Cefic Views on the EU Grids Package

Adequate grid infrastructure is a precondition to industrial competitiveness and decarbonisation through direct/ indirect electrification. Yet the costs of its build-out will add to the energy cost burden of industrial users, deteriorating their competitiveness and the business case for electrification.

Cefic looks to the EU Grid Action Plan to help navigate this trade-off. Its rules should minimise system costs, maximise the utilisation of existing assets, expedite the deployment of additional capacity, facilitate grid connections, and promote competitive grid costs for industrial users.

As the largest industrial consumer of electricity in the EU (149 TWh in 2023) and exposed to international competition, the future development of the EU's grids is centrally important to the EU chemical industry. And the importance of the grid to our sector will only grow in the transition to climate neutrality, subject to the penetration of electrification[1].

However, the business case for electrification is severely limited today. In addition, electricity system costs, in some jurisdictions, present a challenge to the sector's competitiveness. Forecasts[2] suggest that the issue will only worsen in the future, unless properly addressed.

If cost savings on the commodity side from deploying more intermittent renewables are outpaced by rising system costs, this threatens the transition of our sector and the EU's climate ambitions. EU policy ought to work to minimise system costs through the transition as a key enabler of EU climate goals.

We view it as imperative that the EU Grid Action Plan prioritise increasing the utilisation of existing assets over adding new, costly ones to the system. In a second step, integrated, EU-wide network planning should facilitate the cost-effective deployment of additional assets, including through anticipatory investment. Both the deployment of new assets and the connection to/capacity expansion for end-users needs to be accelerated urgently.

To facilitate the work on the EU Grids Package, we make the following recommendations:

1. Accelerate Grid Connection Times for Industrial Users
2. Prioritise the Efficient Utilisation of Existing Assets
3. Expedite the Rollout of Necessary Grid Capacity
4. Manage Network Tariffs to Facilitate Competitiveness and Electrification
5. Incentivise the development of flexibility potential in industry
6. Implement the Target on Interconnection Capacity
7. Improve Long-term Planning

[1] The Carbon Managers - IC2050 model - cefic
[2] 2025-ACER-Electricity-Network-Tariff-Practices.pdf

- Accelerate Grid Connection Times for Industrial Users
    - Decarbonised, globally competitive energy supplies underpin the competitiveness of EU industry. However, they prove insufficient, if they cannot reach industrial consumers due to bottlenecks in infrastructure. In several counties, the waiting time to realise projects to increase electricity intake from the grid – necessary to electrify industrial processes – has nowadays reached 8-10 years.
        - Recommendation: Organising grid connection queues requires a more targeted approach beyond 'first-come-first-served,' if the EU is to meet its climate objectives. That approach should be harmonised, as much as possible, through EU-level guidance.
            - Consider 'GHG abatement potential' as an additional criterion for organising grid connection queues.
                - Comparable transition related criteria already exist in multiple Member States for informing grid connections for (renewable) generation assets. They should be applied also for off-takers, in a harmonised manner.
                - Where a significant share of a generation project's output is secured by an energy-intensive industrial consumer, this could justify prioritised ('fast lane') licensing and connection procedures.
            - Consider additional social/ locational criteria that prioritise grid connections and capacity expansions for existing sites and industrial clusters – which typically have an outsize impact on local economies and involve lower uncertainty than green-field projects that are still under development or permitting.
        - Recommendation: Establish concrete milestones for project delivery to ensure that grid connection requests are genuine.
        - Recommendation: Flexible or non-firm connection agreements can expedite the roll-out of grid connections to users with flexibility potential – but these should remain entirely voluntary and should not replace necessary development of grid infrastructure required to meet long-term decarbonisation goals.

- Prioritise the Efficient Utilisation of Existing Assets
        - Recommendation: Much can be done to operate the existing grid more efficiently, from dynamic line rating, over upgrading existing conductors, to operating the grid more efficiently. In many cases, these are cost-efficient no-regret options that should be prioritised over new-built solutions possible.
            - Changes to capacity ratings must not negatively impact baseload users, who require stable and predictable access to electricity.

- Expedite the Rollout of Necessary Grid Capacity

- Grid roll-out lacks behind the necessary capacity for achieving the EU's decarbonisation ambitions. Delays in deploying grid infrastructure may well cumulate with delays in establishing or expanding grid connections, further delaying electrification projects – particularly larger scale industrial ones.
    - Recommendation: Rapidly implement EU-level permitting guidance that expedites the rollout of grid infrastructure.

- Manage Network Tariffs to Facilitate Competitiveness and Electrification
    - In general, the distribution of network tariffs amongst consumer groups should be equitable and reflective of their grid usage and impact on the broader energy system.
    - For assessing the externalities that users impose on the network, we emphasise that baseload users provide stability to the system and have a noticeably higher utilisation rate of grid assets than other consumer groups. These factors should be considered in the tariffs charged to them, as should their exposure to international competition.
        - Recommendation: Utilise and expand EU-level and national public financing and financial guarantees to minimise the cost of network tariffs, particularly for consumers exposed to international competition and carbon leakage, without unduly distorting the internal market.
            - A dedicated budget under next MFF ought to enable the development of strategic infrastructure projects that bolster the transition to climate neutrality and industrial competitiveness.
        - Recommendation: Utilise state aid provisions to alleviate network charges in the short-term as a response to the on-going crisis in EU industrial competitiveness – as suggested in the Action Plan for Affordable Energy.

- Incentivise the activation of flexibility potential in industry where it exists
    - Network tariffs can provide an avenue to remunerate more flexible consumer behaviour and the deployment of storage assets. Importantly, incentivising flexibility through network tariff setting should not come at the cost of penalising baseload consumption. Even fully electrified processes may, due to various limitations[3], have limited to no potential for operating flexibly. Prohibitive network tariffs would undermine the business case for these baseload processes to electrify and should be avoided.
        - Recommendation: Time of use tariffs can provide signals in favour of scaling flexibility resources. Baseload consumption with limited to no potential for flexibility should have the possibility to be exempted.
            - Given the specificity of their processes, it is important that industrial users be consulted in the development of TSO products that aim to facilitate greater flexibility and that the up-take of these products be voluntary.

[3] Cefic-Views-on-Industrial-Flexibility.pdf

        - In the interest of market integration, the roll-out of 'flexibility incentives' at TSO level should be coordinated as much as possible at EU level.
    - Recommendation: In some instances, assets that reduce congestion and improve grid stability – such as storage assets - enjoy lower grid tariffs.
        - Industrial users that invest in assets or processes that can provide similar system benefits (storage, including for self-consumption, processes with flexibility potential), should enjoy equivalent grid tariff benefits.

- Implement the Target on Interconnection Capacity
    - The Clean Energy Package adopted in 2019 introduces a minimum threshold of 70% of interconnection capacity to be available for cross-border exchanges. This was a milestone of energy market integration and should reduce electricity system costs. However, we are still far from 70% and little to no progress is being made in making available additional capacity.
        - Recommendation: Enforce the implementation of the 70% target for interconnection capacity.

- Improve Long-term Planning
    - At present, EU Regulation (EU) 2016/1719 requires long-term transmission right of only up to one year. This inhibits long-term planning and – by extension – renewable and low-carbon deployment and electricity market integration.
    - The review of the bidding zone configuration can also impact long-term planning of market parties and infrastructure developers.
        - Recommendation: Remove barriers such as the limited timeframe of long-term interconnection rights and excessively high financial guarantees.
        - Recommendation: the review of the bidding zone configurations should bear in mind the impacts on infrastructure planning and reduce resulting uncertainty as much as possible.
    - Energy-intensive industries (and other key grid users) often lack formal involvement in infrastructure planning processes, despite their critical role in the energy transition. Strengthening their participation can improve the quality, relevance and, acceptance of long-term network development plans.
        - Recommendation: Establish formal and transparent mechanisms for involving energy-intensive industries in grid planning at both EU and national level, including stakeholder consultations by TSOs and DSOs.
    - Future planning should fully consider the complementarities between electricity, hydrogen, and CO_2 networks. Coordinated development along shared corridors can reduce costs, permitting complexity and local disruption — while ensuring that no single energy vector is unduly delayed.

- **Recommendation:** Ensure infrastructure planning accounts for synergies between electricity, hydrogen and CO_2 networks, promoting spatial coordination and joint development where feasible.

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About Cefic
Cefic, the European Chemical Industry Council, founded
in 1972, is the voice of large, medium and small chemical companies across Europe, which provide 1.2 million jobs and account for 15% of world chemicals production.