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European Grids Package

Executive Summary

AK welcomes this package as an important step towards grid expansion and the energy transition. At the same time, there is a need for cost-reflective grid charges, fair international cost-sharing and public co-financing of grid expansion. A well-resourced administration and early public participation remain key prerequisites for acceptance and efficiency.

Key points:

- From AK's perspective, grid expansion is of fundamental importance for the energy transition and thus for pan-European prosperity. AK therefore expressly welcomes the legislative initiative as a whole.
 - For the energy transition to succeed, policy-makers must always bear in mind the three pillars of energy policy: security of supply, sustainability and affordability. Affordability has increasingly moved to the centre of current debates, not only for reasons of the European economy's productivity, but also due to the experiences of the energy price crisis in recent years and the associated inflationary pressures.
 - In its communication and various explanatory notes, the Commission recognises the importance of affordable energy, yet concrete measures that could lead to greater affordability in grid expansion are lacking. A further objective must be to curb overall system costs and improve efficiency. In any case, further measures are necessary for this, for example with regard to the support of renewables.
 - AK is critical of the absence of guidelines for a cost-reflective approach to the contribution of commercial electricity generators to grid costs. Particularly from the perspective of the 'efficiency-first' approach emphasised by the Commission, a polluter-pays pricing structure with respect to generator network tariffs is urgently needed to boost efficiency.
 - With regard to the financing of grid expansion, AK is extremely sceptical about the focus on private capital. After all, this is significantly more expensive than public capital.
- The use of private capital therefore contradicts the goal of affordability.
- AK welcomes the planned increase in European funding under the Connecting Europe Facility (CEF) for grid expansion. However, from AK's point of view, it must be made clear that financial benefits arising from the use of public funds and the assumption of risks by grid users are passed on to grid customers.
 - Whilst the Commission focuses on European cost-sharing for new infrastructure projects, AK believes there is a lack of fair distribution of costs for existing infrastructure and operations (particularly congestion management). The proposal restricts the Inter-TSO Compensation Mechanism (ITC-mechanism) and the use of cross-border congestion revenues and thus limits the possibilities to reduce nationally incurred network charges.
 - With regard to speeding up permitting procedures, AK believes it is important to streamline procedures and accelerate processes. However, this acceleration must be in harmony with environmental protection and public participation.
 - AK is critical of the fact that, particularly in the area of environmental legislation, excessive changes are being made which have now become very confusing. This is because, in addition to the current packages, there are also changes resulting from the so-called 'environmental omnibus'. The overall impact of these reforms is difficult to assess and unclear. Furthermore, these tightening measures are being introduced against the backdrop that the latest amendment to the RED (RED III) has not yet been fully implemented. It is therefore not yet possible to assess to what extent these additional interventions are necessary at all.
 - With regard to public participation, AK sees some positive approaches in the amendment to the TEN-E Regulation. These could, with minor modifications, also be applied to the RED to facilitate greater public participation and, consequently, higher levels of acceptance for the energy transition.

AK's Position

On the content of the draft:

On 10 December 2025, the European Commission presented a comprehensive legislative package known as the European Grids Package. It comprises, on the one hand, a Commission communication listing further initiatives and non-binding guidelines, and, on the other hand, concrete legislative proposals. The latter primarily concern the so-called TEN-E Regulation (Trans-European Networks for Energy), which governs the financing, regulation and planning of trans-European energy infrastructure, and the Renewable Energy Directive (RED). With these legislative proposals, the Commission aims, among other things, to accelerate grid expansion, improve the governance of trans-European network planning and modify the international cost-sharing arrangements for grid expansion.

Key priorities from AK's perspective:

The principle of cost-reflectiveness

- Grid tariffs should be cost-reflective. This is also provided for under EU law (Article 18 of Regulation (EU) 2019/943). Cost-reflectiveness is intended to ensure cost-efficient grid use.
- **Cost-reflective network charges for producers:** Regulation (EU) 838/2010 contradicts this objective, as network usage charges for generators are capped at €0.50 per megawatt hour. As the share of renewable energy increases, so does the influence of generators on the grid. The [DSO Entity](#) (the association of Distribution System Operators) also points this out. To enable cost-reflective grid charges for generators and thus ensure efficient grid expansion and usage, **AK calls for a reform of Regulation (EU) 838/2010.**
- **Increasing in the ITC fund:** Austria is an electricity transit country. Transit flows incur substantial costs for grid expansion and stability. Previous investments have not yet been written off and continue to incur costs, which are predominantly borne by Austrian grid users. To ensure cost-sharing in line with the principle of cost-reflectiveness, the 'Inter-TSO Compensation Mechanism' (ITC mechanism) was established over

15 years ago. European transmission system operators contribute to the ITC Fund and receive a share of the fund's resources depending on the extent to which they are affected by transit flows. Austria is a net recipient here due to its transit situation. However, Regulation (EU) 838/2010 capped the fund at €100 million, which is insufficient to distribute transit costs in a way that is cost-reflective. **AK therefore calls for the cap to be raised** to relieve the burden on Austrian grid users.

- **No allocation of congestion revenues:** There are limited transmission capacities between Austria and its neighbouring countries. This results in congestion revenues that accrue to the transmission system operators. Article 19 of Regulation (EU) 2019/943 stipulates that these revenues must be used primarily for guaranteeing the actual availability of the allocated capacity (e.g. redispatch), certain compensations for offshore projects or maintaining or increasing cross-zonal capacities. Only then may the revenues also be used to reduce network charges. The Commission proposes to earmark 25% of congestion revenues not used for redispatch or offshore compensation. This would leave fewer funds available for other grid expansion projects and for reducing tariffs. **AK therefore calls for this earmarking of revenues to be removed.**

Public co-financing for grid expansion

- Grid expansion requires massive investment. For many grid operators, raising capital is becoming more difficult. At the same time, higher investment leads to higher grid tariffs for grid users.
- **Additional CEF funds:** The Commission intends to expand the Connecting Europe Facility (CEF). AK welcomes this as a relief for network operators and network users.
- **Publicly funded mezzanine capital for grid expansion:** To support grid operators and curb the rise in grid charges, AK calls for an increased use of state-funded or subsidised mezzanine capital. This is intended to lower equity capital requirements and provide a cheaper alternative to private capital. This can be achieved through guarantees or direct public

provision of funds. Public development banks could also take on this role. A [study commissioned by AK Vienna](#) shows a significant reduction in network costs.

Environmental protection and public participation

- A cost-effective energy transition requires the coordinated expansion of generation and grids, early public participation and efficient permitting procedures.
- **Early participation:** Article 9 of the draft TEN-E Regulation provides for a standardised participation process. AK welcomes this and calls for its inclusion in the Renewable Energy Directive for larger projects.
- **Retain the possibility of exceptions for overriding public interest:** A coordinated energy transition requires a balance to be struck between environmental and climate protection, as well as in the energy mix. Member States must therefore be able to allow justified exceptions on grounds of overriding public interest. **AK calls for Article 16f of the Renewable Energy Directive to be retained and for reforms to be better coordinated.**
- **Improving resources for public authorities:** Sufficient resources are needed to speed up the permitting process. AK calls for concrete proposals to strengthen public authorities. **Simply shortening deadlines without providing additional resources is not effective.**



Contact us!

In Vienna:

Joel Tölgyes

joel.toelgyes@akwien.at

In Brussels:

Florian Wukovitsch

florian.wukovitsch@akeuropa.eu

Austrian Federal Chamber of Labour

Prinz-Eugen-Straße 20-22
1040 Vienna, Austria
T +43 (0) 1 501 65-0

www.arbeiterkammer.at

AK EUROPA

Permanent Representation of Austria to EU
Avenue de Cortenbergh 30
1040 Brussels, Belgium
T +32 (0) 2 230 62 54

www.akeuropa.eu

About us

The Austrian Federal Chamber of Labour (AK) is the legal body which represents the interests of approximately 4 million employees and consumers in Austria. It represents its members on all social, educational, economic and consumer policy-related issues at national level and at EU level in Brussels. Furthermore, the Austrian Federal Chamber of Labour is a part of the Austrian social partnership. The Austrian Federal Chamber of Labour is registered at the EU Transparency Register under the number 23869471911-54.

The main objectives of the 1991 established AK EUROPA Office in Brussels are the representation of AK vis-à-vis the European Institutions and interest groups, the monitoring of EU policies and to transfer relevant information from Brussels to Austria, as well as to lobby the in Austria developed expertise and positions of the Austrian Federal Chamber of Labour in Brussels.