



Joint Statement on the key role of distribution grids for a competitive, green and resilient Europe

As the EU is about to set the new strategic priorities that will guide the European agenda for the next five years, **Distribution System Operators (DSOs) will continue to be central players** that contribute to driving the energy and digital transitions on the ground for the benefits of all European citizens, enterprises, and industries.

The **distribution grids are incorporating an increasing amount of renewables and are becoming more customer driven**. DSOs are the key technical enablers of the 42.5% EU's renewable energy target, as **more than 70% of renewables will be connected to the distribution grid by 2030¹**. This will see more than 30 million electric vehicles (EVs) on the roads and 60 million heat pump units installed by 2030.

Additionally, the distribution grid is not only the key to facilitating the EU's decarbonisation, but also **central to Europe's security and resilience**. As a result, with the deployment of more than ten million kms of electricity networks and the hosting of four million electricity substations (the network elements closest to final consumers), DSOs contribute to ensuring the stability of a growing decentralised energy system. The existence of a reliable energy infrastructure is a prerequisite for a competitive European industry. Furthermore, DSOs are a **significant economic factor** with regards to investments in the EU (supply) industry **and a credible employer** of services of general interest.

Maintaining the momentum of the Grid Action Plan

Often overlooked in the past, the importance of the distribution grid was recognised, last November, in the **EU's Action Plan for Electricity Grids**. Despite this recognition, the challenges are still numerous and pressing, with up to €67 billion in average annual investment required between 2025 and 2050 (a near doubling of the current investment rate of €37 billion per year)². Investments will be needed in both hardware and software to expand, smarten and renew distribution grid infrastructure.

From renewable energies and electric vehicles to storage and heating and cooling systems, DSOs will face the need to **connect an increasing number of decentralised energy sources and prosumers** - not just in a shorter period of time, but also at a much faster pace.

¹ Eurelectric (2021). *Connecting the Dots: Distribution grid investment to power the energy transition* report. Available online: <https://www.eurelectric.org/publications/connecting-the-dots/>

² Eurelectric (2024). *Grid for Speed* report, Available online: https://powersummit2024.eurelectric.org/wp-content/uploads/2024/07/Grids-for-Speed_Report_FINAL_Clean.pdf

Therefore, we request policymakers to:

1. **Create a new dedicated Grids Facility, possibly, under the EU Competitiveness Fund and align the EU financing instruments with the net-zero targets and DSOs' needs** to gear investments towards the required development of the distribution grid. The new EU Competitiveness Fund should ensure easier access to ear-marked funding for DSO-related projects, including through the development of a dedicated facility for DSOs. In addition, tailor-made funds for distribution grid projects, leveraging regional funding, at national and local levels should also be set up. Such funding could support capacity-building for DSOs to implement among others the Electricity Market Design provisions.
2. **Introduce a grid mainstreaming approach** to ensure DSOs' needs are considered in every new and revised regulation, and that grid expansion does not lag behind. The distribution grid must be a part of the new EU Clean Industrial Deal that also should consider infrastructure at the distribution level and ensure early and continued involvement of DSOs in the planning process.
3. **Ensure the Green Deal's implementation on the ground** by enabling anticipatory investments, ensuring faster permitting procedures, supporting the supply chain by reducing technical complexities and enhancing visibility, and providing suitable and forward-looking regulatory frameworks to guarantee the right investment-friendly environment. The Green Deal's implementation should be monitored at the EU level and supported by infrastructure data such as on available grid hosting capacity and the sharing of good practices from system operators on reducing grid connection times, active grid management etc.
4. **Launch a European Grid Academy** within the framework of the EU's Net-Zero Academies to build and develop the right skills in the direct and indirect grid value chain. This will address the labor market transformation and shortages, and subsequently, empower the skilled workforce to deliver on the energy and digital transitions.

All of this should be accompanied by the **continuation of an open Dialogue on energy and critical infrastructure** to give EU stakeholders including industries, enterprises and EU Social Partners a platform to discuss how to meet the numerous challenges of the energy transition and foster its social acceptance.

The next five years will be crucial for delivering the Green Deal objectives while at the same time ensuring a competitive and resilient continent. This will only be possible with strong and empowered grids.

The Distribution Grid Matters!