EUROPEAN METALS

The European non-ferrous metals association.

Proposal for a cap on network tariffs for energy-intensive industries

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Competitive and predictable access to clean electricity is crucial for securing the future of Europe's energy-intensive industries. The Clean Industrial Deal State Aid Framework provides a clear key performance indicator in this regard: 50EUR/MWh as a maximum of total electricity costs for industry.

However, the EU's industrial base faces an existential crisis due to still high electricity prices and system costs. Central to this challenge are grid costs, a growing component of the industrial electricity bill, which have become a structural burden for EU's energy-intensive industries. Furthermore, the current patchwork of national network tariffs creates significant price disparities between Member States, making a harmonized approach necessary to restore a level playing field and prevent the fragmentation of the Single Market.

We call on EU decision-makers to introduce a cap on network tariffs for energy-intensive industries.

➢ Why is such a cap needed?

The scale of investments needed to modernise and expand European grids, estimated by the Commission at nearly **€1.2 trillion by 2040**[1], are inevitably exerting significant upward pressure on network tariffs. ACER projects a **doubling of 2022 grid costs by 2050**[2] while the Norwegian TSO estimates **a five-fold network tariff increase by 2035**. This upward trend is already evident in Germany, where **grid costs have doubled since 2020**.

As price-takers (with metals prices set globally on the London Metals Exchange), non-ferrous metals (NFM) producers cannot pass high electricity prices and costs on to consumers and remain exposed to global competition from third-countries competitors who benefit from significantly lower power prices and costs.

[1] Artelys, LBST, Trinomics, Finesso, A. et al., Investment needs of European energy infrastructure to enable a decarbonised economy , 2025

[2] ACER, Report on Electricity Infrastructure Development to Support a Competitive and Sustainable Energy System, 2024

Though an optimized and modernised European electricity grid is essential to delivering clean electricity supply, policy must therefore ensure that rising costs resulting from grid upgrades do not translate into higher network tariffs for industries exposed to global competition, adding to their energy cost burden and compromising their ability to compete internationally. Network tariff frameworks should also ensure a fair distribution of grid costs, reflecting the efficient use of the network by industrial consumers, including their stable consumption profiles, high utilisation rates, and limited need for system balancing.

In addition, a harmonized EU framework for network tariffs is essential to mitigate the widening price disparities between Member States, while preserving the integrity of the Single Market.

➢ How would this cap work in practice?

Drawing on the regulatory precedent for power producers set by Commission Regulation 838/2010 annex part B, a similar cap for energy-intensive industries would limit annual average network access charges to a legal range of €0 to €1.2/MWh.

It does not constitute a rigid price limit on individual transactions. It would work as an annual average ceiling aggregated at the national level. National Regulatory Authorities (NRAs) would assess compliance through an *ex-post* evaluation conducted at the conclusion of each fiscal year, as it is currently the case for transmission charges paid by power producers. If a Member State's average network access charge surpasses the regulatory threshold, the relevant authorities would be mandated to implement corrective measures, such as the adjustment of subsequent tariff structures or the provision of a refund mechanism, to ensure the effective rate aligns with the established legal limit.

➢ What would be the legal basis for such a cap?

The introduction of such a mechanism may be achieved by amending the Electricity Regulation (2019/943) to grant the Commission the mandate to adopt an implementing act establishing the methodology for the calculation of these annual average charges, based on the same principles laid down by the Commission Regulation (EU) 838/2010. *(See our amendment proposal in Annex)*

If the Union already recognizes that wide variations in grid charges for power generators undermine and fragment the internal market, the same logic must apply to energy-intensive consumers. Implementing a cap would provide energy-intensive industries with the visibility and certainty required for their investments, while preventing uneven network tariff increases across Member States from distorting the internal market's level playing field.

➢ Who would be covered by this cap?

To preserve the level playing field on the internal market and to ensure that the cap is strictly targeted at industries whose global competitiveness is most threatened by high network costs, it would apply to energy-intensive consumers defined as industrial installations belonging to sectors or sub - sectors deemed to be at significant risk of carbon leakage as set out in Article 10b of ETS Directive (2003/87/EC). This provides a legally objective and non-discriminatory definition of the beneficiaries.

➢ What exactly is included in the cap?

The proposed cap must encompass both the transmission system and the high-voltage distribution network, as a significant number of energy-intensive industries are connected to distribution grids rather than the extra-high-voltage transmission backbone. Furthermore, the regulatory scope should include ancillary services to protect industry from the volatility of grid stabilization costs. At the same time, system loss charges should be excluded, as maintaining these as a separate variable preserves essential locational signals.

➢ How will the substantial grid investment needs be financed if network tariffs for energy-intensive consumers are capped?

This cap can be implemented without compromising the financial integrity of grid operators, as illustrated by the Norwegian case. In Norway, with the industrial consumption held constant at 2025 levels, a cap of €1.2/MWh would result in transmission costs covered by industry of €48 million, only a 3.4% decrease from the €49.7 million recorded in 2025.

Furthermore, the €1.2 trillion grid investments will require a financial strategy going beyond tariff-based recovery and based on a mix of private financial instruments and EU funds. In this regard, the Clean Energy Investment Strategy and the Commission's proposal to increase the Connecting Europe Facility (CEF) budget by over five times in the next MFF period are steps in the right direction.

In addition, a targeted tariff cap for industry contributes to the retention of industrial customers in Europe. Their high utilization rates and stable, predictable consumption profiles optimize existing infrastructure and provide the long-term revenue security required to amortize the substantial investments required in grids and avoid price spikes for other grid users such as households.

➢ Would such a cap risk disincentivise industrial demand response?

The cap is intended as an annual ceiling rather than a static hourly rate, allowing TSOs to maintain dynamic price variations to signal peak demand provided the user's total annual network cost remains within the regulatory limit.

Industrial demand response must remain a voluntary, market-driven activity, rather than a *de facto* forced mandate via regulation. It should primarily be incentivised through market mechanisms, including voluntary bids in balancing markets, adequate remuneration and investment support. Baseload industries must not be unduly penalized with higher peak charges for their stable consumption profile, as their flexibility is often limited by technical and commercial constraints.

Responsibility for ensuring system flexibility should not be shifted primarily onto industrial consumers and must instead be addressed through generation-side flexibility, storage, grids and appropriate market design. The costs for power grid imbalances and for creating risks to security of supply must be bored by those causing them (namely intermittent RES), as part of their responsible participation to the power system.

➢ What is the benefit of having baseload consumers in the power system?

Baseload users provide stability to the system and have a noticeably higher utilisation rate of grid assets than other consumer groups, thus contributing to grid efficiency and limiting the need for additional investments. The closure of industrial stable consumption would increase RES curtailment (for instance, the loss of 500 MW of industrial baseload during periods with high RES-E generation could cause about 130 GWh additional curtailment[3]) and to higher network charges for the rest of consumers.

In addition, energy-intensive industries reduce overall grid costs by often locating facilities close to power plants, and when infrastructure is built to meet specific industrial needs, both power production and grid capacity are developed more efficiently, ensuring a more precise match in both scale and timing.

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[3] Compass Lexecon/Metlen Energy&Metals, Industrial power consumption in Europe: opportunities for the power system, December 2025

Annex: Draft amendment to Regulation (EU) 2019/943 on the internal market for electricity - introducing a cap on network tariffs for energy-intensive industries

Amendment to Regulation (EU) 2019/943
Regulation (EU) 2019/943 is amended as follows:
Recital
Variations in charges faced by energy-intensive consumers exposed to carbon leakage for accessing the electricity network should not undermine the internal market. For this reason, average charges for access to the electricity network in Member States should be kept within a range which helps to ensure that the benefits of harmonisation are realised. The methodology for laying down these rules shall be prepared with the consultation of energy-intensive consumers defined as industrial installations belonging to sectors or sub-sectors deemed to be at significant risk of carbon leakage as set out in Article 10b of Directive 2003/87/EC, and shall take into account their exposure to international competition and the need to restore the level-playing field for European industry.
Article
In Article 18, a new paragraph 11 is added: (11) Charges applied by network operators for access to the network for energy-intensive consumers, defined as industrial installations belonging to sectors or sub-sectors deemed to be at significant risk of carbon leakage as set out in Article 10b of Directive 2003/87/EC, shall be within a range of 0 to 1,2 EUR/MWh. This range should encompass charges paid by energy-intensive consumers related to ancillary services but exclude specific system loss charges paid by those same consumers. Within one year from the publication of this regulation, the Commission shall be empowered to adopt an implementing act establishing the methodology for the calculation of these annual average charges, based on the same principles laid down by the Commission Regulation (EU) 838/2010 Annex Part B.