

CEDEC

Annual Report

2025





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& Regional Energy Companies

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PRESIDENT'S STATEMENT

Dear members,

As I reflect on 2025, this year marked a transition from multi-layered EU policy ambition to concrete implementation efforts in Member States. Following an intense period of legislative activity at EU level, the focus has now firmly shifted towards implementation, simplification and ensuring that the energy transition remains competitive, secure and affordable.

The start of the new institutional cycle has brought a recalibration of priorities. While climate objectives remain unchanged, increasing attention is being given to industrial competitiveness, energy security and cost-efficiency. This reflects a broader recognition that the success of the transition will depend not only on ambition, but on its ability to deliver tangible and affordable results for Europe's economy and citizens.

In this evolving context, the policy debate has moved closer to the operational realities faced by CEDEC member companies, highlighting the importance of practical, implementable solutions. This was particularly evident in the growing focus on energy infrastructure, where distribution networks are increasingly recognised as a cornerstone of decarbonisation, renewables integration and system resilience.

At the same time, the year was characterised by an intensive phase of consultations and new initiatives launched by the European Commission. From the Clean Industrial Deal and the Affordable Energy Action Plan to the preparation of the European Grids Package and the

Digital Networks Act, CEDEC has been actively engaged in shaping future policy frameworks. Our work has focused on ensuring that these initiatives reflect local realities, support integrated energy systems and enable cost-efficient solutions for consumers and communities.

Alongside this forward-looking agenda, 2025 was also a key year for implementation. Major legislative files agreed in recent years have now entered into force, with Member States progressing at different speeds. These developments have highlighted the complexity of translating European rules into national and local practice, and the importance of maintaining a close dialogue between European policymakers and those responsible for delivery on the ground. Digitalisation has further consolidated its role as a key enabler of the energy transition. With increasing attention to artificial intelligence, data and digital infrastructure, the link between energy and digital systems is becoming more direct.

An important institutional milestone for energy distribution system operators this year was the progress towards the integration of gas DSOs into the EU DSO Entity. Despite delays, the agreement reached on governance structures represents a significant step towards a more balanced and coordinated representation of distribution system operators in the network codes development process. CEDEC's continued engagement has been instrumental in achieving a more balanced outcome.

Looking ahead, the agreement on a 2040 climate target of a 90% emissions reduction sets a clear direction for the years to come. Delivering on this ambition will require unprecedented investments, coordinated planning and a strong focus on affordability. In this context, local integrated energy companies will remain at the heart of Europe's energy system.

Throughout 2025, CEDEC has continued to anticipate developments, inform its members and contribute constructively to the European debate. Our strength lies in our collective expertise and our ability to connect policy with practical experience. I would like to sincerely thank you for your continued commitment and collaboration. Your engagement remains the cornerstone of CEDEC's impact and its ability to represent your interests effectively at European level. Together, we will continue to navigate this evolving landscape and contribute to shaping a more resilient, integrated and sustainable energy future for our local communities and Europe.

Dr.
Kai Roger Lobo



WHO WE ARE

OUR MISSION

- Representing at EU level the targeted interests of local and regional energy and broadband companies
- Delivering highest-standard and timely information services by monitoring, analysing and communicating relevant legislative initiatives
- Promoting the exchange of know-how and experience between its members and with European and international organisations

CEDEC PRIORITIES



Decarbonise

Realising the potential in the transition to renewable and decarbonised electrons and molecules. On the road to full decarbonisation, also gases or 'molecules' will continue to play a key role to decrease CO2 emissions, to ensure seasonal storage and to contribute to a cost-efficient and affordable energy transition.



Decentralise

Bringing the energy system closer to local resources and energy consumers. Technological developments and digitalisation go hand in hand to unlock the potential of local sustainable resources. Bringing the energy system options closer to energy consumers will contribute to the involvement of local communities in the energy transition.



Digitalise

Taking on opportunities and challenges in the digital energy (r)evolution. Intelligent grids, platform revolutions, data accessibility, flexibility of energy demand, as well as integration of renewables and active customers will all be enabled by digitalisation.



Just transition

Getting everyone on board in a just and inclusive transition. Regions and citizens start the transition journey with a different systemic inheritance and socio-economic circumstances: getting and keeping all on board must be an evident goal for the Energy Union.



Sectoral integration

Making sectoral integration happen locally. Stop silo-thinking and link electricity with gas and heat. Sectoral integration and sector coupling are essential elements in any cost-efficient and energy-efficient strategy.



2000
COMPANIES

Contributing to a sustainable future with 2000 local energy and broadband companies.



100 M
CUSTOMERS

Linking 100 million European electricity, gas, district heating and broadband customers.

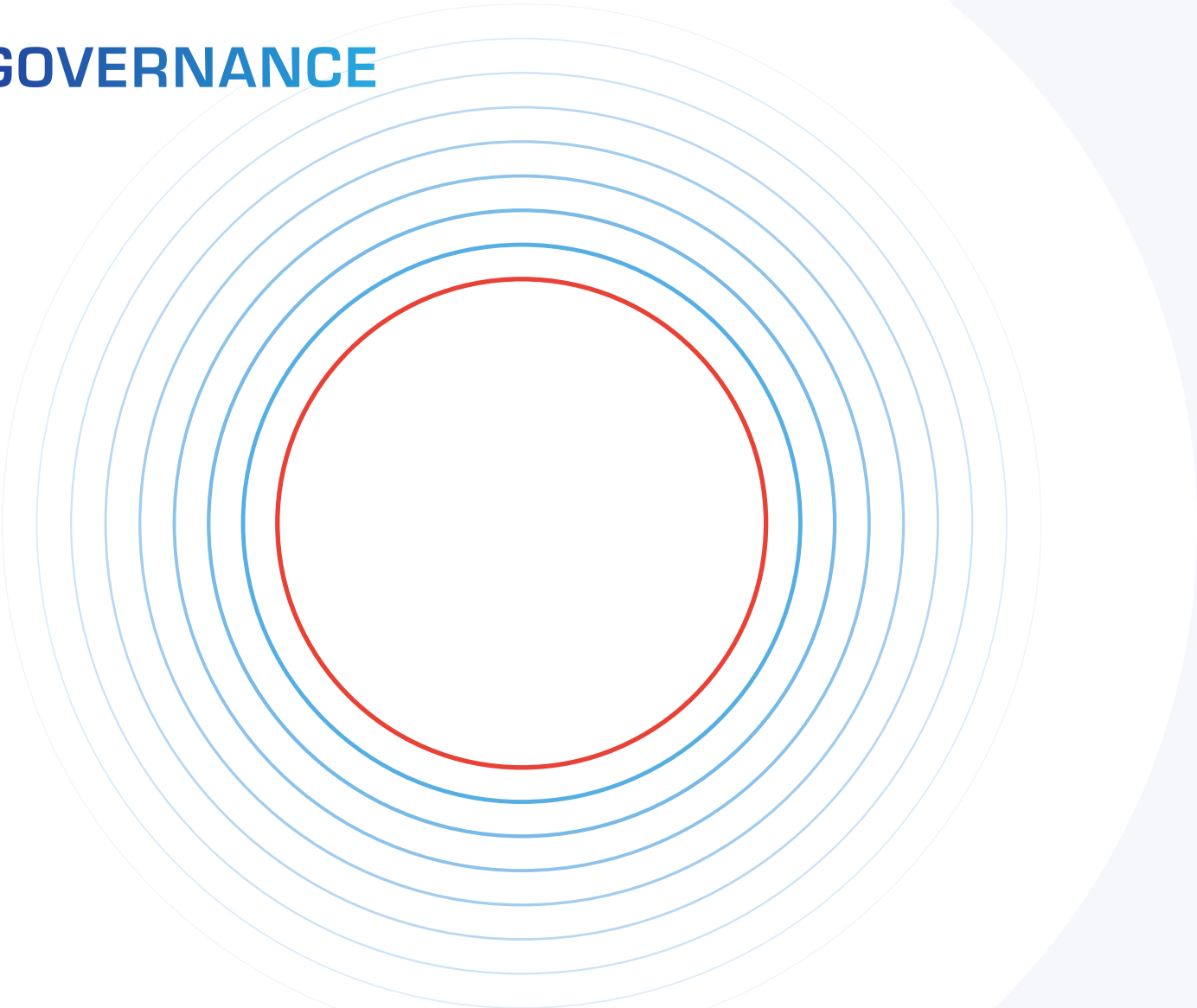


350 K
JOBS

Representing local energy and broadband companies means representing 350.000 jobs all across Europe.

GOVERNANCE

WORKING GROUPS



HIGHLIGHTS 2025

JANUARY

01

- On 1 January 2025, Poland takes over the Council Presidency, with a strong focus on energy security and affordability.
- European Commission signals its strategic direction for the new mandate (2024–2029), with a stronger focus on competitiveness and security alongside sustainability.

02

FEBRUARY

- European Commission publishes the Clean Industrial Deal and the Affordable Energy Action Plan, outlining the Commission's new strategic approach to strengthen European industrial competitiveness while accelerating decarbonisation and reducing energy costs for industry and consumers.

MARCH

03

- CEDEC co-signs a cross-industry call for recognition of cogeneration in the implementation of the Net-Zero Industry Act.

04

APRIL

- European Commission publishes the AI Continent Action Plan, setting out a framework to position artificial intelligence as a driver of European competitiveness, with implications for energy systems and digital infrastructure.
- CEDEC representatives meet Energy and Housing Commissioner Dan Jørgensen to discuss the contribution of local energy companies in delivering the energy transition through integrated energy system planning and efficient use of local resources.

MAY

05

- CEDEC co-signs a Joint Statement on enabling renewable gases in buildings with green contracts under the Energy Performance of Buildings Directive.
- CEDEC releases a Statement on Digital Networks Act.
- CEDEC contributes to the ENZA webinar "The Clean Industrial Deal and the Role of EU Energy Policy in Advancing a Clean, Competitive and Just Transition."

06

JUNE

- CEDEC representatives meet with the Cabinet of Commissioner and Executive Vice-President Henna Virkkunen, to present the Statement on the Digital Networks Act.
- CEDEC holds its annual General Assembly in Paris.
- European Parliament publishes its own-initiative report on European Electricity Grids, highlighting the key role of grids in the energy transition.
- European Commission's Smart Energy Expert Group establishes a subgroup 'Cybersecurity', besides the sub-groups 'Data for Energy' and 'Consumers'.

JULY

07

- Denmark takes over the Council Presidency, with a focus on competitiveness, security and digitalisation.
- European Commission publishes Guidelines on Future-Proof Network Charges together with Communications on the establishment of areas for grid and storage infrastructure and on innovative technologies for renewable energy deployment.
- ACER and CEER publish a Guidance on Electricity Distribution Network Planning.

08

AUGUST

- CEDEC co-signs a joint request for the recognition of renewable gases in the industrial heat decarbonisation auction.

SEPTEMBER

09

- European Commission releases a study on network development planning, tariff structures and connection requests for electricity distribution grids.

10

OCTOBER

- CEDEC and Italian Member of the European Parliament Giorgio Gori co-host a Parliamentary Breakfast on European policy ambitions and the challenges faced by local energy companies in delivering timely and affordable energy solutions.

NOVEMBER

11

- European Commission publishes proposals under the Digital Omnibus package, including measures related to AI regulation and digital simplification.
- ENZA releases recommendations for the upcoming EU Heating and Cooling Strategy.
- CEDEC co-organises a webinar on the heating transition at local level: "Decarbonising heat through local planning: from methodologies to actions."

12

DECEMBER

- European Commission publishes the European Grids Package.
- On the 2040 target, Parliament and Council reach a deal confirming a 90% greenhouse gas emission reduction target by 2040 compared to 1990 levels and on the ETS2 postponement from 2027 to 2028.

KEY TOPICS 2025



THE NEW EU FOCUS:

Shifting from the Green Deal to Security and Competitiveness



A NEW WAVE OF EU INITIATIVES:

From the Clean Industrial Deal to the Digitalisation Agenda



IMPLEMENTING THE ENERGY TRANSITION:

From the Renewable Energy Directive to the Gas Package



PREPARING THE FUTURE ENERGY SYSTEM:

Integrated, digital, affordable



EU DSO ENTITY:

Towards an Integrated DSO Entity for Electricity and Gas

THE NEW EU FOCUS: Shifting from the Green Deal to Security and Competitiveness

The political landscape shaping Europe's energy and climate agenda has shifted considerably since the European elections of June 2024. With centre-right and far-right-leaning majorities now dominant not only in the European Parliament but across many EU Member States, the institutional focus has moved away from the transformative ambition of the European Green Deal towards a more pragmatic framework centred on security and competitiveness.

This reorientation did not emerge in a vacuum. Persistent geopolitical tensions – from Russia's continued war in Ukraine to an aggressive US trade and foreign affairs policy under the returning Trump administration – have kept energy security and strategic autonomy firmly at the top of the political agenda. This has led to reinforcing the case for supply diversification, infrastructure resilience and reduced external dependencies. At the same time, growing concern over Europe's industrial competitiveness prompted EU institutions to question whether the pace and cost of the green transition could be sustained without undermining the economic foundations it ultimately depends on. Adding to this pressure, progress reports confirm that the EU risks falling short of its 2030 climate targets with persistent gaps across sectors and an overall pace of emission reductions still insufficient to reach the -55% objective.

In January 2025, the second von der Leyen Commission set its direction with the Competitiveness Compass, a strategic roadmap to restore Europe's strength and boost economic growth, built around innovation, decarbonisation, and security. Concrete proposals around energy affordability and clean energy followed.

Hand in hand with the competitiveness priority moved the simplification agenda with equal urgency. The Commission put forward the so-called "Omnibus packages", aiming to simplify existing legislation in order to reduce administrative burdens on companies and to accelerate investment decisions, with changes in legislations across several domains, including sustainability reporting, energy and digital.

Despite the shift of priorities in the EU policy agenda, climate change mitigation remained a central topic of discussion over 2025. In July, the Commission proposed amending the European Climate Law by setting a binding 2040 target of a 90% net reduction in greenhouse gas emissions compared to 1990 levels. The provisional agreement reached at the end of the year included additional flexibilities to reflect concerns about competitiveness and a socially fair transition, as well as a one-year delay to the emissions trading system for heating and transport (ETS2), which will now apply from 2028. A clear sign that while climate ambition remains on paper, the terms of the debate have shifted significantly.

For CEDEC and its members, these shifts carry both challenge and opportunity. The growing focus on grids and energy system resilience places local energy companies at the very heart of Europe's evolving priorities – provided their voice is heard in the design of the frameworks to come.



A NEW WAVE OF EU INITIATIVES: From the Clean Industrial Deal to the Digitalisation Agenda

Horizontal topics

A defining feature of 2025 was the **consultation-heavy character of the start of the new mandate**. The Commission's 2025 Work Programme set the tone by combining a large number of new initiatives with an extensive simplification and evaluation agenda. In practice, this translated into an unusually dense stakeholder consultation calendar. The year opened with the evaluation of the Public Procurement Directives, launched in December 2024 and open until 7 March 2025, with a strong focus on performance, simplification, resilience and innovation. It continued with the consultation on the review of the EU ETS and the Market Stability Reserve opened in April, the Grids Package consultation in May, and the Citizens Energy Package consultation launched in June 2025. On the digital side, the Commission also launched a consultation and call for evidence on a Strategic Roadmap for digitalisation and AI in energy in August, as well as a call for evidence on the Digital Networks Act in June 2025. For CEDEC, this meant that 2025 was about early positioning: shaping the design of future proposals before they moved into the formal legislative phase.

On 26 February 2025, the Commission presented its **Clean Industrial Deal** – a comprehensive strategy to turn decarbonisation into a driver of growth for European industry. Built around six pillars

covering energy affordability, clean technology leadership, circularity, raw materials, skills, and international partnerships, the Deal positions the green transition not as a cost to be managed but as an opportunity to be seized. Its ambition is most visibly directed at energy-intensive industries and clean-tech sectors, both facing intense global competition and long citing high energy costs as a structural disadvantage.

Presented alongside the Clean Industrial Deal, the **Affordable Energy Action Plan** is its immediate operational companion. Organised around four pillars – lowering energy costs, completing the Energy Union, attracting investments, and preparing for potential crises – the plan sets out measures to reduce costs for households, businesses and industry. It addresses all three components of the energy bill: energy supply costs, network charges, and taxes and levies. It calls on Member States to make full use of flexibilities in the Energy Taxation Directive to lower electricity taxes, and encourages the expansion of long-term contracting instruments such as Power Purchase Agreements and Contracts-for-Difference to shield consumers and industries from gas price volatility. It also foresees the establishment of an Energy Union Task Force, launched in 2025, to strengthen governance and integration of European energy systems.

For CEDEC members, the plan holds direct relevance. It was translated into Guidance documents published in July 2025, that address network tariff design, grid connections and the deployment of renewables – areas directly affecting distribution system operators and local energy utilities.

Electricity

The publication of the **European Grids Package** on 10 December 2025 was one of the most anticipated policy developments of the year. Announced as part of the Clean Industrial Deal, the package represents a major step in EU energy infrastructure policy. The call for evidence and public consultation gave stakeholders, including CEDEC, the opportunity to contribute. The European Parliament was also actively engaged, producing an own-initiative (INI) report reflecting growing concern about grid bottlenecks as a structural obstacle to both the energy transition and industrial competitiveness.

The package combines a range of legislative and non-legislative measures, including a strategic communication and guidance documents, focusing on both accelerating infrastructure deployment and strengthening planning. Key elements include streamlined and more predictable permitting procedures – with reinforced deadlines, tacit approval provisions and one-stop shops – as well as a stronger

presumption of overriding public interest. At the same time, building on the existing Trans-European Networks for Energy (TEN-E) framework, the package promotes a more coordinated European approach to infrastructure planning, including, an enhanced role for the Commission in EU-level scenario development based on policy targets and in identifying infrastructure gaps, along with updated approaches to cost-sharing and financing.

Overall, the European Grids Package has significant implications for distribution system operators and local energy companies, given their key role in enabling electrification and system integration. As the package will enter the ordinary legislative procedure in 2026, CEDEC will continue its advocacy efforts to ensure that the final framework reflects the needs and operational realities of distribution-level infrastructure.

Gas

While much of the 2025 policy momentum focused on electricity, digitalisation and industrial competitiveness, developments in the gas sector were more limited and largely centred on implementation and future system planning. The first full year of implementation of the **Methane Regulation** marked a key milestone, imposing heavily detailed measures for monitoring, reporting and enforcement across the gas value chain.

At the same time, the evolving policy framework increasingly positioned gas within the transition towards decarbonised and integrated

energy systems, notably through biomethane and hydrogen. Discussions on hydrogen infrastructure and market design continued under the **Gas and Hydrogen Package**, with a growing role expected for the European Network of Network Operators for Hydrogen (ENNOH) in supporting cross-border network planning and market development.

Digital

While the Affordable Energy Action Plan explicitly linked lower energy costs to stronger grids, energy efficiency and faster deployment of renewables, the broader digitalisation agenda increasingly focused on practical system applications such as grid optimisation, building efficiency and demand-side flexibility. In this context, digitalisation emerged as a core enabler of competitiveness and affordability, rather than a parallel policy track. For CEDEC members, this shift is particularly relevant as it places local infrastructure, both energy and broadband, at the centre of delivering a more efficient, resilient and integrated energy system.

The **AI Continent Action Plan**, published on 9 April 2025, provided the wider political framework for this shift. It positioned AI as a competitiveness and industrial policy file, built around five strands: computing infrastructure, access to high-quality data, AI uptake in strategic sectors, skills, and simpler implementation of the AI Act. For the energy sector, the most relevant message was that AI is no longer seen only as a digital-market issue. The plan linked AI deployment to strategic sectors and proposed measures to expand data-centre capacity, while prioritising sustainable facilities. In parallel, the Com-

mission made clear that AI in energy should serve operational needs such as better use of data, improved flexibility and more efficient grids. For CEDEC members, this means that the AI file has become directly relevant to distribution networks, local energy services and, increasingly, to the interface between broadband infrastructure and energy-system modernisation.



IMPLEMENTING THE ENERGY TRANSITION: From the Renewable Energy Directive to the Gas Package

In 2025, the centre of gravity for many major EU energy files shifted from Brussels to the Member States. While most core files had already entered into force in 2023–2024, 2025 marked the year where many deadlines materialised, implementation gaps became visible, and national divergences deepened. For CEDEC and its members, a focus was put to how quickly and how effectively the new rules were being transposed, enforced and operationalised nationally.

Across all major files, discussions in CEDEC Working Group Implementation confirmed that implementation timelines were widely delayed and/or fragmented across Member States, often due to political instability, administrative complexity and unclear details of the regulatory frameworks.



The revised **Renewable Energy Directive (RED)**, Directive (EU) 2023/2413, had its key permitting provisions due by 1 July 2024 and a main transposition deadline of 21 May 2025. It is primarily a national implementation file, as permitting, acceleration areas, grid connections and deployment conditions are determined at national level. In practice, implementation remained uneven. By July 2025, only Denmark had notified full transposition by that point. CEDEC members reported significant divergence: Italy progressed with legislative decrees and regional acceleration zones; France advanced through earlier legislation but still faced local opposition and incomplete reforms; Germany improved

permitting but struggled with implementation at distribution level; and Austria had yet to establish a legislative framework for acceleration areas.

The **Electricity Market Design reform** through the amending Directive (EU) 2024/1711 had to be transposed by 17 January 2025. Implementation in 2025 was similarly incomplete. In July 2025, the Commission sent letters of formal notice to 26 Member States for failing to fully transpose the directive into national law. CEDEC members faced challenges around supplier-of-last-resort mechanisms, regulatory clarity and financing frameworks, particularly for DSOs. Key elements such as financing grid investments or adapting market mechanisms lacked clear national frameworks, slowing down implementation despite EU requirements.

The **Energy Performance of Buildings Directive (EPBD)** (EU) 2024/1275 followed a similar trajectory. While the main transposition deadline is 29 May 2026, the early milestone of 1 January 2025 on fossil boiler subsidies triggered initial national adjustments. However, the broader transformation of building policies, heating systems and local planning remained in preparation, with significant work still ahead. The Commission adopted a support package on 30 June 2025 to help Member States prepare transposition by May 2026, and earlier guidance clarified the boiler-subsidy phase-out linked to the 1 January 2025 deadline.

The **Energy Efficiency Directive** (EU) 2023/1791 (EED), with a transposition deadline of 11 October 2025, emerged as one of the most implementation-intensive files. Article 25 on heating and cooling planning illustrates this. Belgium (Flanders) issued draft decrees requiring local plans with stakeholder engagement and alignment with the energy efficiency first principle. Germany showed advanced progress, with mandatory planning deadlines (2026–2028) and strong municipal engagement, though challenges remain around legal bindingness and hydrogen integration. Austria, by contrast, had not yet adopted national legislation, with planning ongoing at city level and constrained by financing and regulatory uncertainty. At EU level, the Commission issued a series of interpretative recommendations in 2024–2025 on key EED provisions, including the energy-efficiency-first principle, public procurement, heating and cooling, and energy services. This highlights that, despite the October 2025 deadline, implementation required significant clarification both before and during national transposition.

The **Methane Regulation** (EU) 2024/1787, published on 15 July 2024, is directly applicable and does not require national transposition. In 2025, it entered its first full year of implementation, introducing a stricter framework for the gas, oil and coal sectors, including detailed obligations on measurement, monitoring, reporting, verification, leak detection and repair, as well as limits on venting and flaring. For CEDEC members, this translated into increased operational and reporting requirements and costs, with practical implementation depending heavily on national regulatory frameworks and administrative capacity.

The rollout of **ETS2** as revised by Directive (EU) 2023/959 further illustrates the implementation challenges of 2025. While the revised ETS has applied since 1 January 2024, ETS2 entered its monitoring phase in 2025, requiring Member States to establish reporting systems and regulated entities to prepare for carbon pricing from 2027. For local utilities, this created early compliance obligations without yet delivering full market signals. For CEDEC, this is especially relevant for buildings and heating, where national governments must prepare regulated entities, reporting systems and accompanying social measures well before 2027.

In the gas sector, implementation remains particularly uncertain. Under the **Gas and Hydrogen Package**, notably Directive (EU) 2024/1788 (transposition deadline: 5 August 2026), early discussions focused on network decommissioning (Article 57). In 2025, this was still largely an early national implementation file. Across Member States, clear frameworks were largely still lacking.

The **F-gas Regulation** (EU) 2024/573, published on 20 February 2024, is also directly applicable and entered its implementation phase in 2025. It introduces stricter rules on the use of fluorinated greenhouse gases, including a reinforced phase-down, new restrictions on equipment and requirements related to servicing and certification. For CEDEC members, the main relevance lies in its impact on transformer equipment choices. In practice, 2025 was characterised by compliance and technical implementation, rather than legislative change. The framework is increasingly shaped by secondary legislation and implementing acts, such as Commission measures adopted in 2025.

The **Gigabit Infrastructure Act (GIA)** added an important digital dimension to the 2025 implementation landscape. Regulation (EU) 2024/1309 became applicable on 12 November 2025, replacing the Broadband Cost Reduction Directive. As a regulation, its implementation depends heavily on national administrative procedures and coordination between authorities, infrastructure operators and municipalities. The GIA introduces new rules on permit procedures, access to physical infrastructure, civil works coordination and in-building connectivity, all of which directly affect local utilities involved in broadband deployment.

EU-level implementation

Several files continued to be driven mainly by EU-level guidance, recommendations or implementing acts, rather than by completed national transposition. That was especially true for the EPBD, EED, Electricity Market Design reform, and RED.

On 2 July 2025, the Commission published a recommendation and three guidance documents to support implementation of the revised RED and electricity market design. For the EPBD, it adopted a support package on 30 June 2025. For the EED, it issued a series of recommendations during 2024 and 2025 to clarify key articles before and during transposition. For the Gas and Hydrogen Package, the Commission had already launched work on a delegated act for the methodology on low-carbon fuels, showing that parts of the framework were still being operationalised at EU level before the main national deadline in 2026.

Delegated acts, implementing acts and Commission guidance, while often non-binding, can be highly influential and in many cases precede or shape national transposition. For CEDEC members, this means that implementation is not only determined at national level, but also by a continuous stream of EU-level clarification.

Implementation deadline overview

Renewable Energy Directive (EU) 2023/2413 (RED III):

key permitting provisions applicable from 1 July 2024 and full transposition due by 21 May 2025.

Energy Performance of Buildings Directive (EU) 2024/1275 (EPBD recast):

early obligation from 1 January 2025 and full transposition due by 29 May 2026.

Gas and Hydrogen Directive (EU) 2024/1788:

transposition due by 5 August 2026.

F-gas Regulation (EU) 2024/573:

applicable from 20 February 2024, with ongoing implementation through directly applicable rules.

Gigabit Infrastructure Act (GIA – Regulation (EU) 2024/1309):

main provisions applying from 12 November 2025.

Electricity Market Directive (EU) 2024/1711: transposition deadline of 17 January 2025.

Energy Efficiency Directive (EU) 2023/1791 (EED): transposition required by 11 October 2025.

Methane Regulation (EU) 2024/1787: applicable from July 2024, with 2025 as the first full year of implementation.

ETS2 as revised by Directive (EU) 2023/959: monitoring and reporting obligations start in 2025, with full operation from 2027.



PREPARING THE FUTURE ENERGY SYSTEM: Integrated, digital, affordable

Horizontal topics

In 2025, **public procurement** was a key element of the Commission's simplification and competitiveness agenda, with the evaluation of the Public Procurement Directives running until 7 March 2025. The initiative aims to improve efficiency while aligning procurement with strategic objectives such as sustainability, innovation and economic security, with direct relevance for investments in energy infrastructure and clean technologies. In its contribution, CEDEC stressed the need for simplification, flexibility and legal certainty, allowing public authorities and local utilities greater room for manoeuvre in procurement procedures and contract management. It highlighted the importance of reducing administrative burden and ensuring practical, proportionate rules, particularly for smaller actors.

Further in 2025, the preparation of the **Citizens Energy Package**, building on the Affordable Energy Action Plan, combined stakeholder input, technical work in Commission-led groups and a public consultation phase. During early discussions within the DG ENER Working Group on Energy Consumers stakeholders, including CEDEC, gathered experiences and views on core priorities identified by the Commission for the upcoming package, notably energy sharing, protection from disconnection, protection of vulnerable consumers during the gas phase-out, supplier risk management, and pre-con-

tractual information on energy offers. The resulting reports highlighted persistent challenges such as fragmented national frameworks, low consumer awareness and uneven levels of protection, while proposing operational solutions such as harmonised definitions, improved information requirements, targeted support schemes and better coordination mechanisms. These outputs, finalised in June 2025, will directly feed into the Commission's guidance documents forming a key building block of the package.

In parallel, the Commission launched a public consultation (June–September 2025) to gather broader stakeholder input on these priorities. CEDEC emphasised the importance of strengthening implementation of existing rules, promoting best practices, addressing structural drivers of energy poverty, ensuring clear and fair consumer information, and supporting locally tailored approaches to energy sharing and the gas phase-out.

A forthcoming **Heating and Cooling Strategy** was another area of engagement in 2025. The Commission launched a public consultation, aiming to accelerate decarbonisation, electrification and renewables uptake across the heating and cooling sector, with measures targeting demand reduction, supply decarbonisation, district heating, waste heat recovery, and market incentives. CEDEC submitted a contribution in November 2025, stressing the need for realistic de-

carbonisation timelines, genuine technology neutrality – including recognition of sustainable molecules and cogeneration alongside electrification – and better use of existing grid infrastructure. CEDEC also highlighted the importance of local integrated planning across electricity, gas and district heating networks, and called for addressing practical barriers to waste heat utilisation. A stakeholder event in November broadly confirmed alignment with these priorities, while also pointing to continued gaps, notably the sometimes limited recognition of the role of distribution system operators in local heating and cooling planning by local authorities.

Electricity

In parallel with consultations on the Heating and Cooling Strategy, the Commission advanced preparations for an **Electrification Action Plan** aimed at accelerating electrification across the economy, improving infrastructure planning and addressing barriers to large-scale deployment. The initiative has a direct impact on local utilities concerning grid reinforcement, local distribution planning and stronger coordination between electricity and heating systems. Through its contribution to the public consultation, CEDEC emphasised the need to prioritise cost-efficient electrification, strengthen integrated energy system planning and focus on effective implementation of existing frameworks, while addressing key barriers related to grid

access, flexibility and infrastructure deployment. It also underlined that heating and cooling decarbonisation should combine electrification with building renovation, renewable molecules and hybrid systems, supported by integrated local planning across electricity, gas and heat.

Gas

In parallel with electrification, discussions on gas in 2025 focused on its role in a decarbonised and integrated energy system. The Gas and Hydrogen Package and related EU work, including infrastructure planning through Entsog and ENNOH, points to a more coordinated European approach, but with limited immediate impact at distribution level on this aspect. With the implementation of the Gas and Hydrogen Package still ongoing in all Member States – with a deadline only in mid-2026, gas DSOs are still lacking the necessary legal frameworks and clarifying guidance for gas phase-out or hydrogen deployment. This hinders the necessary integrated approach for local energy planning, which should ensure a cost-efficient transition through coordination between gas, electricity and heating systems.

Digital

The Commission also advanced preparations for a future **Strategic Roadmap for digitalisation and artificial intelligence in the energy sector**, as a follow-up to the Affordable Energy Action Plan. The initiative aims to accelerate the deployment of digital and European AI solutions in areas directly relevant to local utilities, including

electricity grid optimisation, energy efficiency in buildings and industry, and demand-side flexibility. At the same time, it addresses emerging challenges such as the growing electricity demand of data centres, their integration into the energy system, and the need for safeguards around large-scale AI deployment. For CEDEC members, this confirms that digitalisation and AI are becoming integral to the operation and planning of local energy systems, requiring practical, scalable solutions that support distribution-level needs.

For broadband infrastructures and services, the preparation of the **Digital Networks Act** (DNA) was a key file in 2025. Through a consultation opened in June 2025, the Commission launched discussions on simplifying the regulatory framework for electronic communications, supporting investment in high-capacity digital networks and strengthening Europe's digital resilience. CEDEC actively engaged in the process, notably through a statement calling for a balanced regulatory approach that preserves competition, supports diverse ownership models and ensures fair access to infrastructure. In particular, CEDEC stressed that the future framework should allow flexibility for national implementation choices, avoid one-size-fits-all solutions, and safeguard the role of local and publicly anchored infrastructure operators in delivering resilient and competitive networks.



EU DSO ENTITY: Towards an Integrated DSO Entity for Electricity and Gas

Established in June 2021, the EU DSO Entity represents electricity Distribution System Operators (DSOs) at EU level as the institutional counterpart of ENTSO-E for the development of technical network codes and guidelines. The integration of gas DSOs into the Entity, foreseen in the Gas and Hydrogen Package, remained a priority in 2025. Despite the initial agreement within the EU DSO Entity to complete the integration process by June 2025, including elections for a new Board of Directors, the year was marked by systematic delays and an intensive and demanding negotiation process, ultimately leading to a compromise on adapted governance structures only by October 2025.

Throughout 2025, CEDEC demonstrated continuous and proactive engagement, participating in a very high number of meetings across all negotiation formats, including repeated Entity Board meetings. In parallel, CEDEC ensured strong internal coordination among its members and close cooperation with the other EU associations representing gas DSOs. This sustained effort aimed at developing and promoting balanced, pragmatic compromise solutions, ensuring fair representation of both electricity and gas DSOs, including small and medium-sized operators, while preserving effective decision-making processes.

CEDEC's contributions led to a compromise agreement in October 2025 on the main elements of the future governance framework, enshrining key safeguards for balanced representation and decision-making, including the continuation of the 3 categories for DSOs of different sizes (small, medium, large), a double-majority voting system guaranteeing a coordinated approach between electricity and gas, and the preservation of final decision-making powers within the Board of Directors. CEDEC's sustained involvement throughout the process was instrumental in ensuring that the final outcome reflects the legitimate interests of its member companies.

Following this agreement on the future shared governance, the process entered its formal validation phase. Draft statutes and rules of procedure were submitted to ACER and the European Commission in November 2025, marking a key milestone towards the formal integration of gas DSOs.

Due to the repeated delays throughout the process, the effective integration of gas DSOs is now expected to take place only in the second half of 2026, subject to the approval of the new statutes by ACER and the Commission. Preparations for gas DSO membership and future Board elections have continued in parallel, with a strong focus on ensuring adequate representation and engagement of CEDEC members in the future integrated structure.





This report provides highlights of CEDEC's activities for the period 1 January to 31 December 2025.
CEDEC is legally constituted as a non-profit international organisation (AISBL) under Belgian law.

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CEDEC

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