

ENTSO-E Initial Comments on the European Commission Proposal for a Regulation on Future-proofing Electricity Bills in the Union

Brussels, 23 July 2026

ENTSO-E welcomes the Commission's proposal for a Regulation amending Regulation (EU) 2019/943 as regards future-proofing electricity bills in the Union through reducing system costs and fostering electrification and digitalisation, as adopted on 17th of July 2026. ENTSO-E supports well-designed principles for network charges for system users and fair remuneration frameworks for grid operators, as well as the acceleration of smart meter deployment and fair taxation for electricity. However, to ensure the final proposal fully achieves its goals, it requires amendment to strike the right balance between affordability and financeability, therefore providing measures to enable affordable electricity for consumers, while allowing TSOs to attract capital and finance the unprecedented grid investments required for an energy transition that delivers competitiveness and security. Based on an initial check, ENTSO-E recommends amending the proposal to:

- **Ensure that remuneration frameworks for TSOs provide investors with market-based risk-return profiles**, to attract the capital needed for investments in electricity grids.
- **Provide incentives that support a wider range of policy objectives**, beyond just cost efficiency, that deliver tangible benefits for consumers and ensure that these are defined at the national level.
- **Rely on subsidiarity and flexibility** for the design of cost-reflective network tariffs and remuneration frameworks.
- **Incentivise national regulators to explore with TSOs alternative efficiency tools** instead of mandating a top-down, one-size-fits-all efficiency benchmarking.

ENTSO-E believes that the energy transition needs a much more electrified economy, powered by all carbon neutral generation, to enable greater independence and resilience. Moreover, for timely investments in grids to be realised, TSOs need predictable and forward-looking regulatory regimes with the prospect of obtaining fair and competitive returns on their investments.

ENTSO-E supports:

- **Sound design principles for network charges for system users**, including cost-reflectiveness, transparency and non-discrimination (within Art.18(1), and provisions encouraging system users to contribute to the optimal use of grids (for instance, in Art. 18(2) points (d), (e), (f), (g), (h), (I)).
- **Well-designed principles for remuneration frameworks**, including the recognition of CAPEX and OPEX as well as costs for anticipatory investments (within Art. 18(2)(a)), while providing incentives for the cost-efficient operation and development of networks and optimising grids (Art. 18(2)(c)).
- **Rapid smart-meter deployment** (Art. 18b), since slow rollout poses a major obstacle to grid observability and controllability and prevents measures and balancing at 15-min resolution for small assets. Deployment of smart meters and ensuring access to data are key for tapping flexibility potential.
- **Fair taxation for electricity** (Art. 18c), since the decision to electrify depends heavily on the respective costs of electricity vs traditional (fossil) energy sources, therefore higher taxation on electricity consumption compared to gas or other carbonised energy consumption should be abandoned.

ENTSO-E recommends amending the proposal in order to:

- **Ensure that remuneration frameworks for TSOs provide investors with market-based risk-return profiles**, to attract the capital needed for investments in electricity grids. Since TSOs compete with

other industries for capital, competitive remuneration frameworks are key to both attracting investors and keeping capital costs, including debt, low for tariff payers. **Therefore, Art. 18 should:**

- **Include a dedicated provision** on the requirement for an adequate, market-based, risk-reflective and internationally competitive return.
 - **Ensure that TSOs' financial flexibility is not restricted**, by avoiding the penalisation of grants (including CEF funding) and other capital contributions within financing structures.
 - **Clearly differentiate** the provisions corresponding to principles for remuneration from principles for network tariff design.
- **Provide incentives to TSOs that support a wider range of policy objectives, beyond just cost efficiency, that deliver tangible benefits for consumers and ensure that these are defined at the right level.** Incentives should reflect not only performance but also the risk borne by TSOs. They should evolve beyond cost efficiency to also cover operational performance, and be more forward-looking, acting primarily as a reward rather than a penalty. Next to this, Member States should retain responsibility for implementation, including whether to introduce performance targets and how to adapt them to national energy and climate targets. Additionally, **smart electricity grid indicators** should guide national investment decisions tailored to national priorities/context in line with energy system goals. Hence, national regulators, in consultation with TSOs, should remain responsible for tailoring and applying these indicators in a way that aligns with local characteristics and policy objectives. **Therefore, Art. 18 should:**
 - **Set a wider set of incentives**, including missing incentives from existing Art. 18(2) such as fostering market integration and security of supply. Also, the updated Art. 18 should add incentives for grid security (including physical and cybersecurity), stability and resilience, in light of the current geopolitical situation and increasing scale and speed of threats to the electricity grid.
 - Ensure that regulators set, **where appropriate**, performance indicators (cf. existing Art. 18(8)).
 - **Rely on subsidiarity and flexibility for the design of cost-reflective network tariffs and remuneration frameworks.** Tariff structures should naturally vary between countries due to national differences in generation technologies, geographical distribution of generation and consumption, topology, and costs. This is a direct application of the subsidiarity principle (Art. 5 TFEU) and Member States' and national regulators' competences on fixing and/or approving network tariffs (Art. 59(1)(a) of Directive (EU) 2019/944). While having clear, consistent and cost-reflective high level common principles for tariff setting is welcome, harmonisation of tariff structures will prevent cost-reflective tariff setting at the national level and lead to negative impact in the future. **Therefore, ENTSO-E proposes removing the possibility for the EC to adopt binding guidelines as in new Art. 61(5a) on common structure and harmonised methodologies on tariffs pursuant to Art. 18, and on smart grid indicators pursuant to Art. 18a. Instead, the EC should provide recommendations.**
 - **Incentivise national regulators to explore with TSOs alternative efficiency tools instead of mandating a top-down one-size-fits-all efficiency benchmarking.** As TSOs differ significantly in terms of system size, grid characteristics, geographical and national context, meaningful top-down comparisons are difficult. Previous international benchmarking studies have shown that TSO efficiency benchmarking models are not reliable and do not produce usable insights. As such, national regulators are best placed to ensure cost-efficiency, considering local circumstances. Measuring TSOs' performance should not focus only on cost-efficiency in general but rather on the outputs (e.g. successful and timely implementation of a project considering its national and local context). National regulators should find a balance between short-term efficiency, mid-long-term effectiveness and real contribution to European competitiveness. **Therefore, ENTSO-E proposes amending Art.18 (7) so that the revised framework preserves the role of NRAs in exploring together with TSOs appropriate cost-efficiency tools.**