

## LEGAL UPDATE ENERGY INDUSTRY LAW

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# BMW grid package – Overview of plans to change grid connection procedures

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On 30 January 2026, the Federal Ministry for Economic Affairs and Energy (“BMWE”) published a draft bill to amend the Energy Industry Act (“EnWG”). The bill aims to synchronise plant expansion with grid expansion and improve grid connection procedures. It has been the subject of heated debate in the energy industry ever since.

The draft bill aims to reform the current legal framework for grid connection procedures in Germany, in order to address current challenges.

This is justified by the long-standing need to expand electricity supply grids due to the electrification of heat supply (“heat transition”) and the growth of electric vehicles in the transport sector (“transport transition”). Additionally, the number of battery storage projects has increased significantly in recent years. The current number of grid connection requests for large battery storage systems alone is overwhelming grid operators. Transmission system operators (TSOs) have received requests for approximately 250 GW of battery capacity, while applications totalling around 400 GW have been submitted at the distribution and transmission grid level. It is likely that only a fraction of these projects will be realised.

Grid connection capacities are a scarce commodity. In addition to renewable energy plants, industrial plants, data centres, charging infrastructure, telecommunications grids and other large consumers are currently competing for the same connection options. Grid operators currently lack the legal means to prioritise or de-prioritise individual grid connection requests, or to distribute them more effectively to suitable grid connection points.

The draft law aims to better synchronise plant expansion with grid expansion. Despite significant progress in grid expansion in recent years, there are still 'systematic challenges and obstacles' resulting in implementation times of eight to twelve years for grid expansion. Nevertheless, there are still 'systematic challenges and obstacles' that lead to implementation times of eight to twelve years for grid expansion. Grid expansion has not kept pace with the expansion of renewable energies in recent years, leading to high redispatch costs and economic disadvantages in areas affected by bottlenecks.

## Prioritization of grid connection projects

So far, the grid connection law has been based on the “first come, first served” principle, whereby the date on which the application is received is decisive. Prioritising individual grid connection projects according to quality criteria is currently not legally permissible, not least due to the prohibition of discrimination.

The BMWV's draft bill introduces a new system for prioritising grid connection requests in Section 17b EnWG-RefE. According to this, TSOs can stipulate requirements for prioritising certain grid connection requests within the framework of their procedures under Section 17a EnWG-RefE. This new regulation is intended to provide grid operators with a clear legal framework for the first time, enabling them to assess grid connection requests based on objective criteria and make more efficient use of scarce grid resources.

### Qualitative criteria for prioritization

According to the draft, grid operators can use the following qualitative criteria for prioritization:

#### Security and reliability of the electricity supply system

In regions where connection applicants would negatively impact existing bottlenecks or stability limits, priority may be given to connection requests that have no significant negative or positive impact on these limits. To this end, applicants may be required to provide secured capacity, contribute to system stability or reduce redispatch requirements, for example.

#### Existing legal targets for the expansion of generation facilities, energy storage facilities, and consumers

This criterion is intended to enable TSOs to consider existing legal targets when setting

priorities. An example of this is the expansion targets for renewable energies set out in the Renewable Energy Sources Act (“EEG”).

### Assumptions from the BNetzA scenario framework

This criterion aims to balance a wide variety of connection requests in order to achieve industrial and climate policy targets. This means that the expansion targets of the EEG, and more generally those of electricity generation and storage, as well as other sector-specific assumptions and targets such as the electrification of industry and the chemical sector, or the establishment of data centres, can be taken into account. This makes it possible, in particular, to deprioritise grid connection requests for certain plants whose maximum target expansion figures have already been met, or are likely to be met, due to grid connection capacity that has already been committed.

### Requirements of operators of adjacent or downstream grids

This criterion is intended to enable TSOs to consider the interests of TSOs in adjacent supply areas or the needs of connected distribution system operators when setting priorities.

### Efficient use of grid connection points, in particular by multiple connection customers

This criterion is aimed in particular at the constellation of so-called “cable pooling.” In this case, several connection customers use a common grid connection point. The BMWV assumes that there is potential to make better use of grid connection capacities or to provide connections to more connection customers by sharing switch panels between several connection customers. This could be taken into account positively from the outset for new connections.

### **Designation of areas in regional planning or urban development plans**

Regional planning and urban development plans now include specifications for certain functions or uses that are particularly relevant. One example is areas designated for wind energy pursuant to Section 2 No. 1 of the Wind Energy Act (“WindBG”). However, areas already designated for specific technologies or special uses, such as data centres or planned or approved heat generation plants, particularly in urban development plans, can also be considered. Grid operators should also be able to reserve grid connection capacities for planned uses by prioritising grid connection requests.

### **Requirements for prioritizing individual grid connection projects**

If grid operators make a prioritisation decision, it should be based on transparent and non-discriminatory criteria. Grid connection projects could be prioritised by processing grid connection requests in order of priority. However, prioritisation could also take the form of reserving grid connection capacity, whereby grid connection requests are deferred to reserve capacity for prioritised connections in a given area. The grid operator's obligation to expand the grid in line with demand is not affected by the possibility of prioritising grid connection requests as set out here. The grid operator remains obliged to optimise, reinforce and expand its grid in line with demand, including deprioritised requests, within the scope of its legal obligations (Section 11(1) EnWG).

### **Capacity-limited grid areas and redispatch reservation**

Under the current legal situation, renewable energy installations have an unconditional, priority right to grid connection under Section 8 of the Renewable Energy Sources Act (EEG) and a

right to financial compensation for redispatch measures for generation installations that lead to curtailments of the feed-in of electricity generation installations due to grid bottlenecks in accordance with Section 13a of the Energy Industry Act (EnWG).

The explanatory memorandum to the draft bill emphasizes that, in areas already affected by bottlenecks, end consumers are currently charged redispatch costs even if it is clear from the outset that the connection of a new renewable energy plant to a specific section of the grid will make little or no contribution to achieving the EEG targets over a period of several years. This is economically inefficient.

The draft bill aims to introduce the possibility of designating such grid areas as capacity-limited in Section 14 (1d) EnWG-RefE. The prerequisite for this is that the technically possible electricity feed-in from the connected plants was adjusted by more than 3 percent in total in the previous calendar year. The designation of capacity-limited areas is made for up to 10 years by notification to the Federal Network Agency (“BNetzA”).

An amendment to Section 8 (4) Sentence 2 EEG-RefE would mean that the legal obligation to connect to the grid would not apply if the determined connection point of the renewable energy plant is located in a grid area designated as capacity-limited at the time of its determination. In this case, however, the grid operator shall be obliged, in accordance with Section 8 (4) Sentence 3 EEG-RefE, to offer the party requesting connection a contract for the grid connection of its plant for the duration of the capacity limitation, which stipulates that the party requesting connection waives financial compensation in accordance with Section 13a (2) EnWG in the event of curtailments due to redispatch measures.

In combination with this, the provision in Section 13a (6) EnWG-RefE is intended to create a so-called "redispatch reservation" which is intended to avoid additional system costs while still increasing the integration of renewable energies. According to this provision, the entitlement to financial compensation under Section 13a (2) EnWG shall not apply as long as the plant has been connected to the grid on the basis of a contract under Section 8 (4) Sentence 3 EEG-RefE.

The new regulation creates the possibility of enabling grid connection in particularly congested grid areas, but excluding financial compensation for redispatch measures. This is intended to create incentives to implement plant projects where the electricity generated can be purchased in the best possible way.

### Feed-in grids

To date, there has been no legal definition or regulation for so-called feed-in grids. Grid expansion measures are carried out individually for individual connections. The new regulation is intended to create the basis for coordinated grid planning that takes several plant projects into account together and thus exploits synergies.

Section 3 No. 18 EEG-RefE defines the term "feed-in grid" for the first time as "one or more pieces of equipment that the grid operator provides through grid expansion measures after an overall planning assessment of grid connection requests and expected connections for the coordinated connection of plants and for the feed-in of electricity from these plants."

The explanatory memorandum to the draft bill describes the feed-in grid as an instrument for forward-looking, demand-oriented grid expansion, which means that wind and solar parks in particular can be connected to the grid in a

coordinated and forward-looking manner. An overall economic assessment can reduce the total costs incurred for connecting installations. A feed-in grid should only be (n-0) secure and therefore not redundant, which should facilitate grid planning and expansion.

### Construction subsidies for generation plants

Under current law, construction cost subsidies (BKZ) for generation plants are legally excluded. Only end consumers of electricity can be called upon to contribute to BKZ.

The new regulation in Section 17 of the EEG-RefE is intended to create the possibility of also involving plants for generating electricity from renewable energies in the grid expansion costs, thereby establishing spatial control instruments. The BNetzA can issue guidelines on BKZ, in particular procedures or criteria for flat-rate or regionally differentiated amounts.

However, this is not only intended to apply to the grid connection of renewable energy plants, but is also to be extended to power plants and CHP plants through corresponding amendments to Section 8 (3) KraftNAV-RefE and Section 3 KWKG-RefE.

The rationale for these amendments is that the obligation for operators of renewable energy plants to contribute to the costs of grid expansion could ensure more economical use of scarce connection capacities. Regionally differentiated BKZ can provide incentives to connect at locations that are as grid-compatible as possible.

## Reservation of grid connection capacity

There is currently no uniform system for reserving grid connection capacity. Practices vary and often result in capacities being blocked for long periods of time without projects being implemented.

Section 17f EnWG-RefE aims to create a uniform regime for reserving grid connection capacity. Electricity distribution grid operators are to develop common, objective, transparent, and non-discriminatory guidelines for reservations. The reservation period is to be limited to individual, consecutive periods and linked to the progress of the project.

In addition, Section 17 (1a) EnWG-RefE is intended to regulate the adjustment of reserved capacity if it has not been used for more than three years.

The explanatory memorandum emphasizes that the aim is, in particular, to ensure that applications that are no longer being seriously pursued do not block grid connection capacity. This increases planning security for project developers and ensures more efficient use of the existing grid infrastructure.

## Facilitation of grid-neutral battery storage

Section 17 (2b) EnWG-RefE is intended to facilitate the construction of "grid-neutral" battery storage systems in co-location with existing plants. The grid connection priority for renewable energy plants pursuant to Section 8 (1) sentence 1 EEG and CHP plants pursuant to Section 3 (1) sentence 1 KWKG does not apply to energy storage facilities pursuant to Section 17 (2b) sentence 1 EnWG-RefE. Grid operators cannot refuse to connect energy storage facilities pursuant to Section 17 (2b) sentence 2 EnWG-RefE on the grounds of capacity shortages if the additional connection does not

change the previous maximum output. The reason for this differentiation is that grid-neutral battery storage systems conserve grid connection capacities and ensure optimal use of electricity generated or drawn from the grid on site. Co-location with existing facilities enables more efficient use of infrastructure without additional grid load.

Currently, storage facilities are often subject to the same restrictive connection conditions as new generation facilities. The new regulation is intended to create privileged treatment for grid-neutral storage facilities that do not cause additional grid load and thus contribute to the optimization of existing infrastructure.

## Conclusion

Grid expansion is essential for the success of transitions in the energy, heating and transport sectors. The BMW's draft bill promises comprehensive reform of grid connection law. The combination of prioritisation instruments and changes relating to the connection priority of renewable energies is intended to improve the synchronisation of plant and grid expansion. Against this background, the provision of criteria to grid operators for differentiating between grid connection requests is, in principle, to be welcomed in order to avoid grid connection blockages.

However, the legitimate interests of grid operators must not result in risks being shifted unilaterally to project developers and plant operators. Currently, the proposed regulations appear imbalanced, particularly as the connection priority in Section 8 of the Renewable Energy Sources Act (EEG) is set to restrict fundamental rights under renewable energy law.

It can therefore be assumed that the draft will undergo significant amendments during interdepartmental coordination, stakeholder consultations, and the parliamentary legislative process.

Nevertheless, the legislature must provide transitional arrangements, particularly given the lengthy planning and approval periods for energy projects, to prevent devaluing existing investments.

#### Note

This overview is solely intended for general information purposes and may not replace legal advice on individual cases. Please contact the respective person in charge with GÖRG or respectively the author Thorsten Kirch on +49 221 33 66 0 784 or by email to [tkirch@goerg.de](mailto:tkirch@goerg.de). For further information about the author visit our website [www.goerg.com](http://www.goerg.com).

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