The Electrification Action Plan – E.DSO’s Initial Reaction

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1. Introduction

E.DSO, representing Europe's leading electricity distribution system operators (DSOs), **welcomes the publication on the 17 July of the European Commission's new Electrification Action Plan[1].** With the presentation of this second Energy Package, the Commission is giving a clear signal that electrification is now firmly established as a cornerstone of the EU's competitiveness, energy security and energy efficiency agenda.

E.DSO particularly welcomes **the recognition of grids as key enablers of electrification, and the Plan's focus on anticipatory investment, faster permitting, and the roll-out of smart grid solutions**. Grid technologies should be fully recognised as strategic electrification technologies and adequately reflected in European industrial, resilience and supply-chain policies. These are essential building blocks if Europe is to deliver on its electrification ambition.

However, while the sector-wide electricity roadmap under the Electrification Action Plan is a positive step toward accelerating the development and rollout of CO_2-neutral solutions, we, as DSOs, would like to stress the importance of finalising and implementing the currently proposed legislation – namely the European Grids Package – as well as implementing the principles enshrined in the non-binding guidelines on network tariffs. Furthermore, in our view, the proposals do not sufficiently reflect the paramount investment needs that DSOs in particular are facing. An adequate remuneration framework for DSOs investing in physical assets is an indispensable requirement and cannot be deprioritised over other types of investments.

2. Electrification and grids

The Commission's Electrification Action Plan presents an ambitious roadmap for accelerating the transition toward a cleaner, more secure, and competitive European energy system. **E.DSO welcomes the clear priority given to direct electrification wherever it is technically and economically efficient, while alternative energy carriers should focus on those uses where direct electrification is not feasible or cost-effective.** We welcome the objective of **accelerating electrification in key sectors** (particularly transport, buildings and industry); **of modernising and expanding grid infrastructure**; **of promoting innovation and flexibility**, which are providing high system benefits (by supporting technologies such as battery storage, vehicle-to-grid (V2G), smart charging, demand response); and **of strengthening European competitiveness and industrial leadership** (by developing skilled workforces, and reinforcing European supply chains for electrification technologies).

E.DSO welcomes the **ambitious indicative electrification target of 46% by 2040**, meaning a doubling of the electrification rate of end uses starting from the 23% rate today. This is crucial to send a strong long-term market signal to investors and marks a decisive step towards an electrified European economy. However, electrification should not be measured solely through volumetric targets: in congested systems, the constraint impairing electrification is often represented by the available network capacity at a specific location and moment in time. The 46% electrification ambition must therefore be accompanied by adequate indicators and policies ensuring that sufficient network capacity is available where and when electrification occurs.

Electricity distribution networks are a foundational enabler of electrification and, as such, are essential to achieving Europe's climate and competitiveness objectives. The success of the

[1] EUR-Lex - 52026DC0595 - EN - EUR-Lex

entire Electrification Action Plan depends heavily on whether DSOs can modernise and expand Europe's distribution grids fast enough to accommodate the rapid increase in electricity demand. Although the Commission recognises this challenge, **the Action Plan should provide a stronger regulatory and financial support framework for DSOs.**

Delivering this transformation requires large-scale and timely investment in grid infrastructure. Expanding and digitalising distribution grids require enormous financial investments, skilled labour, regulatory certainty, and long-term planning. **The Action Plan correctly recalls the huge investment needs for grid expansion**.

E.DSO underscores the huge need for distribution grid investments – according to the Commission proposal on the Grids Package, EUR 730 billion are needed for distribution grids alone by 2040[2]. Although, **the Action Plan identifies some financial instruments for the required grid digitalisation and development** – the mid-term review of Cohesion Policy, the Clean Energy Investment Strategy (through the European Investment Bank), and the Alternative Fuels Infrastructure Facility – **it regrettably does not include any additional concrete financial action**.

3. Enabling DSOs to deliver

Predictability and anticipation are key concepts to deliver this ambitious Action Plan. Predictability in terms of having **regulatory frameworks that provide a long-term planning horizon and that support financial ambition**, combining multi-year visibility with flexible and appropriate adjustment mechanisms. And anticipation involves ensuring that DSOs are always included **in the planning process from the outset** to strategically identify potential needs for grid infrastructure expansion or renewal. It also means the need for **regulatory frameworks explicitly allowing and incentivising anticipatory investments** ensuring timely and full recovery of all costs, promoting DSOs' ability to develop the network to support the needs of electrifying societies.

Effective anticipatory planning requires that DSOs have access to timely and granular data on electrification trends, local development plans, connection requests, distributed generation, storage, EV charging infrastructure and flexibility potential. In situations where such data is not available, grid planning risks remaining reactive.

The implementation of this plan will require sufficient capacity available on distribution grids. The system operators will need to invest in grid expansion, digitalisation and modernisation in order to facilitate energy transition for their customers. The intersection between transmission and distribution also requires attention and investment, especially in highly congested countries.

This **Action Plan is acknowledging the expansion of DSOs' responsibilities as active system managers** that coordinate distributed energy resources, manage congestion, enable flexibility and related markets, and facilitate two-way electricity flows. In this context, DSOs should also be able to access and procure local flexibility services to address their own network needs and manage congestion efficiently. This reflects the broader transformation of electricity systems **from centralised generation toward decentralised and consumer-driven energy networks**. These expanding responsibilities require **new technical capabilities, digital infrastructure,**

[2] EUR-Lex - 52025DC1005 – EN – EUR-Lex

and highly skilled personnel. They also require a broader organisational adaptation of DSOs, including new internal processes and the ability to combine traditional network engineering capabilities with digital, analytical, cybersecurity, market facilitation and data management competences.

The Commission recognises workforce shortages and proposes initiatives to strengthen vocational education and training; therefore, we believe the measures should be increased to meet the rapid growth in demand for qualified engineers, electricians, and digital specialists. For this reason, we notice the need to provide sufficient initiatives involving manufacturers, customers and system operators to support structural cooperation and training partnerships for engineers, electricians and installers in the electricity sector and to assure dual-track formations for electrical engineers and data scientists to allow system-integrated hiring.

4. Conclusion

In conclusion, the Electrification Action Plan demonstrates an ambitious and forward-looking vision for Europe's energy transition. However, its success depends on empowering DSOs with **predictable and sufficient financing, regulatory certainty, and skilled personnel**.