



E.DSO “Made in Europe”

Position Paper

Brussels, 1 September 2026

Executive summary

Europe’s electricity distribution system operators (DSOs) are central to delivering the energy transition, enabling electrification across industry, transport and buildings while ensuring a secure and affordable electricity system. This requires accelerated grid deployment and sustained investment in a context marked by growing geopolitical uncertainty, supply chain constraints and increasing global competition for critical components.

The emergence of “Made in Europe” as a policy strategy reflects legitimate objectives: strengthening European industrial capacity; reducing strategic dependencies; and reinforcing supply chain resilience. The objective of rebuilding and scaling up European industrial capacity for critical electricity grid components strongly resonates with E.DSO’s Policy Priorities. A stronger European manufacturing base is essential for the resilience of electricity infrastructure, the security of supply and the success of electrification.

The key challenge is therefore how to design the “Made in Europe” in a way that is effective, operational and compatible with the urgent need to deploy grid infrastructure. The effectiveness of this approach will depend on how it is defined and applied within the EU’s legislative framework, particularly under the Industrial Accelerator Act (IAA) and related initiatives.

It is important to adopt a flexible and proportionate approach to origin requirements that reflects how value is created across integrated European and global supply chains. Such an approach would help maintain procurement flexibility where European manufacturing capacity is still developing, while supporting the timely deployment of infrastructure critical to electrification, ensuring access to competitive suppliers and fostering the continued growth of Europe’s industrial base.

E.DSO supports the objective of reinforcing Europe’s industrial base but underlines that it must be pursued in a way that preserves security of supply, affordability and the pace of grid expansion. This requires:

- **a focus on value creation in Europe across the value chain rather than rigid origin criteria;**
- **a coherent and predictable legislative framework;**
- **continued access to trusted partners integrated in European supply chains;**
- **flexible mechanisms where European capacity remains constrained; and**



- **appropriate cost compensation mechanisms where the new requirements increase the cost of electrification, as well as grandfathering provisions for contracts concluded prior to their entry into force.**

A balanced and operational approach is essential to ensure that industrial policy strengthens European resilience while enabling, rather than constraining, the energy transition.

1. Introduction

The European Union has set out an ambitious agenda to strengthen its industrial base while accelerating decarbonisation and electrification. Initiatives such as the proposed Industrial Accelerator Act (IAA)¹, the Net-Zero Industry Act (NZIA)² and the proposed revision of the Public Procurement Directive³ reflect a growing focus on industrial resilience, strategic autonomy and the rapid deployment of clean technologies.

For DSOs, these developments are of direct relevance. Electricity networks are a foundational enabler of electrification and are essential to achieving Europe's climate, competitiveness and energy security objectives. Delivering this transformation requires large-scale and timely investment in grid infrastructure, supported by access to a diverse and reliable supply of equipment, components and technological solutions. Ensuring the continuity and security of electricity supply is fundamental to Europe's competitiveness and resilience.

In this context, the concept of “Made in Europe” is becoming even more central to the policy debate. While its underlying objective to strengthen industrial capacity within Europe is supported by E.DSO, its translation into operational criteria must be carefully prepared and built in close coordination with Member States and European industrial stakeholders. Electricity infrastructure relies on complex, multi-stage supply chains in which value is created across different continents. In several key segments, full European sourcing is not currently available at the scale and quality required.

At the same time, recent geopolitical developments have highlighted vulnerabilities linked to supply concentration and external dependencies, challenging certain stable commercial relationships and the concept of trusted partner⁴. Industrial policy must therefore address these risks without undermining the ability of operators to plan, procure and deploy infrastructure efficiently.

The key issue is not whether Europe should strengthen its industrial base, but how this can be achieved without compromising cost-efficiency, supply security, cybersecurity, affordability and the pace of network deployment. This paper outlines how the “Made in Europe” concept and related measures can be calibrated to meet these objectives.

¹ https://single-market-economy.ec.europa.eu/publications/industrial-accelerator-act_en

² <https://eur-lex.europa.eu/eli/reg/2024/1735/oj/eng>

³ <https://public-buyers-community.ec.europa.eu/news/publication-evaluation-report-public-procurement-directives>

⁴ Throughout this paper, “trusted partners” refers to non-EU Countries covered by EU Free Trade Agreements, the EEA Agreement, EFTA arrangements and/or the WTO Government Procurement Agreement. Of course, political developments can affect the relationship between the EU and a particular country with which the EU has, e.g., a free trade agreement or with a country that is in the WTO GPA.

2. From origin to value creation: defining “Made in Europe”

A central challenge in the current debate is the absence of a clear and operational definition of “Made in Europe.” The concept can refer to different elements, including the location of final assembly, the origin of components, or broader contributions such as engineering, research and development (R&D) and system integration. A narrow and uneven focus on one of these dimensions risks failing to capture the economic reality of industrial production.

For DSOs, what matters is where value is effectively created across the value chain. Electricity infrastructure components are typically produced through complex processes involving multiple actors and jurisdictions. Value is distributed across manufacturing, component production, design and integration, and not confined to a single geographical point.

A rigid origin-based approach therefore raises practical and economic challenges. In segments where European production capacity is limited, strict requirements could constrain procurement, reduce competition and increase costs. These effects would ultimately impact network investment and, by extension, the cost and pace of electrification.

The current legislative approach taken by the Commission in the IAA and the Cybersecurity Act revision (CSA2)⁵ proposals also raises concerns regarding predictability. A broad initial scope combined with the possibility of later exclusions through delegated acts, as proposed by the IAA, introduces uncertainty regarding the criteria that suppliers and products will need to meet, while the CSA2 creates uncertainty related to future application of supplier-risk criteria, including those related to origin, ownership, control and influence. This may dilute incentives for investment in European production.

A more coherent approach would be based on a clearly defined scope from the outset, centred on the European Union and taking into account closely integrated economic partners: European Economic Area (EEA) and European Free Trade Agreement (EFTA) countries. There is also the need to recognise the role of suppliers operating under EU Free Trade Agreements or the World Trade Organisation Government Procurement Agreement (WTO GPA) that are already embedded in European value chains. Maintaining the good cooperation with these partners is essential to preserve flexibility and ensure continuity of supply, particularly in segments where European capacity is not yet sufficient.

In this context, a workable definition of “Made in Europe” should not rely on fixed origin thresholds but should:

- reflect the full spectrum of value creation;
- prioritise European production where capacity exists; and
- maintain access to trusted partners where needed.

Such an approach would allow industrial policy to support European capacity while remaining aligned with operational realities and needs.

⁵ <https://digital-strategy.ec.europa.eu/en/library/proposal-regulation-eu-cybersecurity-act>



3. A coherent legislative framework as a precondition for effectiveness

The implementation of “Made in Europe” will need to be considered in the context of multiple adopted initiatives (e.g. NZIA) and legislative proposals, including the IAA, the CSA2 and the expected revision of the public procurement framework. While each instrument addresses different policy objectives, their interaction will determine the overall effectiveness of the framework.

Without sufficient coordination, the cumulative effect of these instruments’ risks creating regulatory complexity and uncertainty, even potentially incoherence. Overlapping requirements, differing definitions and potentially contradictory obligations could increase compliance burdens and complicate procurement decisions for infrastructure operators.

The IAA introduces a significant shift by establishing binding origin requirements in public procurement and support schemes. In parallel, other instruments pursue related objectives through different approaches. The NZIA introduces non-price criteria such as resilience and sustainability, while the proposal for a revision of the Cybersecurity Act introduces supply chain risk considerations, including non-technical risks such as the identification of high-risk suppliers, and potential restrictions on certain components.

These measures should be understood as part of a broader policy package and, as such, their combined impact must be carefully calibrated and progress at the same pace in the interinstitutional negotiations. For example, IAA’s requirements, especially the European Preference mechanisms, should not be considered in isolation but rather as part of a broader mix of instruments aimed at creating the appropriate framework conditions for competitiveness, among which the affordability of energy prices is particularly key. Electrification is the key solution to reduce the impact of fossil fuel price volatility on industry and, therefore, to improve its competitiveness.

Another example are cybersecurity-related measures, that may require the replacement or exclusion of certain components in existing infrastructure, with significant cost and operational implications for DSOs. Cybersecurity requirements and origin requirements should remain clearly separated. Security assessments should be risk-based and technology-neutral, using more than simply country of origin.

Similarly, the introduction of European preference or “Union Origin” criteria in procurement may have a more immediate impact on the costs of electricity and electrification than on other fossil-based alternatives since it affects connection costs, the development of necessary reinforcements with require higher CAPEX, and the maintenance and repair/replacement of the components that make up the electricity networks. Any changes to procurement frameworks should therefore be carefully considered to ensure they support network investment and the pace of electrification and do not somehow advantage fossil fuels.

Ensuring coherence therefore becomes essential. This includes aligning objectives and requirements across instruments, providing clarity on how different measures interact, and ensuring that their cumulative effect does not undermine infrastructure deployment.

When supply chain adjustments place an excessive burden on DSOs due to increased costs, appropriate mechanisms such as compensation or cost-sharing should be considered,



particularly during transition periods. This is necessary to ensure that policy objectives related to industrial development do not come at the expense of electrification.

4. Calibrating “Made in Europe” to support industrial capacity and grid deployment

E.DSO supports the objective of strengthening European industrial capacity and reducing external dependencies. These objectives are closely aligned with the need to ensure long-term resilience and security of supply for critical infrastructure.

Achieving these objectives requires a calibrated approach between procurement-based requirements and concrete supply-side measures to scale up European production, including support for industrial investment, faster permitting for manufacturing facilities, standardisation, long-term visibility for manufacturers and targeted measures for bottleneck components.

However, in several key segments, European production does not currently meet demand in terms of capacity or product range. This is illustrated by the case of grain-oriented electrical steel (GOES), a critical component for transformers, where global production is heavily concentrated in Asia and European capacity remains limited, particularly for high-performance grades. In such contexts, rigid origin requirements would not strengthen European capacity in the short term but would instead constrain procurement and increase costs. Addressing these structural gaps requires time, investment and targeted industrial policies aimed at scaling up local production in these key sectors.

At the same time, European industry already plays a significant role in supplying network components, with a large share of equipment sourced from within the EU. These strengths should be reinforced through policies that support competitiveness and investment, rather than through measures that risk fragmenting supply chains. A balanced approach should therefore combine demand-side measures with supply-side incentives. In particular, encouraging European manufacturers to prioritise the EU market (“sell in Europe”) can complement procurement-based approaches and help ensure that available capacity is directed towards European demand in strategic segments.

E.DSO therefore supports a gradual and flexible implementation of “Made in Europe,” where:

- requirements are applied in line with existing European capacity;
- flexibility is allowed in constrained segments;
- sufficient transition periods are provided to avoid bottlenecks; and
- cost impacts are addressed to avoid negative effects on operators and consumers.

Such an approach allows industrial policy objectives to be pursued without undermining the timely deployment of grid infrastructure. For DSOs, security of supply and availability of critical equipment must remain the primary consideration (other than the cybersecurity of the equipment itself). Any procurement restriction leading to shortages, extended lead times or delays in network expansion would directly affect electrification targets, RES integration and security of electricity supply.

The Union Origin and Low Carbon requirements under the IAA in strategic sectors for public procurement and other forms of public intervention, as well as the new NZIA requirements both in public procurement and in renewable energy auctions, should be accompanied by:



- Direct support on the supply side, to ensure that European Preference does not conflict with the need for a competitive energy supply.
- Compensation and/or cost redistribution mechanisms arising from Union Origin and low carbon criteria in public procurement, through measures targeted at final consumers.
- Grandfathering provisions for existing projects and contractual commitments, preserving legal certainty and investor confidence.

Conclusion

Europe's objective of strengthening its industrial base while accelerating the energy transition is a positive signal for our industry, and requires carefully calibrated policies that balance resilience, competitiveness and operational feasibility.

E.DSO supports the "Made in Europe" related policies as they can contribute to strengthen Europe's industrial sovereignty while accelerating electrification albeit properly designed to guarantee Europe resilience, competitiveness, and implemented within coherent and predictable regulatory frameworks. A narrow or rigid focus on origin risks producing unintended consequences, including increased costs, reduced flexibility and delays in infrastructure deployment.

Therefore, E.DSO calls for an approach based on value creation, regulatory coherence and operational flexibility, ensuring that industrial policy reinforces Europe's capacity to deliver electrification while strengthening its long-term resilience and competitiveness.