

Preliminary assessment of leaked proposal – EU Commission on futureproof electricity bills

As German TSOs, we recognise the fundamental benefits of European cooperation and further harmonization of rules. Several elements of the Commission's initiative, i.e. reinforcing cost-reflective tariff principles (Art. 18(1)), strengthening locational investment signals e.g. for data centers, and supporting electrification via electricity taxation (Art. 18c), are clearly welcomed.

However, the current draft prescribes details in regulations that were up to now defined purely at national level or are currently being redefined in Germany (e.g. AgNes, Baukostenzuschuss, Reifegradverfahren, StromVKG). These risks creating **regulatory overlaps and inconsistencies**, and may require national reforms to be revisited. In particular, the introduction of more binding EU rules on tariff structures and methodologies (i.e. under Article 61(5a)) should be approached with caution.

At the same time, this legal proposal can also be an opportunity to **strengthen the regulatory framework by making it investment ready**. To smoothly integrate increasing amounts of renewable energy into the system, we will need to invest heavily and therefore reliably attract capital. This requires clear provisions for adequate, risk-reflective and internationally competitive returns on equity (RoE). The current draft does not address this issue and should be strengthened, i.e. by introducing a new provision to Art. 18.

Equally important is preserving a broad and effective **incentive framework (cf. Art 18 (2) c)**. Network tariffs are not only about cost recovery, but also tools to drive system transformation. Incentives should therefore also support system resilience, security of supply, integration of renewables and flexibility, as well as innovation and digitalisation. However, for incentive frameworks to remain effective, NRAs must preserve a certain degree of flexibility, i.e. retain the ability to define and apply performance indicators in line with national conditions and priorities, including in the area of smart grids.

Furthermore, the implementation of the proposed measures according to the leaked version (i.e. benchmarking, Art. 18(7)) would add significant **additional bureaucratic effort** for grid operators, NRAs and ACER, in many respects without the specific benefits being clear. Before these regulations come into force, an **impact assessment** would be at least necessary. Therefore, the four German TSOs recommend refraining from purely top-down efficiency benchmarking and instead incentivizing national regulators to explore and discuss new and alternative efficiency tools together with TSOs. As TSOs differ significantly in terms of grid characteristics as well as geographical and national context, meaningful comparisons are difficult. Measuring TSOs' performance should not focus solely on general cost-efficiency, but rather on outputs, such as the successful implementation of projects. Regulators should therefore seek an appropriate balance between short-term efficiency and medium- to long-term efficiency and effectiveness.

More generally, the move towards prescriptive EU-level rules should be handled with care. There are good examples of how more proportionate EU action can work in practice: the Commission's guidance on grid connections in 2025 was helpful without limiting national flexibility.

Overall: a more balanced approach that strengthens investment conditions and incentives is needed while preserving national flexibility.