



EUROPEAN METALS' POSITION PAPER ON THE REGULATION TO FUTURE-PROOF ELECTRICITY BILLS

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Network charges and other regulated electricity costs already represent a significant share of total electricity costs for energy-intensive users, and these costs are expected to increase further as Europe undertakes substantial investments in grid modernisation, expansion and digitalisation.

The scale of investments needed to modernise and expand European grids, estimated by the Commission at nearly €1.2 trillion by 2040¹, will inevitably exert significant upward pressure on network tariffs. ACER projects a doubling of 2022 grid costs by 2050² while the Norwegian TSO estimates a five-fold network tariff increase by 2035. This upward trend is already evident in Germany, Belgium and the Netherlands where grid costs have doubled since 2020.

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

European Metals welcome the proposed Regulation on future-proofing electricity bills and its targeted focus on electricity network costs. Ensuring that rising costs resulting from grid upgrades do not translate into higher network tariffs for industries exposed to global competition is vital to maintain their international competitiveness and support electrification.

This note outlines key recommendations to strengthen the draft Regulation, ensuring that network charge frameworks effectively support industrial competitiveness.

- 1. Introduce a cap on network tariffs for energy-intensive industries**
- 2. Enable streamlined and proportionate special tariff regimes for energy-intensive industries**
- 3. Incentivize flexibility without penalizing stable industrial consumers**
- 4. Provide adequate public funding of network costs through State funds**
- 5. Ensure the cost-efficient development and operation of the grid**

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



1. Introduce a cap on network tariffs for energy-intensive industries

We call for the introduction of a cap on network tariffs for energy-intensive industries, building on the existing cap for annual average transmission charges paid by power producers to access the transmission system (set in Annex B of [Commission Regulation 838/2010](#)). Consistent with the provisions currently applicable to power generators, the average network tariffs in every Member State should remain within a certain range, for instance of 0 to 1.2 EUR/MWh.

As the EU legislation 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 the cap would help preserve the level playing field in the internal market, while providing energy-intensive industries with the cost predictability and certainty needed to support investment decisions and to continue their decarbonization journey. The cap can be implemented without compromising the financial integrity of grid operators³, while providing them with the long-term revenue certainty required to amortize their substantial grid investments.

In addition, a targeted tariff cap for industry would contribute to the retention of industrial customers in Europe. 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 curtailment⁴) and lead to higher network charges for the rest of consumers.

Please find more information about our proposal [here](#).

2. Enable streamlined and proportionate special tariff regimes for energy-intensive industries

We support Article 18(3) allowing for new special tariff regimes to apply to specific categories of system users, including energy-intensive industries. Such regimes play an important role in supporting electrification and preserving industrial competitiveness, particularly for electro-intensive industries exposed to international competition. The United Kingdom's Industry Supercharger⁵ may serve as an illustrative example of targeted relief for electro-intensive industries, including reductions in network-related costs.

However, for these regimes to be effective, **associated requirements must remain streamlined, proportionate, and administratively workable**. Article 18(3) currently provides that regulatory authorities must demonstrate that “the consumption profile of the users in question has a

³ 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 (*estimates based on Statnett data*)

⁴ Compass Lexecon/Metlen Energy&Metals, [Industrial power consumption in Europe: opportunities for the power system](#), December 2025

⁵ UK Department for Business and Trade, British Industry Supercharger policy scheme, 2024, [link](#)



proportionally lower or higher impact on the overall cost of the transmission or distribution network and that the principle of cost-reflectivity is respected”.

- To avoid creating an excessively burdensome and complex proof requirement that would run counter to the Commission's ongoing simplification and administrative burden reduction goals, we recommend removing both conditions. In practice, calculating the exact impact of an individual industrial user on network costs against a hypothetical alternative consumption pattern is virtually impossible to verify consistently and in a legally robust manner. Article 18(3) should simply state that special tariff regimes may apply to specific categories of system users, including energy-intensive industries, without either a proportional-impact test or a cost-reflectivity condition.
- **The justification for special tariff regimes should instead reflect the broader energy-system, industrial and economic benefits brought by stable industrial demand⁶.** Historically, large industrial users have imposed lower incremental grid costs than volatile loads, a principle that remains fully valid in a renewables-based power system, where variable renewable generation is often located far from major consumption centres. Furthermore, industrial consumption helps integrate more renewables and optimise grid efficiency by reducing renewable curtailment, redispatch needs, and localized network congestion, while providing voluntary critical system services, including interruptibility, balancing support, and high off-peak consumption to absorb excess renewable generation.
- **Approval of such schemes should remain within the remit of national authorities,** without requiring additional approval by EU authorities. The Commission should however encourage all Member States to implement such schemes to ensure the global competitiveness of energy-intensive industries and maintain a level playing field in Europe.

3. Incentivize flexibility without penalizing stable industrial consumers

The Regulation must ensure that baseload consumers are not unduly penalized with higher peak charges, as their flexibility is often limited by technical and commercial constraints. In such processes, flexibility is not cost-free: it often reduces process efficiency, increases specific electricity consumption (and thus runs counter to energy efficiency targets) and is typically associated with a loss of production capacity. Demand response should therefore always be voluntary and adequately incentivized, for example through dedicated reduced grid tariffs or investment support. Forcing additional flexibility on industrial consumers would raise costs, increase the risk of curtailments or shutdowns, and make further industrial electrification more difficult. Instead, EU policy should reward the stable, predictable load profiles characteristic of

⁶ Metlen study with figures



metal production, and their ability to maintain high consumption during off-peak periods, absorbing excess supply and supporting grid stability.

These considerations should guide the framing of tariff methodologies in **Article 18(2)**:

- **Tariff design** should recognize the contribution of stable industrial baseload consumption to efficient grid utilization, system predictability and long-term planning.
- **Incentives for the reduction of peak load consumption (Article 18(2), point (g))** must avoid penalizing baseload consumers by ensuring costs are not shifted onto predictable and stable demand profiles, especially when those costs are primarily driven by other volatile loads.
- **Locational investment signals (Article 18(2), point (f)) and time-of-use elements to reflect network use (Article 18(2), point (h))** must remain strictly optional for energy-intensive industrial consumers. Given that capital-intensive industrial facilities are geographically fixed and often structurally bound to continuous processes, these mechanisms fail to create effective economic signals. Instead, they introduce investment uncertainty and distort regional industrial competition.

4. Provide adequate public funding of network costs through State funds

The growing share of network charges in electricity bills reflects investment needs that are largely driven by public policy objectives, including decarbonisation, renewable integration, strategic autonomy and electrification. These investments create societal and economy-wide benefits that extend beyond the users currently connected to the network. This requires a financial strategy going beyond tariff-based recovery and based on a mix of private financial instruments and EU and national public funds.

While we welcome the provision enabling Member States to partially cover network costs through State funds to lower the overall amount of network charges billed to system users (Article 18(4)), several requirements must be adjusted to ensure the framework achieves its intended objective:

- **Remove the requirement for fully non-discriminatory allocation** to allow Member States to provide targeted support for specific user groups, including energy-intensive industries, based on objective criteria like international trade exposure, as addressing international competitiveness challenges is a central objective of this Regulation.
- **Broaden the application beyond “additional costs of decarbonisation”** to include all grid-related drivers (e.g., offshore infrastructure, network expansion, redispatch, congestion management, and security of supply).
- **Remove the temporary nature** of this measure to align it with the long-term investment visibility required for grid infrastructure.



Furthermore, the Commission should encourage all Member States to leverage this provision to partially cover network costs through State funds.

5. Ensure the cost-efficient development and operation of the grid

To be most cost-effective for consumers, priority must be given to maximizing the existing grid's efficiency and utilization, over pursuing costly new infrastructure development. Grid development should be based on demonstrated system needs and avoid premature or speculative investments that risk increasing costs for consumers without corresponding benefits.

We support the provisions of Article 18(2c) which require network charges to provide appropriate incentives to system operators to develop and operate the transmission and distribution networks in a cost-efficient way, including through the deployment of non-wire and digital solutions, smart electricity grids and smart metering systems. The introduction of common performance indicators as regards the efficient operation and development of the network in Article 18(2a) is also a step in the right direction.

To further strengthen this Regulation and ensure cost efficiency, we recommend going a step beyond by:

- Reinforcing transparency and regulatory benchmarking:
 - **ACER and national regulatory authorities should establish stronger EU-wide benchmarking mechanisms** for both operational expenditure (OPEX) and capital expenditure (CAPEX).
 - **Standardized reporting** of investment costs, procurement practices, project delivery performance and cost overruns must be introduced across all TSOs and major DSOs.
 - ACER's report with the efficiency comparison among transmission system operators should be published every year, instead of every four years as mandated by Article 18(7).
- Aligning allowed profit rates with the low-risk nature of network activities

Network companies benefit from stable and predictable revenue streams established through regulated tariffs. Compared with competitive market activities, network investments are characterized by significantly lower commercial risk. Regulators should therefore ensure that allowed rates of return (WACC) accurately reflect the low-risk profile of regulated network assets, notably by **periodically reviewing WACC methodologies**. Given the anticipated scale of future network investment, even modest reductions in allowed profit rates can significantly reduce long-term network charges for households and industry while preserving investment attractiveness.



- Replacing anticipatory investments with anticipatory permitting

Article 18(2a) provides that tariff methodologies must reflect system operators' costs, including costs related to anticipatory investments. While we fully recognise that grid operators must plan ahead, **safeguards should be introduced to ensure that forward planning is based on realistic and credible demand assumptions**, as large-scale grid investments based on 'optimistic' demand scenarios risk creating oversized infrastructure, with costs ultimately passed on to industry through higher network tariffs. Full anticipatory investment should be limited to cases where system operators can demonstrate a high probability of utilization and clear net benefits for consumers.

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