

## CEER views on the European Grids Package

---

### 1 Background / Context

The Council of European Energy Regulators (CEER) welcomes the European Grids Package proposals<sup>1</sup> of the European Commission (EC) as a significant step toward enhancing the integration, resilience, and sustainability of Europe's energy infrastructure.

CEER continues to believe that the current Trans-European Networks for Energy (TEN-E) Regulation needs, now more than ever, to be fully implemented. It emphasizes that any new provisions should be coherent with the existing structure and align with the overall goals of the framework to ensure smooth integration and effectiveness. At the same time, these provisions need to be adaptable to meet evolving needs and realities.

For example, reducing greenhouse gas emissions involves increasing the share of renewable energy in the energy mix, replacing part of fossil fuel consumption (gas, oil) with electricity, and adapting networks to new flexibility requirements in the face of increasing volatility in electricity production. Network planning needs to carefully assess the complementarity between energy carriers, particularly gas (the share of heating needs it will continue to cover, electricity generation, industry needs) and hydrogen, whose development is particularly uncertain although it may require very significant investments.

Furthermore, infrastructure projects are large-scale projects that are often technically complex. They involve issues such as supply chain availability and technological progress, as well as trade-offs in terms of routing and integration into existing networks.

Planning infrastructure development requires a dynamic analysis of expected changes and their effects from a network and market perspective. This involves establishing links between complementary investments and their timing and understanding which assets should be developed as a priority because they offer the greatest synergies.

The energy transition leads to increasingly decentralised power generation due to the development of renewable electricity generation and goes hand in hand with new flexibility needs. Hydrogen is likely to introduce important changes in energy systems. Produced from green power, hydrogen dynamics will influence the power sector, potentially opening a broader conception of system integration. The articulation between transmission and distribution grids, resource integration, as well as new dimensions such as demand response, self-consumption and electric mobility must be objectively included in the representation of energy systems' functioning. Many local solutions can be deployed to alleviate grid needs and serve as an alternative to its traditional expansion.

---

<sup>1</sup> The paper focuses on the Proposal for a Directive on the Acceleration of Permit-granting Procedures and on the Proposal for a Regulation on TEN-E Guidelines.

The Grids Package is mainly focused on the electricity and hydrogen sectors. However, the increasing integration of energy systems goes beyond these sectors, as far as security of supply and flexibility are concerned. The natural gas sector is still critical in the EU energy system, serving as a key complement to decarbonised electricity generation. Gas storage provides large-scale, long-term flexibility at a relatively low cost to the system. Coordinated and regionally consistent design of all energy carriers would help achieving cross-sectoral security of supply and avoiding potential inefficiencies in infrastructure planning. The development of biomethane as a solution for hard-to decarbonise sectors further reinforces the need to consider gas infrastructure in scenario building and the identification of infrastructure needs.

Consequently, infrastructure planning and investment decisions need a thorough understanding of the functioning of energy systems across sectors all the way down to distribution and consumers. They cannot be based solely on pan-European economic assessments carried out in the Ten-Year Network Development Plans (TYNDPs). Understanding the physical effects of projects and assessing their value to society requires detailed analyses of technical and economic parameters and testing several hypotheses in order to properly assess the trade-offs. At the European level, this means being able to establish priority developments.

## 2 Contribution of National Regulatory Authorities to evolving energy grids

National Regulatory Authorities (NRAs) have developed strong competences in terms of the analysis of national investment plans and accompanying infrastructure operators in their investment decisions and development. They are used to assessing the relevance of cost estimations and have adopted numerous cross-border cost allocation (CBCA) decisions. NRAs, with the support of the European Union Agency for the Cooperation of Energy Regulators (ACER), must therefore retain an important role in the development of energy infrastructure and in its prioritisation. In this context, new tasks for NRAs and ACER should be linked with adequate human and/or financial resources to ensure that all the NRAs tasks are delivered effectively, as well as to ensure enough consistency in regulatory capacity across the European Union (EU).

As proposed in Article 2(5) of the Proposal for a Directive on the Acceleration of Permit-granting Procedures, CEER welcomes the strengthened role of NRAs in network planning, especially the inclusion in Article 59(1) of Electricity Directive (EU) 2019/944 of a specific duty for NRAs to amend and approve the network development plan (NDP), paralleling a similar duty set out in Article 78(1) (ee) of Gases Directive (EU) 2024/1788.

This strengthened role complements the NRA duty to approve the joint scenarios for all energy (electricity, gas, hydrogen) network development plans, established in Article 78(1)(b) of the Gases Directive, and duly cross-referenced in the proposal. To be coherent, approving the joint scenarios for the network development plan should also be included in the Electricity Directive. This is particularly relevant for countries where the provision of Directive (EU) 2024/1788 is not already applicable, e.g. due to a lacking gas transmission network.

**CEER welcomes the new requirement for NRAs to approve (or request amendments to) network development plans** (in Article 40a of the Electricity Directive). This had been adopted by some countries out of their own initiative to great success and was recommended in the 2020 ACER-CEER position on the TEN-E Regulation and in the 2025 CEER report on NRA Oversight on Electricity Transmission Grid Development and Investment. The requirement mirrors the corresponding provisions in Directive 2024/1788 and will strengthen the scrutiny on energy infrastructure developments.

This role notwithstanding, national energy policy objectives must continue to be developed by policymakers, whose democratic mandate encompasses the socio-economic development of each Member State. Their role in scenario development and policy choices should serve as the starting point for national energy network planning processes.

CEER also welcomes the increase in the tasks of ACER. In particular, ACER is asked to publish a binding methodology for the identification of infrastructure needs (Article 12(11) of the Proposal for a Regulation on TEN-E Guidelines) and is granted additional powers to update the methodology on the use of revenues from congestion income (Article 19(5) of the Proposal for a Regulation on TEN-E Guidelines). CEER welcomes that the ACER Board of Regulators will continue to be involved when ACER carries out tasks regarding infrastructure as listed in the proposed Article 11(c) of ACER Regulation 2019/942, as cross-referenced in point (a) of Article 22(5) and in Article 24(2) of ACER Regulation (EU) 2019/942. This approach fosters consistency, transparency, and accountability, ensuring that ACER's acts are practical, balanced and effectively implemented. With that in mind, to ensure coherence, any new ACER competences in the TEN-E Regulation, as recommended in the rest of this paper, should also require a favourable opinion from the Board of Regulators for the adoption of the relevant acts. The first sentence of Article 11 of the ACER Regulation regarding ACER's infrastructure tasks should also be updated to include a reference to the European Network of Network Operators for Hydrogen (ENNOH).

### 3 Main Issues

#### **3.1. Scenarios for the ten-year network development plans (Article 11 of the Proposal for a Regulation on TEN-E Guidelines)**

A central scenario reflecting energy policy objectives makes sense in terms of framing the development of a long-term vision of Europe energy system's dynamics. Nevertheless, it is a complex exercise which includes certain choices about decarbonisation strategies recognising that the most efficient strategies remain relatively open due to a range of uncertainties. The proposed central scenario development by the EC would need to ensure and safeguard multi-scenario processes that are essential for robust planning amid uncertainties regarding, among others, the plausible development of renewables, some electricity uses, and the scale-up of hydrogen. Scenario development for network planning purposes consists in capturing national policy objectives as well as addressing the architecture of energy systems and energy use across economic sectors, including customer needs, inter-relations between energy carriers, possible contrasting futures and insights on national developments. Contrasted assumptions help prioritise projects and develop the most efficient network also in terms of costs. Building on the expertise of transmission system operators (TSO) proves helpful in this regard.

In terms of hydrogen, it is worth mentioning that the difference with electricity in terms of maturity advocates for adapted planning strategies. Risks upon the development of supply and demand of hydrogen represent a significant burden. Scenarios and usual modelling approaches cannot be applied without any complementary assessment of the consequences of potential assumptions shortfalls. In this respect, the Article 30, amending Article 60 of the Gases Regulation (EU) 2024/1789, largely replicates the approach chosen for electricity (use of the central scenario, modelling of the integrated hydrogen network). The need for a bottom-up perspective is recognised, though, gap identification and the identification of barriers to the increase of cross-border capacity could underestimate the uncertainty about future developments and questions about the role of transmission in value chains. NRAs should not be pushed to approve plans or, where applicable, investment requests for cross border cost allocation where there is an unjustified lack in demand or project funding. It is a question of promoting efficient investment decisions and limiting the risks of sunk costs.

In this context, CEER welcomes NRAs' role in verifying national scenario data via ACER coordination. Such a role should be mandatory and not optional as currently foreseen in Article 11(3). In addition, CEER believes that retaining sensitivities or additional scenarios, underpinning regulatory decision-making at national level, and their possible weighting to reflect economic realities remains the preferred solution, to prioritise infrastructure which fit well across a wide spectrum of different plausible futures as recommended in the past via ACER TYNDP opinions.

Multiple scenarios would be particularly useful in terms of cross-border cost allocations (CBCA). CEER indeed advocates for assessing projects via multiple scenarios agreed by concerned regulators.

In summary, CEER recommends that sensitivities and additional scenarios be systematically developed. The TEN-E Regulation should further require consistency of scenario building with other planning exercises beyond EU network planning, including adequacy and flexibility assessments. In this regard, CEER suggests including the requirement for a ‘trends and projections scenario’.

It is also recommended to provide for more frequent scenario updates (namely, every two years) in response to major policy or market developments and in coherence with the frequency of scenarios in most national network development plans.

### **3.2. Infrastructure needs identification (Article 12 of the Proposal for a Regulation on TEN-E Guidelines)**

An effective system can only be built by considering the existing energy carriers. Consequently, natural gas networks still need to be taken into account to safeguard Europe’s energy-supply security.

The concept of system needs as defined in Article 12 consists in comparing figures coming from scenario-based simulations to projects proposed at borders. As simulations are based on a simplified representation of the EU grids and due to scenario uncertainties, CEER recommends addressing the needs identification as an input to an in-depth evaluation of future priority transmission capacity developments. Project identification is a complex task requiring technical and economic evaluations in terms of design and location as well as considering sector integration aspects. Therefore, CEER considers that the proposed timeline needs to be extended.

The Proposal for a Regulation on TEN-E Guidelines requires identifying infrastructure needs every four years. As projects and the reference networks more rapidly evolve, the needs assessments should be performed more frequently i.e., every 2 years, as today and be based on more than one central scenario.

### **3.3. Electricity needs matching process (Article 13 of the Proposal for a Regulation on TEN-E Guidelines)**

The needs report should identify real needs first. Then a separate analysis can identify true gaps (missing infrastructure) and potential over-investment.

The Regional Groups should verify the remaining infrastructure gaps and over-investments. A regional-level discussion and thorough assessment of the infrastructure mismatch would be essential to reflect regional specificities. Such analysis should consider network alternatives which are slightly different than the optimisation outcome but may be more feasible to be implemented.

The Proposal for a Regulation on TEN-E Guidelines (Article 13(3)) allows the EC to launch public calls for project proposals if certain needs are identified but no projects come forward.

This creates administrative burden, invites speculative proposals, and places heavy assessment work on NRAs. Further assessment is required to determine how the newly proposed process fits within existing national, regional, and European planning processes. For example, the proposed call for projects by the Commission may raise questions regarding its consistency with NRAs' existing powers 'to organise a tender procedure open to any investors [...] as indicated in the Electricity Directive.

A provision can then be added in the TEN-E Regulation to stipulate that the Regional Investment Plans, as referred to in Article 34(1) of Regulation (EU) 2019/943, identify and include project proposals to address such gaps, after duly considering non-wire solutions.

The Proposal for a Regulation on TEN-E Guidelines (Article 13(2)) asks TSOs to develop detailed project proposals within six months. This deadline may not take fully into account the time needed for feasibility studies, technical assessments by TSOs, and discussions among TSOs, NRAs, and Member States, especially across borders. The timeline for TSOs needs to be extended.

### **3.4 Cost-benefit Analysis (CBA) Methodologies (Article 14 of the Proposal for a Regulation on TEN-E Guidelines)**

The CBA process aims at properly estimating the value of projects from a socio-economic perspective. While some consistency makes sense in terms of a shared understanding of the benefits provided, it is worth noting that each project is specific and may deserve adapted investigations. Therefore, CEER recommends that CBAs be **more agile**. Adapting the single sector methodologies to changing conditions should not require lengthy formal amendments.

**In this regard, ACER should approve or request amendments to the draft CBA methodologies**, rather than the EC. ACER and NRAs' technical expertise would ensure a methodological consistency across Europe.

### **3.5 CBCA and its interaction with Union financial assistance (Articles 17 and 21 of the Proposal for a Regulation on TEN-E Guidelines)**

NRAs are responsible for deciding the allocation of costs for projects of common interest, when their promoters submit an investment request. More than 50 decisions have been taken across the Union since the introduction of this provision, as regularly monitored by ACER. Already in 2013, when the provision was introduced by the meanwhile already repealed Regulation (EU) 347/2013, NRAs cooperated within the ACER framework to deliver guidance facilitating the work of project promoters and NRAs in submitting and assessing an investment request. This - initially voluntary - work was enshrined in EU legislation by the current TEN-E Regulation, confirming the value of this guidance.

The ACER guidance states that consideration of additional scenarios can be necessary to ensure proper robustness of the CBCA decision. The proposed Article 17(4)(a) would require that cost-benefit assessments be performed only on one central scenario and, optionally, on

sensitivities. This approach increases the risk of approving projects that fail to perform robustly across different plausible futures and could lead to more disputes about project value and cost allocation.

In line with the views above regarding scenario sensitivities and future uncertainties, CEER advocates for assessing projects via multiple scenarios agreed by concerned regulators. The current TEN-E Regulation (Article 16(4)(a)) already provides useful safeguards and should be reintroduced in the text.

The proposed additions in Article 17(7) impose automatic criteria (such as a 10% threshold for cost-sharing) and require broader participation of Member States and NRAs in every cost-allocation decision. These constraints reduce the flexibility that NRAs need to negotiate fair cost-sharing agreements and limit the value of ACER's role in providing recommendations on cost allocation. Guidelines and technical criteria for taking CBCA decisions may be better addressed in the ACER recommendation (foreseen in Article 17(14)), rather than codified in legislation.

Last, as observed in the ACER CBCA monitoring reports, many of the CBCA decisions were adopted for the purpose of a follow-up request for Connecting Europe Facility (CEF) co-funding. CEER deems that the mandatory and sequential step between CBCA and CEF grants for works (in Article 21(2)(b)) should be removed, allowing the two processes to be run in parallel; it should be possible for project promoters to directly apply for CEF under the condition of a positive statement of the hosting NRA(s).

### **3.6 Congestion Income (Article 19 of the Proposal for a Regulation on TEN-E Guidelines)**

Congestion income results from the price differential between bidding zones. Article 19 of Regulation EU 2019/943 sets out how congestion revenues must be used on priority objectives of making cross-zonal capacity available and thus favouring market integration, and in the long-term striving towards eliminating price differences. Collecting part of congestion income for future potential spending in new assets, possibly in other geographical parts of the EU, poses several issues in terms of, among other things, properly allocating the funds: which projects, what eligible costs, what timing? Congestion income should be spent foremost as soon as possible on upholding cross-zonal capacities or increasing capacity as soon as possible and not be saved. If no opportunities for spending on priority objectives are available, Article 19 of Regulation EU 2019/943 stipulates that congestion income must be saved on a separate account line for later use on priority objectives. A common collection of 25% of all congestion income of every Member State may lead to a risk of money being redistributed and trigger sub-optimal actions in congestion management as well as in the configuration of bidding zones. This is why CEER considers that ring-fencing of congestion revenues for projects of common interest (PCIs) and projects of mutual interest (PMIs) is difficult to implement and may result in a suboptimal allocation of congestion income to the disadvantage of consumers. Also, the redistribution of congestion income across jurisdictions may weaken incentives for efficient congestion management and distort bidding zone configurations. Furthermore, as network projects are multi-annual, in some countries revenues are allocated and committed for several

years. Therefore, the need for investments already planned/committed for Electricity Market Design (EMD) objectives must be taken into account.

The current rules suffice to fund network development priorities, including interconnectors, if NRAs are given sufficient powers, resources and independence to decide on infrastructure and their cost coverage.

### **3.7 Permitting procedure of PCI/PMI (Articles 7 and 10 of the Proposal for a Regulation on TEN-E Guidelines)**

The responsibility for permitting according to the TEN-E Regulation is managed differently in the Member States: in some cases, NRAs have been given the competence as National Competent Authority (NCA) with the consequence that they are (directly) responsible for permitting of all or some infrastructure (e.g. in Germany, Sweden). In other countries, the role of NCA lies with other authorities (e.g. ministries).

When it comes to the permitting provisions in the Proposal for a Regulation on TEN-E Guidelines, the confirmed timeframe (overall 42 months) for the permit-granting process of projects of common interest and projects of mutual interest is fit for purpose. Maintaining this will allow the already established internal processes of each Member State to continue, while safeguarding legal certainty on national and European level.

- Ensure coherence in the environmental regime: Align TEN-E wording with Renewable Energy Directive (RED) III

Although the new environmental provisions in Articles 7(7), 7(8) and 7(10) are based on the RED III Directive, they are not identical to it. This could lead to potential conflicts, particularly since the RED III Directive is implemented nationally by the Member States. A different regime for PCI/PMI is to be avoided. CEER therefore proposes to align the provisions in the TEN-E Regulation with the RED III Directive.

- Ensure legal certainty: Tacit approval mechanisms

The introduction of tacit approval mechanisms (Article 10(4)) may undermine public acceptance, raise appeals, and contradict the legally secure permit-granting process and implementation of PCI/PMI on national level. CEER therefore proposes to make the tacit approval mechanism an optional “may” clause open for implementation by the Member States.

### **3.8. Scenarios for National Network Development Plans (Article 2(3) of the Proposal for a Directive on the Acceleration of Permit-granting Procedures, amending Article 40a(2)(c) Electricity Directive)**

The European perspective needs to be adequately reflected in the national NDPs. Nevertheless, amending and confirming the NDPs is a dedicated duty of NRAs. They are responsible for the outcome and effects on energy cost in the end. Hence, the NDPs need to be based on accurate and robust scenarios incorporating the most recent data. It is therefore crucial that the already existing NRA powers for the approval of scenarios should not be weakened by overly strict requirements. Instead of mandating the consistency of the joint scenarios for the NDPs with the central scenario, there should be a framework which allows for the adequate consideration of the European scenarios in national assessments, while leaving some flexibility to NRAs.

In this regard, CEER fully supports two recommendations of the June 2025 EC notice on a guidance on anticipatory investments for developing forward-looking electricity networks ((C/2025/3179)), which state:

- The NRAs (and/or Member States authorities) should ensure that NDPs are based on scenarios of future development and should clearly explain the link between future expected generation and consumption and suggested grid development.
- NDPs should use multiple scenarios and sensitivity analyses to factor in uncertainties over future demand and supply.

## 4 Conclusions

The Grids Package provides a timely opportunity to strengthen Europe's ability to deliver energy infrastructure required for accelerating decarbonisation and electrification, and evolving flexibility needs. Provided that implementation remains grounded in technical and economic reality, including the relevance of natural gas infrastructure, consumer focus and robust decision-making, CEER sees several opportunities to positively contribute to Europe's future energy outlook. Amongst the main elements discussed in this paper, CEER would like to once again highlight the following remarks:

- The strengthened role of NRAs in the Grids Package is very welcome. This applies both at national level, with NRA approval and amendment powers on national network development plans, and at European level, with the formal involvement of NRAs in the ACER Board of Regulators which will adopt ACER acts regarding infrastructure, including the newly proposed methodology for the identification of infrastructure needs.
- European network planning should use a central scenario as a reference, not as a constraint, and must systematically rely on multiple scenarios and sensitivities to prioritise investments that perform well across diverse futures. To support this process, NRAs and ACER should be required to verify national data, a 'trends and projections' scenario should be foreseen and scenarios (and needs assessment) should be updated frequently (every 2 years).
- Special attention should be given to limiting sunk-cost risks, especially for less mature (hydrogen) infrastructure.
- System needs assessments should serve as a structured input to an in-depth evaluation of priority transmission capacity developments. It should allow sufficient time for TSOs, NRAs and Member States to develop and scrutinise credible projects. Importantly, given the continued role of natural gas in an integrated energy system, natural gas networks should form part of this analysis.
- CEER calls for more agile CBA methodologies, with ACER and NRAs in the lead to adapt them as conditions evolve.
- Cross-border cost allocation rules should preserve regulatory flexibility in agreeing on technical criteria considering the respective ACER recommendation and should be based on multiple scenarios rather than a single central case. To reduce delay and decision 'arbitrage', the CBCA and CEF funding processes should be able to run in parallel.
- CEER cautions against ring-fencing and redistributing congestion income across jurisdictions, which could undermine efficient investment signals. Existing rules and NRA powers should instead be confirmed to ensure congestion revenues work in consumers' interests.

- Mandatory tacit approval of permitting applications could endanger public acceptance and legal certainty, with a consequent risk of delaying priority infrastructure projects.

CEER stands ready with its regulatory expertise to work with EU institutions and ACER to shape a Grids legislation that delivers timely, well-targeted, efficient investments, particularly in cross-border infrastructure, supports an integrated multi-energy system, and enables secure, affordable and efficient decarbonisation across Europe.