POSITION ON THE EUROPEAN GRIDS PACKAGE

Europe's electricity transmission system is under unprecedented pressure: accelerating electrification, rapidly growing connection requests, and increasingly complex system dynamics demand faster grid expansion and more coherent planning. The European Commission's Grids Package rightly acknowledges this urgency and sets the correct strategic direction - strengthening planning, improving coordination, and accelerating project delivery. However, despite its ambition, the Package does not sufficiently address the actual bottlenecks slowing down European grid expansion. Structural constraints in resources, permitting capacity, financing conditions, and implementation remain largely untouched, and several proposed measures risk adding layers of regulation rather than enabling practical acceleration. At the same time, the envisaged centralization of planning competences and financial rules at EU level could weaken national responsibility and create unpredictable exposures for TSOs, with potential misalignments between European prescriptions and national system needs.

This position paper outlines the four German TSOs' (50Hertz, Amprion, Tennet, and TransnetBW) recommendations to ensure the Grids Package becomes a practical, proportionate, and effective tool to support rapid grid expansion in line with Europe's climate, security of supply, and competitiveness objectives.

EU Infrastructure Planning (Art 11-14, Annex VII):

Robust European grid planning must reflect uncertainty, national realities, and rapid technological change. A single Central Scenario (CS) cannot provide the strategic resilience needed for long-term infrastructure decisions. To maintain credibility and subsidiarity, the scenario process must remain diverse, frequently updated, and rooted in the system engineering expertise of system operators. We therefore recommend:

- On the scenario (Art 11):
    - **Several scenarios should underpin the TEN-E**: a complete scenario development by the EC, including modelling, is critical both in terms of a lack of regional expertise and connectivity to follow-up processes in the TYNDP (e.g., CBA/IoSN). Without due consideration of complementary scenarios (i.e. in addition to the proposed central scenario), uncertainties are insufficiently addressed as the proposed single central scenario cannot capture Europe's long-term uncertainties. What is more, greater transparency is necessary vis-à-vis other stakeholders.
    - **The ENTSOs** should be in charge of developing the scenarios based on a scenario framework developed by the commission and endorsed by Member States. The scenario framework defines the overall storyline and political assumptions, including related data and key parameters. The ENTSOs are holding technical expertise in scenario development and conduct the scenario modelling accordingly.
    - **Strengthening the role of NECPs in scenario development**: Currently, there is no explicit reference to NECPs with regard to scenario development, which bares the risk of top-down

planning detached from national policy implementation progress. In addition, while NECPs need to form the basis of TYNDP scenarios, inconsistent assumptions currently undermine planning quality. More harmonised definitions, clearer methodological expectations, and basic consistency checks are needed to ensure national inputs align with EU objectives and provide a credible basis for European planning.

- **2-year update of scenarios**: Given fastmoving electrification, industrial change, and sector coupling, four-year updates are insufficient. Biennial updates are appropriate, as they keep European and national planning aligned with real-world developments and avoid locking Europe into outdated assumptions. This also ensures predictability for national network planning.

- **On the Identification of System Needs (IoSN) (Art 12)**

  Identification of Needs not Solutions - the IoSN should find the economic optimum of the cross-border capacities (between TYNDP zones) for each scenario enabling robust system-oriented planning and avoiding premature EU level project decisions.

  Strong involvement of the ENTSOs in developing the IoSN methodology is essential: The IoSN methodology should continue to be developed by ENTSO-E in consultation with ACER and the Commission. TSOs possess the necessary expertise from a system engineering perspective, operational understanding and modelling capabilities; shifting this task to ACER would reduce technical quality, add bureaucracy and risk inconsistencies. The existing process is efficient, proven and politically legitimate. The proposed development period of six months is not feasible.

- **On the need matching process (Art 13)**

  Regional investment plans based on IoSN results - TSOs should prepare regional investment plans that assess how identified IoSN economic needs are covered by TSO project portfolios and reveal gaps or alternatives where additional infrastructure or optimisation is needed.

  Ensure formal involvement of Member States in the needs matching process: Third-party access to TYNDP and national processes is already ensured, and centralised EU procedures would add bureaucracy without improving implementation, which ultimately depends on Member States' political commitment. Final investment decisions must remain a national responsibility, without any EU-level obligation to insert specific projects into National Development Plans (NDPs). EU-wide tendering schemes should be avoided – regional coordination, in turn, ensured (e.g., by involving TEN-E Regional Groups). The EC's proposal is also critical, because key parameters remain unclear or open (e.g., regarding the role of Member States, the definition of requirements to be put out to tender, and the general binding nature of the process).

- **On the cost benefit analysis (Art 14)**
    - **The obligation of country-specific benefit reporting should be removed due to methodological inconsistencies. Instead, priority should continue to be given to pragmatic, politically negotiated solutions outside the TEN-E framework**: Publishing country-specific benefit values leads to discrepancies with other planning analyses, particularly in cross-border cost allocation, and risks misinterpreting model outcomes. Such results **fluctuate significantly depending on assumptions** about load growth, renewables or electrolyser deployment, making them unstable and politically misleading. Eliminating country-specific reporting reduces complexity, prevents distortion, and ensures that the CBA remains a transparent, comparable tool focused on European welfare rather than shifting national assumptions.

National Infrastructure Planning (Art 40a of the Electricity Directive, included in the permitting Directive):

- **Respect Member State governance in NDP approval and oversight**: Competence for approving and amending NDPs must remain with the authority designated by each Member State, as governance structures differ and cannot be uniformly aligned without risking institutional mismatch.
- **Keep adequacy assessments separate from grid planning**: NDPs focus on long-term system operability, whereas adequacy is assessed through NRAA/ERAA (the National and European Resource Adequacy Assessments), ensuring methodological clarity and avoiding duplication of separate regulatory processes.
- **Consider grid-optimisation and other grid alternative solutions at methodological, not project, level**: A methodology-based approach provides clarity while preventing excessive administrative effort at project level.
- **Avoid burdensome project-level reporting**: Detailed project-by-project justifications would significantly increase administrative workload without improving planning quality.
- **Integrate grid-construction alternatives without over-prioritising them**: These tools reduce operational constraints but cannot replace structural infrastructure, and over-prioritisation could undermine long-term grid adequacy.
- **Maintain subsidiarity and avoid unnecessary escalation**: ACER consultation should remain voluntary, as mandatory escalation would introduce procedural complexity and dilute national accountability.
- **Avoid blanket third-party development provisions**: Delays often stem from permitting or public acceptance rather than TSO performance, making automatic recourse to third-party development neither proportionate nor effective.

Cost Sharing and CEF-Funding:

The build-out of infrastructure requires significant financial means and can be understood as a joint European effort. However, the proposals for amending the Cross-Border Cost-Allocation (CBCA) framework are disproportionate, as they would transform CBCA from a compensatory mechanism to a general cost-sharing model. We urge to focus on voluntary and regional cost sharing mechanisms as they are more likely to deliver results. Hence, we propose:

- Cross-Border Cost-Allocation (Art 17):
    - **Compensate only negative net benefits**: The proposal to mandatorily include all Member States with a share of 10% of the total benefit, instead of only compensating for the negative net benefit of a hosting country, would transform CBCA from a compensation mechanism into a general cost-sharing model. The proposed regulation would also lead to more CBCA applications and possibly more Member States participating. This creates enormous bureaucratic burdens and risks delaying projects (as the CBCA can only take place 36 months before construction begins).
    - Decision makers from potentially benefiting countries must be involved at an early stage and c**ost sharing decisions need to be politically backed and voluntary**. We therefore recommend not imposing any obligation to share costs via CBCA, as cost sharing decisions need to respect national responsibilities, especially where TSOs are legally obliged to make grid investments.

- **CEF Funding (Art 21):**

  Decouple CEF funding for works from CBCA: Because access to CEF funding is already subject to high barriers and there has not yet been a successful CBCA process in the electricity sector, the receipt of CEF funding should not be linked to a CBCA decision to avoid additional bureaucracy and resource expenditure. Since the CBCA process is lengthy, the coupling of CBCA and CEF risks delaying investments in projects during a critical period (as the CBCA can only take place 36 months before construction begins).

Congestion Income (Art 19):

Congestion income is an important source of funding operational measures aimed at maintaining and increasing cross border transmission capacities and is furthermore enabling the financing of grid investments. While the Commission's objective to strengthen grid development is understood, the proposals on ringfencing congestion income risk constraining its use in a way that weakens financing capacity, increases regulatory complexity, and creates legal uncertainty - without delivering clear additional benefits compared to the existing electricity market framework (i.e. Art 19 of the Electricity Regulation). **We therefore recommend to delete the proposed article 19:**

- **Rely on the existing electricity market framework for congestion income**: The priority use of congestion income is already comprehensively regulated under the Electricity Regulation (EU) 2024/1747, Art 19. Introducing additional rules in parallel legislation risks duplication and fragmentation, making the regulatory framework less transparent.
- **Avoid creating an undefined congestion income fund at EU level**: The Commission's draft foresees that 25% of congestion income not used for cross-border redispatch, the remuneration of long-term transmission rights, or offshore wind compensation shall be transferred into a fund for PCI/PMI projects. However, it remains unclear whether this fund would be national or European in nature. This could result in congestion income generated by one TSO being used to finance PCI/PMI projects of other TSOs, breaking the link between revenues and the underlying investment needs, which congestion revenues aim at addressing.
- **Safeguard the role of congestion income in grid financing and liquidity management:** Congestion income contributes to TSOs' financing capacity and liquidity at a time of unprecedented investment needs and operational needs supporting the European electricity market. Additional restrictions, earmarking requirements, or pooling mechanisms reduce financial flexibility and may increase financing risks, thereby counteracting the objective of accelerating grid deployment.
- **Ensure timely use of congestion income to support investment needs**: Allocating congestion income to a fund for an undefined period is inefficient. As these revenues are not interest-bearing, delayed use reduces their effective contribution to financing grid investments and limits their value for system development.
- **Define core rules in primary legislation**: Fundamental conditions governing the use of congestion income should be set out directly in the legislative text. Delegating these rules to tertiary legislation, such as delegated acts, creates uncertainty.
- **Prevent additional bureaucracy without proven financing benefits**: Any new congestion management requirements should demonstrably improve investment conditions. Administrative complexity that does not clearly enhance financeability risks slowing down grid expansion rather than facilitating it.

PCI/ PMI Process (Art 3-5, Annex I-IV):

- **Reducing the scope and frequency of PCI/PMI data collections** so that only key milestones - such as changes in the project phase - require updates, and moving the PCI/PMI monitoring to a biennial cycle will cut unnecessary administrative work without weakening transparency. Since PCI/PMI resubmissions are based on TYNDP data, maintaining a biennial PCI/PMI cycle while the TYNDP moves to four years creates a structural inconsistency. Aligning both cycles would ensure coherent governance, avoid duplicative reporting, and free resources to accelerate the delivery of critical energy infrastructure. Nevertheless, the possibility of submitting new PCI/PMI projects in between Union Lists, if they are aligned with the TYNDP cycle and only to be created every four years, must be ensured.
- **Set workable deadlines** by shifting the PCI/PMI monitoring deadline from 31 December to 31 March. A realistic and workable timeline for project promoters must be ensured: As the end-of-year period is already marked by resource constraints, budgeting processes, and operational pressures, this adjustment would reduce administrative burden while maintaining robust and reliable oversight for ACER.
- **Remove the Unit Investment Costs (UIC) data collection**: The UIC values collected by ACER do not represent standard costs that should be used in TYNDP or CBCA processes for projects implemented in the future, as the data collection refers to projects completed in the past. Future cost increases that are already apparent today are not reflected. The proposed adjustment to a two-year period does not solve these issues - on the contrary, it merely increases the resources required for data reporting.
- **Update the Transparency Platform only for current PCI/PMI projects**: The Commission proposes updating the Transparency Platform for former PCI/PMI projects. Keeping this public information up to date for projects that no longer have PCI/PMI status imposes further reporting duties on project promoters. This also raises the question of the purpose of the Transparency Platform if it no longer only displays current PCI/PMI projects. Furthermore, the transparency requirements, (such as granular route alignments) should be critically assessed against security aspects.

Permitting:

- The Commission proposes new rules in various domains, including procedural law for grid permitting procedures. As a general point, we are critical of new rules that solely address procedural steps. Permitting frameworks differ significantly across Member States and must reflect national administrative structures and legal traditions. Top-down procedural changes would alter well-functioning national workflows, introduce legal uncertainty during the transition phase, and create new administrative interfaces between project promoters and authorities, as well as among authorities themselves. Such changes generate substantial costs with no clear added value. It is therefore a matter of subsidiarity to allow Member States to determine the appropriate procedural framework.

- Where EU legislators can add value, is in reducing unnecessary burdens stemming from material requirements that are not fit for purpose in electricity grid development.
- **The introduction of a preclusion rule at EU level** (EIA Acceleration Regulation, Art. 6) is welcome: A harmonised preclusion rule strengthens legal certainty, limits late procedural challenges, and supports predictable permitting timelines for electricity transmission projects.
- **Clarify species protection through population-based approaches** (EIA Acceleration Regulation, Art. 8):
    - The introduction of a population reference and a clearer definition of incidental killing improve consistency in the application of species protection rules and reduces assessment effort.
    - **Define unreasonable alternatives and enable parallel coherence measures** (RED III, Art. 16g): Clearer criteria for deeming alternatives unreasonable under the Habitats, Water Framework, and Birds Directives, combined with the possibility to implement coherence measures in parallel with project implementation, can significantly shorten permitting timelines without weakening environmental protection.
- **Introduce sector specific environmental exemptions for transmission projects**: Exemptions under the Water Framework Directive, the Soil Monitoring Law, and the Marine Strategy Framework Directive - like those included in earlier drafts of the Grids Package - would reduce duplication and better reflect the system relevance of electricity transmission infrastructure.
- **Clarify liability during the construction phase** (RED III, Art. 15e): Clear and proportionate liability exemptions during construction are essential to avoid legal uncertainty and disproportionate risk exposure to TSOs.
- **Avoid fragmented and duplicative rules across EU legislation**: Similar wording on data portals, tacit approvals, screening deadlines, overriding public interest, exemptions from environmental assessment, and reasonable alternatives are proposed across multiple legal acts. This fragmentation creates legal uncertainty and increases administrative effort without clear added value. One coherent legal reference point should therefore be established and consistently referred to across EU legislation.
- **Reduce additional public participation requirements without proven acceleration effects**: Further prescriptive requirements on public participation, combined with existing obligations - such as detailed participation concepts under the TENE framework - risk increasing bureaucracy and slowing procedures. These requirements should be critically reviewed for proportionality and practical relevance.
- Furthermore, **digitalisation efforts**, which we welcome, should build on existing systems and experiences. Additional requirements should only be introduced if they demonstrably reduce complexity and cost. The intention to centralise information and track procedural steps is commendable, but practical implementation requires prioritising interoperability. A far more effective and realistic measure, which we would strongly welcome, is the development of a mandatory, shared species-data repository. This repository should be fed by authorities, project promoters across **all** infrastructure sectors and

environmental NGOs, and be made **accessible across sectors**. This would address one of the most persistent data bottlenecks in permitting procedures.

Guidance on Efficient and Timely Grid Connections (C/2025/6703)

- **Capacity allocation under constrained grid conditions:** Demand for connections to the transmission grid is already exceeding available capacity, especially with regard to substation bays. Current demand is largely driven by battery storage projects. Against this background, we support the Commission's approach of addressing grid access under scarcity and propose that national legislators be allowed to introduce capacity quotas for specific types of use, in particular battery storage facilities and electrolysers. This would help ensure that other users of high system relevance, (e.g. industry, power plants, data centres), are adequately considered and retain access to the grid.
- **Process milestones instead of blanket sanctions:** We object to rigid benchmarks for connection waiting times and flat-rate penalty mechanisms, especially at transmission level. The duration of grid connection projects is heavily influenced by factors largely outside the TSOs' control (e.g. permitting, land acquisition, etc). Moreover, connection pathways and risks differ substantially across project types. Sanctions would therefore increase bureaucracy without delivering meaningful acceleration. Instead, we recommend transparent process milestones and a maturity-based connection approach.
- **Streamlining coordination and avoiding duplication:** Additional mandatory working groups between TSOs, DSOs and network users are counterproductive as coordination mechanisms are already embedded in national and European planning processes (NEPs, TYNDP).
- **Reservations regarding the expanded use of direct lines:** We caution against establishing direct lines as a standard option for grid connection at transmission level. Direct lines can complicate system operation, limit congestion management options and potentially increase risks to security of supply. They may also distort competition and shift redispatch and system security costs onto the wider system. Direct lines should therefore be limited to clearly defined exceptional cases with demonstrated system-wide benefits, subject to full system integration, clear cost and risk allocation rules, and regulatory oversight.
- **Realistic and secure use of capacity maps and forecasting tools** Finally, we call for realistic and security-conscious requirements for capacity maps and forecasting tools. In meshed transmission grids, deriving binding local capacity values is highly complex and uncertain. Capacity maps can serve as indicative tools to guide investment interest but cannot replace individual technical assessments. They should be clearly labelled as non-binding, sufficiently aggregated, regularly—but not continuously—updated, and must not imply any connection guarantee. The protection of critical infrastructure data is essential; sensitive operational or location-specific data should not be published.