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COVER NOTE

From: Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director

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To: Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union

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Subject: COMMISSION STAFF WORKING DOCUMENT EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT REPORT [European Grids Package] Accompanying the documents Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on guidelines for trans-European energy infrastructure, amending Regulations (EU) 2019/942, (EU) 2019/943 and (EU) 2024/1789 and repealing Regulation (EU) 2022/869 Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directives (EU) 2018/2001, (EU) 2019/944, (EU) 2024/1788 as regards acceleration of permit-granting procedures

Delegations will find attached document SWD(2025) 2001 final.

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Luxembourg, 10.12.2025
SWD(2025) 2001 final

COMMISSION STAFF WORKING DOCUMENT
EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT REPORT

[European Grids Package]

Accompanying the documents

Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on guidelines for trans-European energy infrastructure, amending Regulations (EU) 2019/942, (EU) 2019/943 and (EU) 2024/1789 and repealing Regulation (EU) 2022/869

Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directives (EU) 2018/2001, (EU) 2019/944, (EU) 2024/1788 as regards acceleration of permit-granting procedures

{COM(2025) 1006 final} - {COM(2025) 1007 final} - {SWD(2025) 2000 final} -
{SEC(2025) 2000 final}

A. Need for action

What is the problem and why is it a problem at EU level?

Energy network infrastructure plays a crucial role in reinvigorating European competitiveness, in ensuring the security of our Union and in the energy transition and decarbonisation. The EU's energy networks are confronted with new and significant challenges in supporting an increasingly electrified, decentralised, digitalised and flexible electricity system characterised by a growing share of variable renewable energy sources. The Impact Assessment identified three key problems.

First, existing and planned infrastructure projects are not sufficiently targeted towards achieving the EU's energy and climate objectives. There is a substantial gap between our cross-border electricity infrastructure needs and the current speed and level of infrastructure development at both the transmission and distribution grid level. For electricity, half of cross-border electricity needs for 2030 (32 of 66 GW) are currently not addressed, and this gap is expected to increase to 37 GW by 2040. Failing to address infrastructure needs could hinder system decarbonisation, undermine security of supply and potentially lead to further market fragmentation and higher energy prices. Further, improved hydrogen network planning and integration will be crucial to ensure system optimisation and decarbonisation of industry.

Second, the implementation of infrastructure, renewable energy and storage projects as well as recharging stations is too slow, increasing overall project costs and impeding system decarbonisation. The completion of electricity infrastructure projects takes up to 7.5 years for distribution grids and up to 10 years for transmission grids. For cross-border projects, delays can be caused by difficulties in reaching agreement on **cost-sharing** when projects carry benefits outside their hosting Member States. In addition, delayed **permitting procedures** continue to constitute a key bottleneck.

Finally, concerns over infrastructure security. Recent physical and cyber security incidents have highlighted the risk of hostile actors targeting Europe's energy infrastructure, with economic cost implications and consequences for the stability of our energy system. There is also a rising interest from third-country actors to invest in EU energy infrastructure, which can increase the EU's exposure to risks related to energy security. Beyond deliberate acts of sabotage, emerging risks including natural hazards and climate-related impacts also affect the resilience of the EU's energy infrastructure.

Without timely action at EU level, under the current legislative and policy framework these problems are likely to persist or further aggravate.

Objectives: What should be achieved?

The **general objective** of the European Grids Package is to ensure timely and efficient development of resilient energy infrastructure, renewable energy and flexibility, including storage and recharging stations, across the EU. This will enable the EU to deliver on its energy and climate objectives, including ensuring energy affordability through better interconnectivity, leading to price convergence, reduced wholesale electricity prices and lower volatility of electricity prices, as well as to accelerated connection of generation and demand. The **specific objectives** of the initiative are to i) ensure that projects included in network development plans and selected as Projects of Common Interest (PCI) or Projects of Mutual Interest (PMIs) address identified infrastructure needs, ii) facilitate the use of cost-sharing tools for faster deployment of cross-border infrastructure projects, iii) shorten and simplify permitting procedures for energy infrastructure, renewable energy and storage

projects, as well as recharging stations and iv) enhance physical and cyber security and resilience of cross-border energy infrastructure.

What is the added value of action at the EU level (subsidiarity)?

Energy transmission infrastructure, and increasingly electricity distribution grids, have a trans-European or cross-border nature and impact. The interconnected nature of the European energy network requires close coordination of national and EU planning. National regulation alone is inadequate, as national administrations are unable to manage cross-border infrastructure planning. Effective EU-level planning can improve integration of clean energy sources, address electricity market needs and ensure security of supply, resulting in a more efficient network and reducing grid expansion needs.

EU action on renewable energy under the revised Renewable Energy Directive (RED) brings added value because it is more efficient and effective than individual Member States' actions, avoiding a fragmented approach by addressing the transition of the European energy system in a coordinated way. It ensures net reduction of greenhouse gas emissions, fully exploits the advantages of economies of scale and technological cooperation in Europe and gives investors certainty in an EU-wide regulatory framework.

B. Solutions

What are the various options to achieve the objectives? Is there a preferred option or not?

Three policy options have been identified to achieve the objectives of this initiative: 1) **enhanced bottom-up approach** with minimal additional EU-level intervention and limited changes to the current legislative and policy framework; 2) **moving from a bottom-up towards a more top-down approach with stronger** steer from the EU level and with the introduction of more significant changes to the legislative and policy framework, and 3) a **full top-down** approach for large-scale cross-border infrastructure and energy projects, including substantial structural and institutional changes to the status quo and a higher degree of centralising and streamlining at EU level.

Without prejudice to political considerations and the final Commission legislative proposal for the European Grids Package, based on the technical assessment and the comparison of options (see Section 6 and 7 of the Impact Assessment report), while policy option 3 would present some benefits, on balance, **policy option 2 (PO2) appears as more effective, efficient and coherent** with the overall EU policy framework. It is also considered to perform better in terms of **subsidiarity and proportionality**.

PO2 would entail several changes to the EU legislative and policy framework, including measures to i) ensure greater transparency, scrutiny and coordination of **network planning** both on EU and national levels, introduce a gap filling mechanism to address infrastructure needs, and better incorporate non-wired solutions and internal lines, ii) enhance transparency and strengthen principles to **facilitate cost sharing** and establish a framework for **voluntary bundling of projects**, iii) legislative amendments to further **accelerate and simplify permitting procedures** for cross-border, national transmission and local distribution grids as well as renewable energy and storage projects and recharging stations, iv) introduce additional requirements to **enhance physical and cyber security** of cross-border electricity infrastructure.

What are the different stakeholders' views? Who support which option?

The measures included in the preferred option are broadly supported by stakeholder views, which nevertheless diverge on some issues (see Annex 2). A majority of respondents agree that the current **governance framework** of the TYNDPs, including stakeholder roles, should be revised to enhance effectiveness. Further, about half of the respondents state that the current TYNDP process falls short in identifying infrastructure gaps. Stakeholders have split views on whether the TYNDP should have a more top-down approach to infrastructure planning, with system operators tending to show a preference for the status quo. A majority of stakeholders ranked **permitting** as the leading obstacle to ensuring Europe's grid develops as needed for the energy transition. Stakeholders also called for further action to accelerate permitting for renewable energy and storage projects.

C. Impacts of the preferred option

What are the benefits of the preferred option?

PO2 is expected to bring about substantial economic, environmental and social benefits, and reduce administrative and adjustment costs for stakeholders.

PO2 is expected to entail significant **energy system cost savings**. Enhanced **energy infrastructure planning** would lead to a more optimal and resilient grid which could bring about EUR 14 billion/year reduction of system costs and annual net savings of EUR 8 billion/year for 2040. An improved **cost-sharing framework** would facilitate the materialisation and quicker implementation of cross-border projects, with significant socio-economic welfare benefits. Further, PO2 is expected to reduce **permitting times** and thereby project implementation, which would generate benefits in terms of avoided costs of delays for project promoters. Finally, through improved **energy infrastructure security**, PO2 could bring about benefits in terms of avoided loss of economic welfare and of costs of repairs.

These savings would benefit consumers, electricity producers and system operators by improving **competitiveness** and creating **social benefits**. Lower energy system costs would mitigate network tariff increases for consumers, including industry. PO2 would also have a positive impact on **digitalisation**, through its stronger emphasis on non-wired solutions and digitalisation of permitting procedures. Finally, PO2 is expected to **reduce administrative and adjustment costs** for businesses (including energy generators, project promoters, TSOs and ENTSOs) through streamlining infrastructure planning, PCI/PMI application and evaluation processes as well as permitting procedures. As regards **environmental benefits**, the preferred policy option could lead to a reduction of CO₂ emissions (around 27 Mtonnes/year).

What are the costs of the preferred option?

The assessment indicates that PO2 is not expected to have significant negative economic, social or environmental impacts. Some measures may, however, entail limited **additional compliance** costs for certain stakeholders. For **businesses**, PO2 may entail additional administrative and adjustment costs for TSOs and project promoters, relating to their role in the identification of infrastructure needs and follow-up as well as new security related reporting requirements. These costs would either be limited or be offset by other measures, including the Commission taking over certain planning tasks from ENTSOs, a reduced frequency and simplification of the TYNDP, and a simplified PCI/PMI application processes. Simplified and digitalised permitting procedures would also reduce the administrative burden for businesses. While the annual costs savings for businesses cannot be fully estimated as

relevant data were not available, it can be concluded that PO2 would lead to recurrent cost saving. Further, the initiative is not expected to impose additional costs for **citizens**.

For **Member States and national authorities**, PO2 would create additional administrative costs in the short-term, related to the implementation of revised legislative framework (see below). Finally, PO2 will entail additional costs for the **Commission and ACER**, which would take on a greater role in infrastructure planning.

What are the impacts on SMEs and competitiveness?

This initiative is not expected to have specific implications on SME competitiveness in addition to the above considerations on competitiveness. Expanding and modernising the EU's grid network combined with increased deployment of renewable energy will improve access to electricity and increase supply, benefiting all actors including SMEs. This will **reduce energy system costs** for all consumers and can in turn lower supply costs.

Will there be significant impacts on national budgets and administrations?

PO2 is expected to have a limited impact on the budgets and administrations of relevant national authorities. Member States may have to allocate additional resources to support the revised **cost-sharing** process, notably to enable NRAs to conduct assessments and take decisions on potential projects and engage in the regulation of projects outside their territory. Additional resources may also be required to implement the revised **permitting provisions**, including to equip permitting authorities with necessary staff, skills and tools. However, these additional short-term costs are expected to be offset by benefits in terms of streamlined, simpler, quicker and digitalised procedures over the longer-term.

Will there be other significant impacts?

No other impacts are expected. PO2 is expected to contribute to a substantial simplification of infrastructure planning and governance in the Union, as well as permitting (see Section 8.2.).

Proportionality

PO2 is assessed to be able to deliver on the objective of the European Grids Package in an effective and efficient manner, without imposing significant additional costs on relevant actors. It would not go beyond what is needed to achieve the objectives of this initiative and is therefore considered proportional.

D. Follow up

When will the policy be reviewed?

The Commission will monitor and evaluate the impacts of the legislation against a set of indicators (see Section 9) allowing to measure progress in achieving the specific and operational objectives. A review of the effectiveness of the new legislation could take place by the end of 2032, when the second PCI and PMI selection process under the new framework should have been completed.