balance availability, affordability and technical quality to ensure timely delivery of projects and system reliability.
- Grid technologies (e.g. transformers, cables, other high-voltage equipment) are procured in highly specialised markets with limited supplier bases, long manufacturing lead times (typically 3 to 4 years for large components), and strong interdependencies with existing systems.
- These components are predominantly purchased via long-term framework agreements, requiring procurement decisions many years ahead of delivery.
- Where procurement needs cannot be met by European suppliers, mandatory sourcing requirements could significantly delay grid infrastructure projects. Transitioning to alternative suppliers or technologies would necessitate extensive re-engineering, supplier qualification processes and lengthy adaptation periods, potentially affecting the timely delivery of critical energy infrastructure.

- In highly concentrated and booked out supply chains such as for grid technology, there is a risk of spiking prices if competition from third countries is ruled out pre-emptively.
- Avoiding additional procurement obligations helps preserve flexibility in supplier sourcing, supports competition and equipment availability and prevents additional pressure on prices.
- It is therefore the right choice not to apply Union Origin criteria to the most crucial grid components in their final form.

2. Coherent grids build out alongside industrial acceleration

Accelerated industrial deployment will only translate into operational projects if the electricity grid can be expanded at a comparable pace. This requires both permitting and planning frameworks to ensure that grid connections and upstream grid reinforcements are delivered in parallel with industrial manufacturing acceleration.

2.1. Clarify the role of grid connection permits within streamlined permitting

Proposal:

- Ensure legal certainty and coherence by confirming that grid connection permits fall outside the streamlined permitting provisions under the IAA.
- A clear confirmation in the operative text of the IAA that grid connection permits are excluded from the IAA permitting framework, in Article 3(4) and, by confirmation, in Articles 4, 5 and 27(1), would support this legal certainty and coherence with existing energy legislation.

Why this matters:

- The IAA introduces faster permitting procedures for industrial projects. For these projects to become operational, however, both grid connections and upstream grid reinforcements must be delivered in parallel. However, grid connection processes involve considerations related to grid capacity, security, environmental protection and technical standards.
- While Recital 58 suggests that grid connection permits are not covered by the aggregated permitting framework, the operative definition of “permit-granting procedure” in Article 3(4) leaves room for different interpretations at national level, creating uncertainty regarding the intended treatment of grid infrastructure.
- Grid connection procedures are already governed by established EU legislation, including Directive (EU) 2019/944 and the relevant network codes. Different Member states have recently introduced or are developing new procedures that take into account competing economic, environmental, security, capacity and technical considerations. Introducing additional requirements at EU level without addressing the specific challenges of a stable, efficient and cost-competitive grid would risk interfering with well-defined national competences and existing regulatory frameworks.

2.2. Ensure consistent grid planning and development alongside Industrial acceleration

Proposal:

- Ensure that the energy demand in the Industrial Manufacturing Acceleration Areas (IMAA) is addressed through existing planning frameworks, including the European Ten-Year Network Development Plan (TYNDP) and national network development plans (NDP).

Why this matters:

- Traditionally, grid development is based on a combination of confirmed connection requests, system-wide optimisation and cost-efficiency criteria. The IAA introduces a more top-down approach, whereby industrial policy decisions feed directly into grid planning obligations.
- Existing planning frameworks, namely national development plan obligations under Article 51 of Directive (EU) 2019/944 and the TYNDP process, already provide tools to anticipate future electricity demand and identify the required grid investments electricity demand from IMAAs should be integrated in these plans without adding new planning obligations and complexity.
- Anticipatory investments can play an important role in ensuring the timely delivery of grid infrastructure needed for the energy transition and industrial electrification. However, they should be based on existing planning frameworks, including the National Development Plans and TYNDP, and supported by long-term planning scenarios. Their implementation must be accompanied by reliable regulatory cost recovery mechanisms. Otherwise, TSOs face an increased risk of stranded assets and inefficient grid investments.
- To align the IAA with the current Grids Package, it should clarify that where a Strategic Environmental Assessment is carried out for an IMAA, grid assets for anticipatory investments can be installed without a separate Environmental Impact Assessment, subject to necessary safeguards such as the Habitat and Birds Directives.

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Annex

Amendment Proposals Industrial Accelerator Act

Topic	Article	EC Text	Amendment Proposal	Justification
Low-carbon and Union origin requirements for energy intensive industries under Public Procurement	Annex II; Part I	Where, in the context of public procurement procedures launched on or after 1 January 2029 falling within the scope of Directives 2014/23/EU, 2014/24/EU or 2014/25/EU, where the contracts, works contracts or work concessions include the procurement of products from energy intensive industries, contracting authorities shall require the following minimum percentage shares: (a) Steel, and any product the performance of which depends mainly on steel, intended for use in buildings, infrastructure and motor vehicles for civil purposes: at least 25% of the total volume of steel used shall be low-carbon; (b) concrete and mortar, and any product the performance of which depends mainly on concrete and mortar, intended for use in buildings and infrastructure for civil purposes: at least 5% of the total volume of concrete and mortar used, including the clinker and cement used to produce them, shall be low-carbon and of Union origin; (c) aluminium, and any product the performance of which depends mainly on aluminium, intended for use in buildings, infrastructure and motor vehicles for civil purposes: at least 25% of the total volume of aluminium used shall be low-carbon and of Union origin.	Where, in the context of public procurement procedures launched on or after 1 January 2029 falling within the scope of Directives 2014/23/EU, 2014/24/EU or 2014/25/EU, where the contracts, works contracts or work concessions include the procurement of products from energy intensive industries, contracting authorities shall require the following minimum percentage shares: (a) Steel, and any product the performance of which depends mainly on steel, intended for use in buildings, infrastructure and motor vehicles for civil purposes: at least 25% of the total volume of steel used shall be low-carbon; (b) concrete and mortar, and any product the performance of which depends mainly on concrete and mortar, intended for use in buildings and infrastructure for civil purposes: at least 5% of the total volume of concrete and mortar used, including the clinker and cement used to produce them, shall be low-carbon and of Union origin; (c) aluminium, and any product the performance of which depends mainly on aluminium, intended for use in buildings, infrastructure and motor vehicles for civil purposes: at least 25% of the total volume of aluminium used shall be low-carbon and of Union origin. <i>It is clarified that this Annex shall not apply to electricity transmission and distribution infrastructure.</i>	While Annex II establishes low-carbon and Union-origin requirements for certain products from energy-intensive industries, electricity grids were not envisaged as the primary target of these provisions. As currently drafted, the broad references to steel, aluminium, concrete and infrastructure may unintentionally capture the construction materials used for the development of electricity networks, creating legal uncertainty for system operators. Making this exclusion explicit in the operative text of Annex II removes any residual interpretative ambiguity and reflects the intention to not include the grid sector in this provision.
Permit-granting procedure	Article 3(4)	(4) 'permit-granting procedure' means a process that covers all relevant permits to build, expand, convert and operate industrial manufacturing projects, including building, chemical and grid connection permits as defined in Article 1 of [the Proposal for a Directive amending Directives (EU) 2018/2001, (EU) 2019/944, (EU) 2024/1788 as regards acceleration of permit-granting procedures], and environmental assessments and authorisations where required, and encompassing all applications and procedures from the acknowledgement that the application is complete to the	(4) 'permit-granting procedure' means a process that covers all relevant permits to build, expand, convert and operate industrial manufacturing projects, including building and chemical permits, and excluding grid connection permits as defined in Article 1 of [the Proposal for a Directive amending Directives (EU) 2018/2001, (EU) 2019/944, (EU) 2024/1788 as regards acceleration of permit-granting procedures], and environmental assessments and authorisations where required, and encompassing all applications and procedures from the acknowledgement that the	There is a textual tension in the current proposal: Recital 58 and Article 27(1) treat grid connection permits as installation-specific and exclude them from the aggregated baseline permit, whereas the Article 3(4) definition expressly includes them. Under CJEU interpretative principles, operative provisions prevail over recitals in case of tension, creating legal uncertainty for TSOs and project promoters. Grid connection is a regulated technical and contractual process governed by Directive (EU) 2019/944 (Articles 6, 6a, 8, 31 and 42) and by the connection network codes (Regulations (EU) 2016/631, 2016/1388 and 2016/1447). It involves capacity assessments, compliance demonstrations and grid-code conformity testing that are

		notification of the comprehensive decision on the outcome of the procedure;	application is complete to the notification of the comprehensive decision on the outcome of the procedure.	essential to system security and cannot be subsumed into a general aggregated-permit deadline. An explicit carve-out in the operative text ensures legal certainty and coherence with existing Union energy legislation, consistent with the approach already taken under RED III.
Permit-granting procedures in acceleration areas	Article 27(1)	For each designated industrial manufacturing acceleration area, Member States shall prepare and issue an aggregated baseline permit authorising industrial activities located within that area. This aggregated baseline permit shall cover the permits and administrative authorisations required for the industrial manufacturing projects located within the acceleration area, excluding those permits that are installation specific.	For each designated industrial manufacturing acceleration area, Member States shall prepare and issue an aggregated baseline permit authorising industrial activities located within that area. This aggregated baseline permit shall cover the permits and administrative authorisations required for the industrial manufacturing projects located within the acceleration area, excluding those permits that are installation specific. Grid connection permits shall constitute installation-specific permits and be subject to the ordinary procedure for grid connection under national law.	Recital 58 already states that grid connection permits are excluded from the aggregated baseline permit as installation-specific permits. Making this exclusion explicit in the operative text of Article 27(1) removes any residual interpretative ambiguity arising from Article 3(4) and ensures alignment between the IAA permitting framework and the regulatory and technical regimes governing grid connections under Directive (EU) 2019/944 and the connection network codes