

The Proposal for a Regulation on network charges to foster electrification and digitalisation – E.DSO's Initial Reaction

Brussels, 10 September 2026



Key Messages

- E.DSO supports the proposal's clean energy transition objectives, and at the same time **insists network tariffs stay cost-reflective, non-discriminatory, and transparent**, with tariff methodology left flexible for national/regional regulators rather than a one-size-fits-all EU approach.
- **Tariff methodologies and tariff setting must remain within the competence of National Regulatory Authorities** (or regional authorities where applicable), reflecting the significant differences in network structures, investment needs and regulatory frameworks across Europe. Therefore, **E.DSO doesn't support the establishment of harmonised/one-size-fits-all tariff methodologies through delegated or implementing acts.**
- **DSOs must be provided by National Regulatory Authorities (or regional authorities where applicable) with adequate and stable economic conditions** to undertake the anticipatory investments needed to develop and reinforce the grid in line with evolving societal needs. This is essential to deliver the significant increase in network capacity required to support electrification, strengthen energy security, and enable the clean energy transition.
- **Special tariff regimes** (e.g. for data centres, energy-intensive industries, batteries, energy communities) **should not be introduced**: cost-reflective tariffs already reward favourable consumption behaviour, and preferential regimes shift costs onto other users (including households, SMEs and other electricity users) and discourage their electrification. Article 18(2)(a)/ (4) safeguards should be preserved.
- **Public funding** can complement network cost coverage for the scale of investment needed, provided it stays **proportionate**, and does not undermine cost-reflective tariff incentives or the level playing field.
- **Smart grid indicators should remain a tool for dialogue, not benchmarking**, and should be limited in number, set by national regulators rather than ACER. They should also be protected by strong data safeguards, without requiring DSOs to duplicate data already sent to their regulator, and moreover, a separate ACER report would be redundant with national reporting already required under Article 59(1)(l) of Directive (EU) 2019/944.
- Digital/smart/non-wired solutions are welcome but **must complement, not replace, necessary physical grid investment**, and should account for national differences in implementation capacity. Furthermore, they should not be pre-selected or prioritised through the network development planning process. The primary purpose of network development plans should remain the identification of future system needs, infrastructure requirements and flexibility potential, while the choice between reinforcement, flexibility and other solutions should remain context-specific and based on cost-effectiveness.
- The implementation of the **binding targets for smart meters deployments should take account of different starting points, existing national rollout trajectories and the specific circumstances of each Member State.**
- **Lowering the taxation of electricity remains one of the most effective policy levers available to reduce electricity bills and encourage electrification** – taxation remains the component of the electricity bill that policymakers can directly influence.
- **Moving beyond a purely “first come, first served” approach towards transparent and objective prioritisation criteria, in grid connection management, represents a timely step** that can contribute to a fairer and more efficient allocation of scarce network capacity while reflecting national system needs.



1. Introduction

For E.DSO, an association representing Europe's leading electricity distribution system operators (DSO), the Commission's proposal for a **Regulation on network charges to foster electrification and digitalisation¹** represents an important contribution to the discussion on how Europe should support the affordable clean energy transition, the reduction of fossil fuel dependency, and the EU's energy resilience. E.DSO fully supports these objectives, as well as the underlying goals of facilitating the cost-efficient use of grid infrastructure and system-friendly consumption, generation and storage as a contribution to overall system resilience.

2. Network tariffs

Our association stands firmly for keeping **network tariffs cost-reflective, non-discriminatory, revenue-adequate, and transparent²**, principles that we are pleased to see reflected in a general way in the EC proposal. These principles should apply consistently across customer groups, ensuring that tariffs reflect objectively measurable system costs and benefits. Cost-reflectivity does not necessarily imply uniform tariff structures across all network users and voltage levels.

It is worth distinguishing between tariff methodology, which determines how costs are included in tariffs and how they are distributed across different types of customers, and network tariff design, which translates those costs into individual network charges in a transparent and non-discriminatory way. Differences in tariff structures across users and voltage levels belong to this design stage, where system characteristics such as locational or voltage-level cost differences are translated into charges, and should be distinguished from carve-outs for specific customer categories that are not grounded in actual network cost impact.

The application of the different tariff methodology elements set out in Article 18(2) should leave sufficient flexibility for national/regional regulatory authorities to reflect the specific characteristics and needs of their electricity systems. This is particularly important for elements such as locational investment signals, whose effectiveness depends on the specific network conditions and investment needs of each national/regional system. Such flexibility must be accompanied by regulatory certainty and stable remuneration, allowing DSOs to make the long-term investments needed to develop distribution networks while having confidence that efficiently incurred costs will be appropriately recovered.

Within the boundaries of the EU legislative framework, **the National Regulatory Authorities (NRAs) must remain able to take decisions on these topics**, provided transparency and non-discrimination are ensured, taking into account national specificities of energy sector structures and regulatory frameworks. National tariff systems are designed to reflect the specific characteristics of each electricity system, including different grid topologies, demand structures, climate and temperature conditions, heating and load requirements, security of supply

¹ [EUR-Lex - 52026PC0600 - EN - EUR-Lex](#)

² [Powering Europe's Ambitions: E.DSO priorities for an affordable, future-proof distribution grid - E.DSO](#)



considerations, cross border grid integration and energy generation mixes. Measures to improve cost reflectivity are important, but there are no one-size-fits-all solutions.

Moreover, tariff design should preserve a clear distinction between the different categories of charges, including, for example, charges for access to networks, use of the network and network reinforcement. These charges should not be conflated, as they relate to different decisions by network users and different cost drivers for the grid. While E.DSO recognises the Commission's objective of strengthening cost reflectivity, **applying all the proposed tariff methodology principles through a single tariff formula risks making it more difficult to achieve cost reflectivity, transparency and non-discrimination at the same time.** The different tariff elements should therefore be assessed by NRAs in light of local grid specificities and customer behaviour, rather than through a uniform approach at EU level.

Tariff methodologies and tariff setting must therefore remain within the competence of national regulatory authorities (or regional authorities where applicable), reflecting the significant differences in network structures, investment needs and regulatory frameworks across Europe. **Therefore, E.DSO does not agree with the Commission establishing harmonised tariff methodologies through delegated or implementing acts.** In our view, EU legislation should establish common principles and push NRAs towards best practices but not lead to a fully standardised European tariff structure. In other words, E.DSO can support harmonisation of principles, but not a European one-size-fits-all network tariff methodology.

E.DSO doesn't support special tariffs for specific customer categories – such as energy intensive industries, data centres, batteries or energy communities. **Network charges should not become an instrument for social or industrial policy:** support pursuing broader industrial or social policy objectives should, however, be provided through transparent public-policy instruments rather than through uncompensated reductions in network revenues. Any reduction not justified by lower network costs simply shifts costs onto other consumers or public funding. Assessments of special tariff regimes should therefore consider not only the impact on the individual beneficiary, but also the overall costs to the electricity system, including grid costs for other grid users and the burden on taxpayers.

Where tariffs are genuinely cost-reflective, customer-specific behaviour and characteristics should already be reflected therein. A technology-neutral, non-discriminatory approach ensures fair conditions for all consumers while linking each customer's contribution to their actual impact on network costs. **In this context, E.DSO considers it essential to preserve the safeguards in Article 18(2)(a):** tariff methodologies should continue to reflect relevant operational and capital expenditure, including anticipatory investments and an appropriate return on investment, while excluding costs that support unrelated policy objectives.

The proposal's recognition that Member States may partially cover network costs through public funds under clearly defined conditions is also a welcome development. Delivering Europe's electrification objectives will require an unprecedented expansion and modernisation of electricity grids, with a corresponding increase in investment needs. In this context, public funding can provide a valuable complementary tool to support the necessary grid investments while limiting the impact on consumers. At the same time, E.DSO welcomes the safeguards laid down in Article 18 (4), which ensures that any use of public funds remains proportionate and does not undermine the incentives created by cost reflective network tariffs for the efficient development and use of the electricity system. Given that Member States may adopt different

approaches to public funding, these measures should also be implemented in a way that preserves a level playing field across the internal market and ensures that tariff mechanisms themselves preserve the long-term financeability of the system.

3. Smart and digital solutions

E.DSO also takes note of the proposal requiring regulatory authorities to establish **performance indicators** and carry out efficiency comparisons among distribution system operators. E.DSO supports a cautious approach: mandatory DSO benchmarking is not appropriate under every national regulatory model, and some Member States have moved away from DSO benchmarking altogether, partly reflecting the difficulty of achieving meaningful comparability even within a single Member State. Any benchmarking exercise should **fully reflect the operational realities under which DSOs operate**, taking into account national circumstances and differences in network characteristics, including differences in voltage levels and in the roles and responsibilities of system operators arising from national regulation, as not all DSOs act as meter reading companies, install digital meters or take on the role of market facilitator.

At E.DSO we recognise the Commission's initiative but deem it necessary to emphasise that DSOs are already subject to extensive reporting obligations, and these new requirements **should not create additional administrative burden**. The proposed implementation actions have to be built on already existing information in such a way that they can be practically implemented in all Member States. The level of detail of the information to be published should remain proportionate and preserve the confidentiality of commercially sensitive information.

Furthermore, efficiency comparisons between DSOs from different Member States should be approached with caution, as differences in regulatory frameworks, methodologies and local circumstances may limit the comparability of the results. Before the results of national comparisons are used across Member States, **ACER should assess whether sufficient comparability exists and clearly demonstrate the added value of such an exercise, as well as the quality of the national regulations**. This is particularly important in the context of the ongoing efforts to reduce unnecessary administrative burdens.

Moreover, cross-country benchmarking should also not lead to automatic regulatory consequences or be directly linked to the determination of DSO revenues or efficiency targets, and the EU DSO Entity should be fully involved in the development of common indicators and related methodologies.

The proposal's emphasis **on supporting non-wire, smart and digital solutions is also positive** and reflects the growing importance of digitalisation in the operation and expansion of electricity networks. However, they **should be a complement and not a substitute to physical network reinforcements**. In the current context of insufficient network capacity and growing connection demand, prioritising digital solutions should therefore be carefully assessed, as they cannot remove the need for timely and forward-looking reinforcement and expansion of the grid. In other words, **giving priority to digital solutions should be carefully assessed – on the basis of their techno-economic efficiency and local network needs** – and will not remove the need for a major step-up in investments in physical grids, nor the fact that both types of investment often go hand in hand (physical network reinforcements often can make non-wire solutions more effective).



Delivering Europe's electrification and renewable deployment objectives will continue to require a substantial increase in investment in electricity grids – non-wire, smart and digital solutions may complement, defer or, where appropriate, avoid certain physical investments, but should not be given systematic regulatory priority over network reinforcement.

Therefore, **the prioritisation of non-wire solutions in the DNDPs (as proposed in article 18a, paragraph 1) is a major concern for DSOs.** Non-wire and flexibility solutions can play an important role but **should not be pre-selected or prioritised through the network development planning process.** The primary purpose of network development plans should remain the identification of future system needs, infrastructure requirements and flexibility potential, while the choice between reinforcement, flexibility and other solutions should remain context-specific and based on cost-effectiveness.

The proposed **binding targets for smart metering deployment** recognise the important role that smart meters can play in supporting the evolution towards a more flexible and digital electricity system. However, **the implementation of these targets should take account of different starting points, existing national rollout trajectories and the specific circumstances of each Member State.** Achieving the proposed timelines will require more than financial resources alone and will depend on the availability of the necessary technical capacity, supply chains and operational readiness to deliver large-scale deployment. E.DSO therefore stresses the importance of ensuring that the implementation framework is proportionate and takes into account the practical challenges associated with accelerating smart meter deployment, while providing the necessary regulatory conditions for DSOs to carry out the required investments.

4. Taxation

E.DSO strongly supports the proposal's provisions on electricity taxation. Lowering the taxation of electricity remains one of the most effective policy levers available to reduce electricity bills and encourage electrification. While electricity generation costs are determined by market conditions and network charges reflect the regulated costs of operating and developing the network, taxation remains the component of the electricity bill that policymakers can directly influence.

5. Grid connection management

Finally, **E.DSO welcomes the proposal's approach to grid connection management in situations of network congestion.** Moving beyond a purely "first come, first served" approach towards **transparent and objective prioritisation criteria represents a timely step** that can contribute to a fairer and more efficient allocation of scarce network capacity while reflecting national system needs. These criteria **should be established by national authorities** (or regional where applicable), after consulting system operators, whose operational experience is essential to ensuring that connection management remains both effective and proportionate.

At the same time, **improved connection management cannot replace the need to address the underlying availability of grid capacity.** Electrification and the integration of renewable energy require sufficient capacity throughout the electricity system. DSOs are investing in grid expansion, digitalisation and modernisation to facilitate the energy transition and connect



customers, but these efforts also depend on sufficient capacity being available from the upstream network.

6. Conclusion

As the legislative process advances, E.DSO looks forward to working constructively with the European institutions and stakeholders **to ensure that the final framework preserves cost reflectivity, leaves tariff methodologies to national regulatory authorities while ensuring efficient implementation of the fundamental principles, supports the investment required in electricity grids and provides DSOs with the regulatory certainty needed to deliver the energy transition.**