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The Swedish Association of Local Authorities and Regions (SALAR)
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Europaforum Northern Sweden´s views on the European Grids Package

Europaforum Northern Sweden (EFNS) is a network for politicians at the local and regional levels from Norrbotten, Västerbotten, Jämtland Härjedalen and Västernorrland. EFNS is a meeting place and a knowledge arena for discussion and analysis of the impacts of EU policy on northern Sweden. EFNS monitors European issues to influence EU legislation, the EU's strategies and action programmes and the EU's budget. The objective of EFNS is to safeguard the interests of northern Sweden both in the European arena and in relation to the national level in matters with a clear European perspective.

Background
The European Union is entering a decisive phase in the development of enhanced energy cooperation under Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action. The EU's ability to ensure sufficient access to competitive and fossil-free energy is directly linked to Europe's future prosperity, industrial strength and geopolitical room for manoeuvre. The ambitious climate objectives — including the implementation of the EU ETS and the new EU ETS 2 — combined with the rapidly changing security environment following Russia's full-scale war of invasion against Ukraine, have created an urgent need for effective, fair and long-term sustainable solutions for the EU's energy supply.

The challenges are further amplified by the significant differences within the EU in terms of energy availability, demand and price levels. The Draghi Report shows that average energy prices in the EU are more than twice as high as in the United States and China — while some regions within the EU, including northern Sweden, have price levels comparable to global competitors.

This illustrates the internal fragmentation, but also the strategic potential that exists within the EU. Northern Sweden is a clear example of a region that has, over a long period of time, made strategic investments in renewable energy and thereby built a robust position with strong energy availability. This development has not been without costs; large wind farms and expanded hydropower have affected local living environments and placed pressure on communities and ecosystems. At the same time, these investments have laid the foundation for strengthened European energy security and created one of the EU's most competitive environments for energy-intensive and strategic technologies.

A key lesson from this development is that local community acceptance is essential for the continued expansion of fossil-free energy. Acceptance is dynamic and is strongly influenced by how the benefits for local communities are weighed against the perceived costs and impacts — new jobs, increased investment, and northern Sweden's emerging role as a strategic hub in Europe's green industrial transition.

Against this background, it becomes clear that the EU's objective of an Energy Union with interconnected electricity grids must be developed in a way that takes regional conditions and perceived local benefits into account, while at the same time strengthening the Union's overall competitiveness. We wish to underline that local community acceptance of the expansion of carbon-free energy production is essential for long-term success. It must be clear how energy-related investments generate local and regional benefits.

Based on these considerations, Europaforum Northern Sweden would like to present its views on the European Grids Package.

Our views in brief:

- The proximity principle should guide the EU's electricity grid policy.
- Regions within the EU with globally competitive electricity prices must be safeguarded.
- Local acceptance is crucial to achieving the EU's long-term energy policy objectives.
- Cost-effectiveness should be prioritised.
- Distribution network companies and regional actors should be given a central and formal role.
- We are doughtful to the suggestion of regional groups without decision-making for enforcing energy projects decided far above the regional level.
- The European Commission should not be granted the authority to control 25% of congestion revenues

The principle of subsidiarity should guide EU electricity grid policy.
The package's focus on accelerating permitting and providing guidance on grid connection is positive, but its implementation must prioritise local production close to end users and flexible connections before extensive long-distance transmission expansion. EFNS considers that the package is too strongly oriented towards very long-distance transmission in the transmission grid, while the potential of local and regional solutions at distribution level is not sufficiently utilised.
Proximity in terms of local generation, storage and demand-side response would have a smaller footprint, deliver faster results, and should therefore be prioritised in the European Grids Package.

Place-based mechanisms must be ensured for sparsely populated and Arctic regions. Regional chapters should be mandatory in grid planning to reflect local conditions and needs. Before investments in very long-distance transmission are undertaken, mandatory assessments of alternatives should be introduced within TEN-E, in which the following solutions are always evaluated and costed: local electricity generation, energy storage, demand-side flexibility and grid-enhancing technologies (GETs). Only when these alternatives have been exhausted should new long-distance lines be prioritised.
An important aspect is that, in the event of a crisis — such as war, terrorist acts or severe storms — it must be possible to rapidly establish so-called island operation, meaning the ability to sectionalise interconnected grids to ensure the functioning of critical societal services.

Regions within the EU with globally competitive electricity prices must be safeguarded.
Today, average energy prices in the EU are between two and three times higher than those of global competitors such as China and the United States. Northern Sweden's electricity prices are in line with global competitors, which means that there are regions within the EU capable of

competing for major industrial investments. If the electricity prices were to be levelled out across the Union, a significant competitive advantage for Europe would disappear. Europe's competitiveness would be weakened.

There is also a specific challenge linked to the Nordic climate and the ability of people to live and work in these regions if the electricity prices become too high. The revised Arctic Strategy highlights the link between security and the importance of maintaining inhabited areas. It is therefore not only large energy-intensive industries that would be affected; many smaller companies in northern Sweden could struggle to remain competitive if rising electricity prices become a consequence of expanded transmission corridors.

Local acceptance is crucial to achieving the EU's long-term energy policy objectives.
High societal acceptance is crucial for maintaining industrial competitiveness in sparsely populated and industrially expanding parts of northern Sweden.
Process efficiency must not come at the expense of the influence and participation of regions, municipalities, the general public or the Indigenous Sámi people. Today, substantial public resources are invested in transporting electricity away from production regions, resulting in transmission losses. The same resources could instead be used to strengthen local value creation, generate more jobs and build long-term growth where the electricity is actually produced.
A consistent application of the principle of subsidiarity means cost-effectiveness, faster and clearer feedback on outcomes and, consequently, higher societal acceptance.

Cost-effectiveness should be prioritised.
The European Commission estimates that by 2040, investments of EUR 1,200 billion will be required for electricity grids and EUR 240 billion for hydrogen networks in order to reach the climate objective of net-zero emissions by 2050. At present, financing for this is lacking. The Commission hopes to mobilise private capital. Given the uncertainty surrounding financing, cost-effective solutions in line with the principle of subsidiarity should be given greater weight in the Grids Package.

Distribution system operators and regional actors should be given a central and formal role. We support cohesion within the EU but warn against top-down approaches that marginalise regions and distribution system operators.
The package's focus on accelerating permitting and providing guidance on grid connection is positive in principle, but its implementation must prioritise local production close to end-users and flexible connections before extensive long-distance transmission expansion.

This needs to be prioritised:

- Permitting processes for minor grid reinforcements, re-powering (upgrading electricity production facilities, usually wind power), and energy storage are disproportionate and time-consuming.

- Transparency in capacity maps from both regional grid operators (DSO) and transmission system operators (TSO).

We are doughtful to the suggestion of regional groups without decision-making for enforcing energy projects decided far above the regional level.
We have reservations regarding the proposal to establish regional groups tasked with managing the expansion of electricity grids and new energy projects, while lacking actual decision-making authority — authority that would instead be shared between the European Commission and the Member State. This is despite the fact that knowledge about the consequences of different decisions is primarily found at the regional level.
There is a risk that projects may be initiated without the support of municipalities and regions, which could undermine public acceptance. Existing regional and local structures already handle issues related to electricity grids and energy production. Adding additional layers of regional groups, as proposed in the European Grids Package, risks increasing costs.
We therefore argue that regional groups dealing with energy matters must be given genuine influence

The European Commission should not be granted the possibility to control 25% of congestion revenues.
We consider that Article 19 — which proposes that energy companies allocate 25% of congestion revenues to the European Commission, giving it the authority to decide how these funds are used — ought to be removed. In Sweden, approximately SEK 80 billion has already accumulated from these revenues. EFNS believes that these funds should primarily be used in alignment with the regions whose electricity consumers have contributed to them.

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