



The Swedish Industrial Council's statement on the European Grids Package

The Swedish Industrial Council share the Commission's ambition to strengthen Europe's competitiveness and recognises that energy policy is a decisive factor for achieving this. Increased grid capacity within and between countries is necessary to accelerate electrification and reduce dependence on fossil fuels. However, we question the Commission's proposals regarding both the expected efficiency gains and their compatibility with the principle of subsidiarity.

The Swedish Industrial Council's key messages:

- We strongly oppose the proposal to require 25 percent of national congestion revenues to be used for financing joint EU projects.
- We advocate decentralised grid planning, as conditions and actors differ between Member States and regions.
- We believe that the European Commission should first and foremost put pressure on Member States to comply with existing EU legislation, with a focus on enabling increased national electricity production, grid expansion, and system stability.
- We advocate that further interconnections between Member States must be matched by the management of internal bottlenecks through requirements for functioning national bidding zones.
- We emphasise that the European Commission must act in accordance with the principle of equal treatment when requiring Member States to introduce bidding zones.

National congestion revenues must remain within the Member States

The Swedish Industrial Council strongly opposes the proposal that 25 percent of national congestion revenues should be used to finance joint EU projects. These revenues arise where structural bottlenecks exist, which means they should be used in the regions where they are generated, not redirected to other countries. Rather than reallocating national revenues, the Commission should focus on opening the regulatory framework to allow more national uses of internal congestion revenues, with the aim of reinforcing national electricity systems. If congestion revenues are to be used to finance joint EU projects, internal congestion revenues should be exempt.

Member States are best placed to determine how these funds should be used to address needs in their grids and the proposed transfer of national congestion revenues to the EU level would conflict with the principle of subsidiarity. Moreover, the proposal would create negative incentives for countries to introduce internal bidding zones, as such zones may generate congestion revenues over which they would partially lose control. We also believe that the proposal is counterproductive in relation to the crucial issue of public acceptance. If higher costs borne by Swedish electricity customers are transferred out of Sweden, acceptance for further interconnections between EU countries is likely to decline significantly.



Decentralisation as the first principle

The Swedish Industrial Council advocates decentralised planning, as electricity grids, needs, and actors differ significantly between countries and regions. Local and national planning captures these differences more effectively, reduces the risk of misinvestment, and should lead to faster grid development. There are, of course, areas where EU-level coordination may be necessary such as cross-border transmission networks or support for projects of common interest. But such coordination should complement decentralised planning, with the EU primarily requiring Member States to take responsibility at national level. The Commission's focus here and now should be to put pressure on individual Member States to comply with existing EU legislation and to facilitate increased national electricity production, grid expansion, and system stability.

Link increased interconnections with national measures to address internal bottlenecks

We agree that additional interconnections between Member States may be necessary to strengthen security of supply, enabling countries to support each other in times of scarcity and to manage renewable electricity production by smoothing variations over larger areas. However, we also see strong reasons why increased interconnection must go hand in hand with national measures to address internal bottlenecks. The introduction of additional national bidding zones is an important measure for improving the efficiency of existing grids, one that should be applied in more Member States. This is necessary both to manage internal bottlenecks and imbalances, and to reduce the risk that internal price distortions spill over into other Member States and drive-up electricity prices. We also emphasise that the European Commission must act in accordance with the principle of equal treatment when requiring the introduction of bidding zones in more Member States. Just as Sweden was required in 2011 to introduce four bidding zones, because limited north-to-south transmission capacity was deemed incompatible with EU rules on free electricity trade, the Commission must now require additional Member States to address internal bottlenecks through national bidding zones. Imposing such requirements would likely also strengthen the legitimacy of the EU's continued grid policy and improve confidence in the Commission's proposals for further interconnection.

About the Swedish Industrial Council

The Swedish Industrial Council is a cooperation agreement between employers and trade unions within Swedish industry, aimed at strengthening the sector's competitiveness. In Sweden, industry directly and indirectly employs just under one million people, accounting for 20 percent of total employment in Sweden.

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