



The Multiannual Financial Framework 2028 – 2034

E.DSO's Initial Reaction

Brussels, 31 July 2025

E.DSO, representing Europe's leading electricity distribution system operators (DSO), welcomes the publication of the European Commission's proposal for the next Multiannual Financial Framework. We appreciate the Commission's efforts to align the EU budget with Europe's strategic priorities and to equip the Union to address the challenges ahead. As operators at the heart of Europe's electricity system, we stand ready to support the effective implementation of the next MFF to ensure that Europe's grids continue to deliver reliable, secure and affordable electricity to all consumers.

Executive summary

E.DSO, having recently published a paper with concrete recommendations for the next MFF 1, welcomes the EU's MFF proposal and advocates for increased funding in energy infrastructure, research, skills development, and cohesion to support grids as a cornerstone of Europe's energy transition. Our key recommendations going forward include maintaining CEF eligibility for DSO projects, synergizing with ECF and Horizon Europe, and targeting Erasmus+ for energy workforce needs. This ensures a resilient, competitive, and decarbonized energy system.

The Connecting Europe Facility (CEF)

The proposed increase of the CEF budget to €30 billion is a timely and necessary response to the expanded scope of the TEN-E Regulation (2022) and the growing investment needs in Europe's energy infrastructure. As highlighted in the Draghi and Letta reports, underinvestment in grids remains a key bottleneck to Europe's competitiveness and energy transition.

As the CEF evolves to place greater emphasis on cross-border infrastructure in the next MFF, it is essential that electricity distribution infrastructure, particularly projects with system-wide impact, remain eligible for support. Smart grid investments, including those led by DSOs, play a vital role in enabling flexibility, resilience, and the integration of renewables. These projects complement transmission-level investments and contribute to the overall efficiency and security of the EU energy

¹ E.DSO Position Paper "Securing the EU's Competitiveness and Affordability with Electricity Grids: E.DSO's Position for the 2028–2034 Multiannual Financial Framework (MFF)". 16 June 2025



system. Yet the absence of any reference to the Smart Electricity Grids category in the proposed CEF Regulation raises concerns about the future eligibility of such projects for EU funding. The continued eligibility of Smart Electricity Grids as a PCI category under the TEN-E Regulation must be safeguarded, and urgent clarification is needed to ensure that smart grid projects, particularly those with cross-border or system-wide relevance, remain eligible for PCI status and CEF support.

E.DSO's July 2025 MFF position paper highlights the European added value of DSO projects. As recognised in Article 171 TFEU and the European Grid Action Plan, eligibility for EU funding should reflect a project's contribution to Union-wide objectives, not solely its geographic footprint. Investments in distribution grids support system efficiency, cost reduction, and regional cohesion, and are essential to electrification and decarbonisation.

At the same time, it is important to underline that CEF should not be seen as the primary or exclusive funding channel for DSOs. A balanced and coherent approach across EU instruments – including National and Regional Partnerships – is needed to ensure that distribution grids can meet the demands of the energy transition.

Finally, we caution against diluting CEF Energy's strategic focus. While support for innovation is important, CEF must remain dedicated to infrastructure that delivers on the core objectives of the TEN-E Regulation: cross-border relevance, market integration, and security of supply. CEF is not a general-purpose innovation fund – it must continue to prioritise high-impact infrastructure, such as electricity grids, which enable a competitive, secure, and decarbonised European energy system.

European Competitiveness Fund (ECF) and Horizon Europe

The new European Competitiveness Fund (ECF), working in synergy with Horizon Europe, will provide seamless support to European innovators – from research and development to the deployment and scale-up of new technologies. Infrastructure is a critical enabler of European competitiveness, and investments in grid infrastructure are essential for the functioning of the single market, the green and digital transitions, and the Union's resilience and security.

Electricity distribution infrastructure underpins the EU's energy and climate objectives. These networks are vital to ensuring energy sovereignty, market integration, and competitiveness. In this context, ECF support must be designed to complement the Connecting Europe Facility (CEF):

- CEF should continue to support PCI Smart Electricity Grid projects, particularly those reinforcing domestic grid sections that enable cross-border infrastructure to function.
- ECF, in turn, should provide targeted support for distribution grid investments that drive decarbonisation, modernisation, digitalisation, and expansion. However, we would like to see a more ambitious contribution of the ECF to the Clean Transition and Industrial Decarbonisation, net of the Innovation Fund (which is not part of the MFF), which is merely €26.2 billion (current EUR) of 409 billion, i.e. just 6.4%.



In close connection with the ECF, Horizon Europe remains the EU's flagship programme for research and innovation. E.DSO welcomes the proposed increase in its budget – from €95.5 billion to €175.3 billion for the 2028–2034 period – and remains committed to supporting the deployment of new technologies and solutions to strengthen and modernise the energy system.

Horizon Europe has proven its value in accelerating innovation and piloting advanced solutions for DSOs. We also welcome the Commission's efforts – aligned with the Draghi report – to simplify access to the programme. While this may increase competition, we trust the expanded budget will ensure continued support for high-quality projects. However, we reiterate our concern regarding project continuity: many initiatives face challenges in maintaining momentum once the R&D-funded phase ends.

As newly electrified sectors connect to the grid and digitalisation accelerates, DSOs are increasingly deploying advanced tools – such as real-time monitoring, predictive maintenance, and smart metering – to enhance operational efficiency, reduce outages, and integrate a growing share of renewables. These capabilities are essential for managing decentralised energy systems and ensuring grid stability amid fluctuating supply and demand.

E.DSO remains strongly committed to supporting the deployment of new initiatives, technologies, and solutions to strengthen and modernise Europe's electricity system. E.DSO members actively promote the exchange of Success Cases² and have developed a dedicated Technology Radar³ to monitor emerging and disruptive technologies used in our sector.

Enhancing skills across Europe – Erasmus +

E.DSO welcomes the European Commission's early focus on this strategic issue and the significant increase in the Erasmus+ budget (rising from €26.2 to €40.8 billion for the 2028–2034 period). This programme plays a key role in strengthening skills across Europe by supporting international experience through study or internships, thereby enhancing knowledge, skills, and employability.

The programme's emphasis on the green and digital transitions is particularly relevant for the energy sector. As the power system undergoes rapid transformation, expert knowledge and specialised skills are increasingly needed to manage complex, decentralised, and digitalised grids. Recently, E.DSO has raised the critical shortages⁴ threatening Europe's energy transition and boosting Erasmus + is one of the solutions.

To address this, Erasmus+ could go further by establishing a dedicated sub-programme focused on strategic sectors of the energy transition—such as electricity grids. This would contribute to building a truly European energy workforce, capable of meeting the evolving needs of the transition and

² [Success Cases - E.DSO](#)

³ [Technology Radar - E.DSO](#)

⁴ [E.DSO Position Paper on "The Union of Skills"](#), 24 July 2025



supporting the EU's long-term climate and competitiveness goals. We propose aiming for 10-15% of Erasmus+ funds allocated to energy skills training.

National and Regional Partnerships

Cohesion in the EU depends on modern, resilient electricity infrastructure. Yet, aligning national programmes with strategic EU energy goals remains a challenge. A recent evaluation of programmes under the Common Provisions Regulation (CPR) revealed that only 4% of energy-related funding was dedicated to grids—far below what is needed to support the energy transition.

Distribution System Operators (DSOs) play a pivotal role in enabling electrification, integrating renewable energy sources, and ensuring the resilience of local energy systems. As transport, heating, and industry increasingly electrify, DSOs face growing investment needs in grid expansion, digitalisation, and flexibility solutions. These investments are multi-year and capital-intensive and cannot be met through tariffs alone.

E.DSO welcomes the introduction of distribution grids among the specific objectives set in article 3 of the proposed National and Regional Partnerships regulation, as well as the recognition that NRPs can support non-cross-border energy infrastructure. This complements CEF⁵ and creates a valuable opportunity to fund DSO-led projects that are essential for the energy transition. Targeted funding will help address disparities in grid readiness across Member States and ensure that no region is left behind in the transition to a climate-neutral economy. Strengthening DSO capabilities will also enhance energy security, support local job creation, and contribute to the achievement of the Green Deal and REPowerEU objectives.

Given the scale of investment required, it is pivotal to align the EU priorities regarding DSOs' investments with national and regional needs, in order to streamline funding for DSOs at a local level.

Regulatory and financial certainty are crucial to unlock large-scale investment needed for grid development, in line with the goals set by National Energy and Climate Plans (NECPs). Long-term regulatory and financial clarity will allow system operators to plan ahead, attract additional financing sources, and deliver the needed grid infrastructure.

E.DSO's Commitment to the MFF

E.DSO is committed to engaging constructively with the European Commission, the European Parliament, the Council and other stakeholders to shape the post-2027 MFF. We look forward to contributing our expertise to ensure the framework supports a sustainable, resilient, and inclusive energy future. E.DSO remains dedicated to fostering innovation and delivering value to customers and society as Europe navigates the challenges and opportunities of the coming decade.

⁵ Connecting Europe Facility for the period 2028-2034, amending Regulation (EU) 2024/1679 and repealing Regulation (EU) 2021/1153