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UFE's reply to the EC call for feedback on the Connecting Europe Facility

On 16th July, the Commission adopted a proposal for the next Multiannual Financial Framework for the period 2028-2034, including a financial envelop of EUR 81,428 billion for the Connecting Europe facility (CEF) for investments in trans-European networks for transport and energy infrastructure. As Europe moves toward a decarbonised, resilient and integrated energy system, unprecedented investments are required for a robust and targeted CEF.

UFE strongly supports the Commission's willingness to achieve smart, sustainable and inclusive growth by supporting up-to-date, high-performance and resilient infrastructure across Europe.

UFE welcomes the significant budget increase for the CEF-Energy 2028-2034

UFE welcomes the fivefold increase of the CEF-Energy envelope for 2028-2034, in line with the unprecedent investment surge - an estimated of €730 billion for distribution and €477 billion for transmission grid developments needed by 2040 - required on European grids to enable:

- A faster electrification of end uses (industrial competitiveness, sovereignty, decarbonisation, affordability)
- A deeper EU integration (security of supply)

The CEF must be a powerful tool allowing the EU to adopt a systemic approach

The CEF needs to fall within a much more efficient and systemic approach, which means considering the necessary reinforcement and modernisation of important internal transport and storage infrastructure.

UFE recommends that domestic grid reinforcement with current or future cross-border impact becomes eligible to the CEF-Energy. The recent grid incidents highlight the strategic

importance of having fully interconnected electricity networks. Achieving their full benefits will, however, require parallel investments to reinforce national grids, as well as careful consideration of security of supply impacts associated with higher levels of interconnection.

Currently, **the main limiting factor when developing further interconnection capacity is the ability of domestic grids to absorb such inflows**. Thus, one should think of “electric corridors”, instead of cross border infrastructure only to ensure an efficient and integrated EU electricity system. If such a support cannot be ensured under the CEF, it could be done through other funds (Competitiveness Fund, European Fund for Regional Development and Cohesion Fund...), working in synergy with the CEF.

In addition, **it is essential that electricity distribution infrastructure, particularly projects with system-wide impact, remain eligible and benefit from more support**. The Smart Electricity Grid (SEG) category should continue to benefit from Project of Common Interest (PCI) status and CEF funding in the next revision of TEN-E. So far, SEG projects have received very limited attention under the PCI and CEF frameworks. **Smart grid investments play a vital role in enabling flexibility, resilience, and the integration of renewable energy sources, which make a concrete functional contribution to the internal market and should be supported equally**. These projects complement transmission-level investments and contribute to the overall efficiency and security of the EU energy system. UFE thus recommends including a European financial instrument dedicated to distribution networks, the *Decentralised Grid Facility*, in the 2028–2034 multi-annual financial framework, with simplified administrative procedures. A pilot programme could be set up by 2026, with concrete launch by 2028, to provide financial support for projects aimed at strengthening grid resilience in the face of climate and weather events.

With regard to CEF-Transport, the AFIF program should be maintained with clear targets and a dedicated budget. Electric mobility needs to be supported on the whole value chain, including charging infrastructure. Article 3.2 should thus include a specific mention of low-carbon mobility with a dedicated envelope. CEF-T and CEF-E are interrelated and should be reviewed together as they both play a role in the EU’s competitiveness and energy system.

CEF must remain dedicated to infrastructure that delivers on the core objectives of the TEN-E Regulation: cross-border relevance, market integration, and security of supply. This includes pumped hydropower storage whose role on providing large-scale and long-duration electricity storage should be clearly recognised under the CEF-E.

The CEF requires further simplification of its process and eligibility criteria

UFE highlights the sub-optimal efficiency of the current process where the grants amounts are given after the CBCA agreements. A major and widely shared hindrance in the CEF funding decision process currently lies in the process timeline.

- Currently, due to regulatory requirements for the application, CEF funding decisions are

made just before the construction phase, which is often too late to significantly influence investment decisions. This delay can result in the cancellation of strategically important projects if no successful co-financing decision is secured. CEF's efficiency would be fully unlocked by communicating the CEF funding agreements (at least the amounts) before reaching the final CBCA agreement.

- To be eligible to the funds, projects must be registered under the TYNDP and on the PCI list, both updated every two years, with a long and complex process. **UFE recommends simplifying the procedure or the eligibility criteria.** The upcoming revision of the TEN-E regulation should integrate the new ambitions of the CEF-E and engage in the dynamic of simplification. Simplifying the selection process for PCI falls within the logic of a more flexible budget, in the face of constantly evolving challenges.

For DSOs, the bureaucratic burden represents a particularly high obstacle in their access to CEF-Energy funds, which materialises in a very low number of eligible projects. The continued eligibility of Smart Electricity Grids as a PCI category under the TEN-E Regulation must be safeguarded, and urgent clarification is needed to ensure that smart grid projects, particularly those with cross-border or system-wide relevance, remain eligible for PCI status and CEF support.

The 5 award criteria also need to be simplified as they contribute to the complexity of the application process. Such simplification would benefit project developers, as well as the Commission when assessing the applications.