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Enabling Network Technology throughout Europe

Call for evidence on Public Procurement Rules

The upcoming revision of the EU Public Procurement Act comes at a critical moment for the European energy transition. While the existing Innovation Guidance from the Commission provides a good first step toward the public procurement of innovation, a significant gap remains between policy intent and the system operators' reality. As regulated entities responsible for critical infrastructure, system operators are bound by procurement frameworks, prioritizing rigid compliance over the functional specifications needed for optimized grid solutions. To meet the goals of a more competitive and resilient European industry, procurement rules must shift from administrative compliance to strategic value creation.

Although innovative grid technologies are often more cost-effective than conventional technology, procurement models that rely solely on the lowest initial purchase price fail to account for their functional value. To address this, the Act must mandate a shift toward Total Cost of Ownership and Net Present Value as the evaluation standard for infrastructure. Evidence shows that innovative grid technologies offer a superior business case under these metrics due to faster capital recovery and lower long-term costs. By adopting this holistic approach, the framework would finally reward modular solutions that deliver phased investment and prevent stranded assets through redeployability.

Furthermore, 'Functional Templates' are needed to open markets to smaller innovative players. This requires shifting toward functional specifications in tenders. Current specifications often include legacy technical requirements which create unintentional biases against innovative modular solutions. An "or equivalent" clause would prevent innovative solutions from being accidentally disqualified by rigid requirements, allowing suppliers to instead show how their unique designs meet or exceed the intended performance. The revised Act must enforce such an "or equivalent" principle and prioritize performance-based outcomes over rigid physical characteristics.

To bridge the gap between research and markets, the Public Procurement Act must align with broader industrial goals such as the Net-Zero Industry Act (NZIA). While the NZIA's regulatory sandboxes provide controlled environments for early-stage testing, the procurement framework must support technologies that have already moved beyond the lab but face administrative hurdles. The Act should mandate mutual recognition of pilot results across Member States, ensuring that a solution successfully demonstrated in one European country is qualified for tenders in another without redundant testing.

Innovation is also hindered by administrative barriers that disproportionately affect smaller actors. High turnover requirements and a lack of performance history often disqualify innovative companies. The Act should simplify documentation and allow bidders to prove financial capacity through alternative means, such as investors or bank backing. Additionally, where a technology has passed a regulatory sandbox or controlled testing environment, procurement procedures should be streamlined to allow for rapid, wide-scale adoption without repeating redundant pilot phases. Public tenders under Article 26 of the NZIA should incorporate innovation-related non-price criteria that recognize progress from EU and national R&I, ensuring a clearer pathway from research to market adoption.

A comprehensive policy framework is essential, but it must be grounded in the technical needs of the energy transition. While regulatory incentive structures often create a CAPEX bias toward heavy infrastructure, the Public Procurement Act must prevent this financial preference from being codified into tender specifications. This requires establishing mandatory non-price criteria for strategic infrastructure and standardizing the use of Pre-Qualification Questionnaires to eliminate technical bias early in the process.