

PRESS RELEASE: GEODE & E.DSO Joint Paper “Revenue Regulation for Electricity Distribution System Operators: An exploration of seven European frameworks”

Brussels, 8 December 2025 – **GEODE and E.DSO have published a joint paper analysing how national regulatory frameworks in seven EU Member States support DSOs in planning, financing and delivering investments to reinforce and digitalise electricity distribution grid infrastructure. Building on [GEODE’s 2024 paper](#) of seven principles for effective DSO revenue regulation, the paper explores frameworks from Austria, Finland, Ireland, Italy, Poland, Spain and Sweden by examining the extent to which those frameworks meet the best-practices encompassed in those criteria.**

Europe’s energy transition relies on modern, flexible and investment-ready distribution grids. As the majority of renewables and distributed energy sources (EV chargers, heat pumps) connect at this level, DSOs must significantly reinforce and digitalise their networks to enable integration and ensure flexible grid operation. The European Commission estimates that this will require around [€730 billion](#) just to 2040. As Per Everhill, Chair of GEODE’s Working Group on Regulation and Public Affairs Manager at Tekniska Verken, notes, *“While the recognition of the investments needs is widespread, it must be accompanied by a stable and forward-looking regulatory framework to attract investors’ interest”*.

Against this backdrop, the joint GEODE-E.DSO paper analyses seven national regulatory frameworks, identifying concrete best practices and structural shortcomings. Using GEODE’s 2024 principles benchmark, the paper shows that on criteria such as predictability, proper CAPEX-OPEX balance, sufficient cashflow and incentivisation of innovation, while some countries performed better than others, for every principle, there is at least one country that has implemented very good regulation in that area and no one country excelled on every criterion. As the Chair of E.DSO’s Policy & Regulation Committee and CEO of E-REDES José Ferrari Careto summed up, *“On revenue regulation, DSOs are not looking for something that has never been done before, but rather the spread of best practices across countries”*.

Drawing on these frameworks, the paper points to opportunities for more convergent regulation that enables anticipatory investment, strategic planning and long-term financial sustainability and puts forward **recommendations** for policymakers and regulators to help create investment-ready regulation across Europe:

1. **Embed stability with structured flexibility** through multi-year periods and clear mid-term adjustment rules.
2. **Make Network Development Plans holistic, forward-looking tools that guide anticipatory investments**, in alignment with tariff cycles and with appropriate recognition of digitalisation.
3. **Keep the RAB and depreciation aligned with real costs and asset lifetimes** and ensure EU grants and essential system costs like cybersecurity are properly reflected in cash flows.
4. **Set a predictable, risk-reflective WACC** based on transparent, forward-looking methodologies, with scope for higher returns on higher-risk anticipatory and innovative investments.
5. **Ensure CAPEX–OPEX neutrality** so DSOs can choose the most efficient technical and operational solutions, including through flexible benefit-sharing or TOTEX-based approaches.
6. **Guarantee timely and predictable approval of investment plans and remuneration** through clear procedures, deadlines and, where appropriate, automatic or standing approvals.
7. **Promote innovation, digitalisation and transparency** via stable, targeted incentive schemes and robust stakeholder engagement, while safeguarding liquidity through working-capital allowances and timely cost true-ups.

To access the full joint paper, click [here](#).

About GEODE:

GEODE is the premium European association representing local electricity and gas distribution networks across the continent committed to sustainable, efficient and reliable management of the backbone of the energy system - the grids. Thanks to the technical expertise of its members, GEODE's mission is to pilot the energy transition towards decentralised, decarbonised and digitalised energy systems.

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About E.DSO:

European Distribution System Operators (E.DSO) is an association that gathers 38 leading electricity distribution system operators (DSOs), including two national associations, cooperating to ensure the reliability of Europe's electricity supply for consumers and enabling their active participation in our energy system. The majority of the EU's electricity customers are served by E.DSO members. E.DSO and its members are committed to taking on the huge challenges associated with realising the Energy Union, built on the EU's ambitious energy, climate, security of supply, jobs and growth objectives. This involves ensuring the reliability and security of Europe's electricity supply to consumers while enabling them to take a more active part in our energy system. E.DSO focuses on guiding EU research, demonstration and innovation (RD&I), policy and Member State regulation to support smart grids development for a sustainable energy system.

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