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Delegations will find attached the opinion adopted by the European Economic and Social Committee on the above-mentioned proposal.

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European Economic and Social Committee

# OPINION

European Economic and Social Committee

## Future-proofing electricity bills in the EU

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Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2019/943, as regards future-proofing electricity bills in the Union, through reducing system costs and fostering electrification and digitalisation
(COM(2026) 600 final)

**TEN/892**

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| Legislative procedure | EU Law Tracker |
| Referral | European Parliament, 23/7/2026 |
| Legal basis | Articles 192(1), 194(2) and 304 of the Treaty on the Functioning of the European Union |
| European Commission documents | COM(2026) 600<br>Summary of document COM(2026) 600 |
| Relevant Sustainable Development Goals (SDGs) | SDG 7 Affordable and Clean Energy |
| Section responsible | Section for Transport, Energy, Infrastructure and the Information Society |
| Adopted in section | 6/10/2026 |
| Adopted at plenary session | 21/10/2026 |
| Plenary session No | 609 |
| Outcome of vote (for/against/abstentions) | 208/1/2 |

## 1. RECOMMENDATIONS

There is often little awareness of just how complex the electricity system is. The very specific physical constraints involved, combined with liberal regulatory mechanisms, make it a very unusual market.

Electrification of the European economy, using increasingly decarbonised means of generation, is imperative in order to overcome our dependencies and combat climate change. However, this electrification can only be achieved with sustainable, high-quality and affordable electricity.

The European Economic and Social Committee (EESC)

1.1 strongly recommends embracing a holistic approach to our electricity system. Consolidated, reliable and near-real-time data covering how electricity is generated and delivered will be needed quickly to underpin the system's overall efficiency. This systemic approach was put forward by the EESC in its recent opinions TEN/863, TEN/865 and TEN/876[1]. Adopting this approach requires increased collaboration between transmission system operators (TSOs) and distribution system operators (DSOs). More extensive cooperation between TSOs and DSOs is needed;

1.2 calls for the right signals to be sent to the markets as regards grid access charges, based on the following fundamental principles:

- reflect the costs of grid operators as accurately as possible, gradually phasing out the injection tariff to reduce consumers' bills whilst safeguarding investment in production capacity;
- introduce hourly, seasonal or dynamic tariffs, based on a local pricing approach;
- set the price for grid connections on the basis of the costs that pertain in the location concerned, ensuring alternative mechanisms for energy access, especially for isolated and vulnerable households; promote local pricing of grid connections;
- remove the tariff exceptions that were often put in place when certain sectors needed to be supported;

1.3 advocates developing flexibility in various areas. To this end, there is a need to:

- put forward emerging concepts, such as flexible connection agreements (FCAs), which reduce connection times, in exchange for greater flexibility in grid usage, through peak shaving and demand response;
- guard against the risks of double remuneration. It should not be possible to receive multiple public subsidies;

1.4 suggests updating the approach to managing grid connection queues, by:

- moving from the current 'first come, first served' principle to a more efficient way of managing electrification, based on different criteria, such as the 'first ready, first served' or the 'contribution to the energy strategy' principle;

[1] OJ C, C/2026/3238, 2.7.2026, ELI: http://data.europa.eu/eli/C/2026/3238/oj, OJ C, C/2026/2540, 22.5.2026, ELI: http://data.europa.eu/eli/C/2026/2540/oj and EESC opinion on Ensuring affordable and stable energy for the European energy-intensive industries using the example of the chemical sector (not yet published in the OJ).

– making grid capacity reservations subject to financial constraints or cancellation clauses; however, capacity reservations should not be cancelled where delays result from permitting, public-infrastructure or State-aid procedures outside the applicant's control;
– introducing new prioritisation rules for grid connections, in line with the electrification goal. These rules could be used to prioritise withdrawal connections rather than injection connections, but could also enable prioritisation on the basis of need, as determined by the regulator or legislator. For example, this could apply to industrial activities or specific uses such as light mobility or heavy mobility;

1.5 calls for an emphasis on incentive-based rules to help TSOs/DSOs to improve their operational performance and financial stability; also suggests developing a total expenditure approach (TOTEX) in order to avoid a race to increase capital expenditure (CAPEX), which forms the basis of grid operators' remuneration;

1.6 recommends that grid operators be required to put systems in place to provide the data needed for near-real-time management across the whole grid. Achieving security of supply – with energy mixes that give pride of place to renewable energy – requires smart grids and the digitalisation of every layer of the electricity grid, from national grid control centres to the metering of all delivery points. This means deploying smart meters – by 2035 at the latest – across the entire European electricity grid, with ambitious interim targets set at EU level;

1.7 suggests leaving it open to Member States to use levers that are not necessarily in line with the recommendations set out above, in order to maintain a social and economic balance, in particular with regard to spatial planning needs. For example, tariff equalisation and the 'postage stamp' tariff principle are extremely important for residential customers. Under this principle, electricity can be accessed at the same price in any part of the country, including in non-interconnected areas, and services can also be provided by DSOs at a fixed price, regardless of location;

1.8 calls for a minimum EU wide tax differential between electricity and natural gas and for direct and indirect taxation on electricity to be reduced to a minimum at Union level, so that it is significantly lower than taxation on fossil fuels. The tax rate applied to electricity bills must, as a matter of principle, be significantly lower than the rate applied to fossil gas, heating oil and coal. At the same time, the EESC underlines that Member States competences, subsidiarity principle and Article 115 of the Treaty must be respected. And finally, believes that the issue of the electricity system's cyber security, as well as the protection of consumers' personal data, is absolutely critical. The digitalisation of the electricity system is well under way and must continue, but it must absolutely take into account the absolute necessity of system resilience and consumer protection.

## 2. EXPLANATORY NOTES

The EESC has issued a number of opinions on the subject of electricity prices, and this topic is now being looked at from the perspective of speeding up the electrification of our economy. The EESC's recommendations are all focused on moving to the systemic approach that is needed to achieve an overall optimum economic situation for the electricity system, while keeping electricity bills down.

Grid charges account for a significant proportion of those bills; it is therefore appropriate to analyse these charges in order to minimise them, without compromising the safety of the electricity grid.

Electricity bills are made up of the following components:

- the 'energy' part, i.e. the costs related to the generation of the electricity; this constitutes a considerable portion of the total bill, approximately one third;
- the 'delivery' component, which will be the focus of our attention in this opinion; this constitutes the costs of transporting the electricity through the transmission and distribution networks. These costs are mainly linked to the maximum power demand and typically account for one third of the total bill;
- taxes, such as excise duties and VAT, as well as some other specific levies. This part also accounts for about one third of the bill.

*Arguments in support of recommendations 1.1, 1.3 and 1.7*

2.1 Reducing the energy part of the bill involves enabling consumers to buy electricity at regulated and predictable prices per kilowatt-hour (kWh), either on the markets or from their supplier. Firstly, aligning consumption and generation patterns as closely as possible enables electricity prices on the markets to be reduced as much as possible. The more electricity generation is decentralised, the more that alignment must be achieved locally. Aligning these two elements, at the relevant geographic level, requires controllable or flexible means of generation, along with consumption that is also flexible. Flexibility when it comes to use is therefore essential. Secondly, contract depth, with long-term contracts or power purchase agreements (PPAs), provides an incentive for suppliers to generate electricity ad hoc, in line with customer demand.

*Arguments in support of recommendations 1.1, 1.2, 1.3, 1.5, 1,6 and 1.7*

2.2 Reducing the delivery part of the bill will help reduce the total amount of the bill, both in terms of grid charges and the related taxation. Reducing electricity delivery costs concerns both transmission systems (TSOs) and distribution systems (DSOs), and centres on managing operational expenditure (OPEX) and capital expenditure (CAPEX). Reducing TOTEX (CAPEX + OPEX) starts with making efficient use of existing infrastructure and involves the following key aspects:
   - reducing grid reinforcement needs:
     - by developing flexibilities that enable injection and withdrawal needs to be met without having to increase the physical capacity of the grid;
     - through regulation that encourages the optimisation of existing infrastructure, rather than through physical investments;
   - putting an emphasis on local approaches (for DSOs):
     - in order to minimise losses due to the Joule effect;
     - in order to develop (real) self-consumption;
   - designing pricing to smooth peaks:

  - through seasonal or even dynamic tariffs, to encourage consumers not to place demands on the grid at the same times (attention should be paid to the complexity of having dynamic pricing for both the 'energy' part and the 'delivery' part);
  - through peak-shaving contracts for both withdrawal and injection (increasingly frequent in the case of injection);
- very closely managing the state of the grid (inflows and outflows):
  - through more and more real-time and predictive management, with data at delivery and injection points, using smart meters, and with ever more accurate grid management (making use of large-scale computing power and artificial intelligence);
  - with the possibility of processing environmental data (temperature, rain, wind, sun) in order to make full use of the capacities of existing infrastructure.

*Arguments in support of recommendations 1.1, 1.2, 1.6 and 1.7*

2.3 The systems used for electricity grid charges vary widely across Europe. Moreover, the separation between transmission and distribution systems also varies. In continental Europe, transmission grids operate at voltage levels ranging from 63 kV (France) to 220 kV (Spain).

Grid charges (TSOs and DSOs) are made up of three types of costs:

- investment costs: these relate to meeting the need for new infrastructure, renovating or upgrading existing infrastructure, and updating and digitalising the grid, and making it more resilient;
- management costs: these include technical and non-technical losses, the real-time operation of infrastructure, and system services;
- specific costs: these include costs arising from grid connections, the implementation of flexibilities and storage.

These charges should enable the TSOs and DSOs to carry out their tasks under the supervision of regulators, as well as to generate a return on the capital invested. The grid access pricing structure must send out the right pricing signals at the right geographical level. Individual system-service tariffs should be permitted where a stable and predictable load profile demonstrably reduces balancing and system costs.

*Arguments in support of recommendations 1.1 and 1.6*

2.4 Action should also be taken on energy in transit.

The more that energy needs to be transported through transmission and distribution networks, the more the grid needs to be bolstered in order to accommodate all of this energy that is generated in one place and consumed in another (sometimes very distant) location. The more that electricity is consumed where it is generated, the more scope there is to contain the level of grid investment required. EESC opinions TEN/884 and TEN/854[2] addressed these issues.

2 EESC opinion on Small modular reactors (not yet published in the OJ) and OJ C, C/2026/27, 16.1.2026, ELI: http://data.europa.eu/eli/C/2026/27/oj.

*Arguments in support of recommendation 1.1 and 1.6*

2.5 The density of infrastructure needs to be addressed.

The more extensive and diffuse the grid, the more expensive it is for consumers. In equalised systems, whether they be perfectly equalised or equalised through compensation, all consumers have to cover the costs generated by distribution and transmission networks. The costs for European TSOs and DSOs of an overly permissive diffuse connection policy amount to tens of billions of euros.

Initiatives exist, such as the regional renewable energy grid connection schemes (S3RenR) in France. These aim to give priority to grid connections in areas already connected to the grid, and have ad hoc power reserves.

*Arguments in support of recommendations 1.2 and 1.3*

2.6 Action must be taken on maximum demand and contracted capacity.

Efforts to make the delivery of electricity as economically efficient as possible, and thus to reduce energy bills, must involve smoothing out power peaks in order to avoid designing the infrastructure in line with the peak of the load curve. Power peaks could be limited by:

– limiting injection flows in order to stay below the maximum supported power;
– seeking flexibility on the demand side, with the same objective as for the previous point;
– rolling out storage solutions to 'relieve' the grid, with the expectation of generating profits from these schemes;

developing (real) self-consumption so as to avoid injecting excess energy at times when the grid cannot absorb it.

*Arguments in support of recommendations 1.2 and 1.5*

2.7 In full independence from operators and the executive, regulators are responsible for ensuring that the following elements are in place:

– a fair return on capital invested;
– good coverage of OPEX and CAPEX and, for certain regulations, TOTEX (TOTEX = OPEX + CAPEX);
– incentives aimed at achieving continuous increases in efficiency.

The main cost drivers for grid operators are:

– maximum power demand (or contracted capacity);
– energy in transit;
– technical and non-technical losses;
– density of infrastructure;
– load profiles and the flexibilities that they require.

*Arguments in support of recommendations 1.2, 1.6, and 1.8*

2.8 The taxation applied to electricity bills should be reduced. The goal of achieving carbon neutrality can no longer be reconciled with taxation that is more favourable to fossil fuels than to electricity. Electricity in Europe is becoming more and more decarbonised and the EU's sovereignty in this area is increasing; it therefore makes total sense to speed up the electrification of our economy. It follows that the tax burden must shift from electricity to fossil fuels.

VAT on electricity should also be reduced for the sake of consistency. Electricity meets essential needs and should therefore benefit from a reduced rate. At the same time, the EESC underlines that Member States competences, subsidiarity principle and Article 115 in the Treaty must be respected.

Finally, electricity consumers should no longer have to bear the costs associated with the development of generation capacity in their electricity bills. Network charges should not be used to fund energy mix policies.
Finally, consideration should be given to allocating a portion of the revenue generated by the emissions trading scheme to reduce the tax burden on electricity or to help fund certain infrastructure projects, such as interconnectors, connections for large-scale industry or the cybersecurity of electricity systems.

*Arguments in support of recommendation 1.6*

2.9 Technical and non-technical losses should be addressed.

Transporting electricity results in two types of loss: more energy is fed into the grid than is ultimately billed for. These losses are ultimately passed on to all consumers.

The first type of loss is inherent in the operation of an electricity system and is referred to as 'technical loss'. These mainly include losses due to the Joule effect (i.e. cables heating up) and 'iron losses' (i.e. the creation of a magnetic field in the core). Around 5% of the total energy currently injected into Europe's grids is lost in this way.

In addition to technical losses, a significant amount of energy is injected without being billed for. These are known as 'non-technical losses', which can be broken down into two categories: energy used fraudulently, and energy used but not measured by grid operators (mainly due to metering errors). Unlike technical losses, non-technical losses cannot be assessed in principle, but total losses are estimated at around 8%. This is an important issue for reducing bills.

## 3. PROPOSED AMENDMENTS TO THE LEGISLATIVE PROPOSAL OF THE EUROPEAN COMMISSION

**Amendment 1**

linked to recommendation 1.5 (Article 18 (2a) COM(2026) 600 final

Amends as follows:

| Text proposed by the European Commission | EESC amendment |
|---|---|
| (a) reflect the costs of transmission and distribution system operators, insofar as ***those costs*** correspond to ***those*** of an efficient ***and*** structurally comparable system operator***, considering*** both capital and operational expenditure***, including*** costs related to anticipatory investment, but not costs supporting unrelated policy objectives. | (a) reflect the costs of transmission and distribution system operators, insofar as ***they*** correspond to ***the costs*** of an efficient structurally comparable system operator***. Consider*** both capital and operational expenditure ***using a total expenditure (TOTEX) approach. Include*** costs related to anticipatory investment but not costs supporting unrelated policy objectives. |

| Reason |
|---|
| Incentive-based rules should be introduced to help TSOs and DSOs improve their operational performance. Adopting a total expenditure approach (TOTEX) is essential to prevent a race to increase capital expenditure (CAPEX), which has traditionally formed the basis of grid operators' remuneration. |

**Amendment 2**

linked to recommendation 1.1 (Article 18a (4)) COM(2026) 600 final

Amends as follows:

| Text proposed by the European Commission | EESC amendment |
|---|---|
| ***Transmission*** system operators and distribution system operators ***shall*** manage and exchange grid data ***to enable the development, deployment and effective use of smart electricity grids in order to*** ensure the efficient, secure and flexible operation of the electricity system. | ***To enable the development, deployment and effective use of smart electricity grids, transmission*** system operators and distribution system operators ***must collaborate to*** manage and exchange ***reliable, near-real-time*** grid data***. This will*** ensure the efficient, secure and flexible operation of the electricity system. |

| Reason |
|---|
| A holistic approach requires consolidated, reliable and near-real-time data covering how electricity is generated and delivered to underpin the system's overall efficiency. Adopting this approach requires increased collaboration between transmission system operators (TSOs) and distribution system operators (DSOs). |

**Amendment 3**

linked to recommendation 1.9 (Article 18a (5) COM(2026) 600 final

Amends as follows:

| Text proposed by the European Commission | EESC amendment |
|---|---|
| (b) technical and operational measures to comply with relevant energy, cybersecurity and data legislation, in particular Regulation (EU) 2023/2854, Regulation (EU) 2016/679 and Regulation (EU) 2024/1689 of the European Parliament and of the Council**;<br>(c) safety and cybersecurity measures to ensure the safe integration of developed solutions within the internal processes and operations of transmission and distribution system operators;<br>(d) technical and operational measures to ensure the operation, maintenance and updates of the digital tools resulting from the data exchange framework throughout their overall lifecycles towards deployment and operational integration into the grid; | (b) technical and operational measures to comply with relevant energy, cybersecurity and data legislation, in particular Regulation (EU) 2023/2854, Regulation (EU) 2016/679 and Regulation (EU) 2024/1689 of the European Parliament and of the Council**;<br>(c) safety and cybersecurity measures to ensure the safe integration of developed solutions within the internal processes and operations of transmission and distribution system operators***, ensuring the absolute resilience of the electricity system and the strict protection of consumers' personal data***;<br>(d) technical and operational measures to ensure the operation, maintenance and updates of the digital tools resulting from the data exchange framework throughout their overall lifecycles towards deployment and operational integration into the grid; |

| Reason |
|---|
| The new threats, which have been significantly exacerbated by the development of AI, make it essential to ensure the highest possible levels of security for the electricity system and the protection of consumers. |

**Amendment 4**

linked to recommendation 1.6 (Article 18b (1)) COM(2026) 600 final

Amends as follows:

| Text proposed by the European Commission | EESC amendment |
|---|---|
| Member States shall ensure the deployment in their territories of smart metering systems covering at least 50 % of all final customers by 31 December 2030 and 75 % of all final customers by 31 December 2033. | Member States shall ensure the deployment in their territories of smart metering systems covering at least 50 % of all final customers by 31 December 2030***,*** 75 % of all final customers by 31 December 2033***, and 98 % of all final customers by 31 December 2035***. |

| Reason |
|---|
| To achieve security of supply with a high proportion of renewable energy, every layer of the electricity grid must be fully digitised. To provide near-real-time data for system management, smart meters must be deployed across the entire European electricity grid by 2035. |

**Amendment 5**

linked to recommendation 1.8 (Article 18c (2)) COM(2026) 600 final

Amends as follows:

| Text proposed by the European Commission | EESC amendment |
|---|---|
| Member States shall apply a tax differential on the excise duties regulated under Council Directive 2003/96/EC between electricity and natural gas, such that electricity is ***taxed at a rate that is not higher*** than ***the rate*** applied to ***natural gas, in accordance with the principle set forth in paragraph 1.*** | ***In accordance with the principle set forth in paragraph 1***, Member States shall apply a tax differential on the excise duties regulated under Council Directive 2003/96/EC between electricity and ***fossil fuels (such as*** natural gas, ***heating oil and coal),*** such that ***the tax rate on*** electricity is ***strictly lower*** than ***that*** applied to ***fossil fuels***. |

| Reason |
|---|
| Direct and indirect taxation on electricity should be minimised so that it is lower than the tax on fossil fuels. As a matter of principle, the tax rate applied to electricity bills should be lower than the rate applied to fossil gas, oil and coal. |

Brussels, 21 October 2026.

*The President of the European Economic and Social Committee*
*Séamus BOLAND*