Electricity market: network charges, taxation, smart grids and grid connections

2026/0203(COD) - 17/07/2026 - Legislative proposal

PURPOSE: to improve the design of network charges to ensure the cost efficiency of transmission and distribution networks.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: high electricity costs are adversely affecting households and businesses across the EU, undermining the competitiveness of the EU economy and social cohesion. While electricity market prices are driven by supply and demand, the regulatory components of electricity bills - such as network charges and taxation - can be better aligned with the EU's energy and climate objectives. The proposal therefore introduces measures to reform these components in order to provide more affordable electricity for consumers.

This proposal is part of the Commission's response to the energy crisis triggered by the conflict in the Middle East and the closure of the Strait of Hormuz. Although in recent years, the EU greatly accelerated the energy transition towards an efficient, flexible and interconnected system that is based on homegrown and clean energy sources, it remains dependent on fossil fuel imports. Over half (57%) of the energy consumed in Europe is from imported fossil fuels.

CONTENT: the proposal introduces targeted amendments to Regulation (EU) 2019/943 on the internal market for electricity to make electricity bills more future-proof and support the transition to a more electrified energy system.

The main measures concern:

Network charges

The electricity system's costs are covered by network charges. The main aim of the proposal in the area of network charges is to make the transition towards a more system-friendly network charge design and network operation mandatory for national regulatory authorities, while supporting the broader Union objective of accelerating electrification and ensuring that the regulatory cost structure of electricity consumption is aligned with EU energy, climate and competitiveness objectives. Network charges should incentivise system operators to operate the grid efficiently, to use flexibility and to develop smart electricity grids and use non-wire solutions like grid-enhancing technologies, while maintaining the incentive to invest in the grid and ensuring a level playing field. Grid users should be incentivised to behave in a system-friendly way, adjusting their energy use or shifting it towards times and places in which the cheapest energy sources are available and when it is the most cost-effective for the overall system.

Smart meters and smart electricity grids

The proposal introduces **targeted supporting measures** on smart meters and smart electricity grids. It introduces a minimum Union-wide deployment obligation for smart metering systems to ensure that, in each Member State, at least 50 % of final customers will be equipped with smart meters by 2030. This proportion should be progressively increased to at least 75 % of final customers by 2033 to strengthen the technical basis for active consumer participation and more granular system visibility. For Member States with deployment levels below 30 % at the date of entry into force of this Regulation, a limited extension for the deadline of the 50 % target would be appropriate.

Grid data and digitalisation

The proposed amendments seek to create a framework for voluntary cooperation between system operators, jointly facilitated by the European Network of Transmission System Operators for Electricity ENTSO-E and the EU DSO Entity, to develop, test, integrate and deploy innovative digital tools for grid operation and optimisation. They formalise the key governance, access, cybersecurity, compliance and lifecycle-management elements needed for such cooperation. They also allow the Commission to issue an opinion on the proposed arrangement and to adopt implementing acts establishing common requirements on data models, formats, interfaces, transparency and risk management. The purpose is to provide a sector-specific legal basis for the lawful, secure and controlled reuse of electricity grid data for research and innovation in the public interest, including advanced analytics and AI-based solutions.

Taxation alignment

In order to effectively lower electricity bills and support the EU's energy and climate objectives, it is necessary to adopt a dual approach comprising both increasing the efficiency of electricity networks and the alignment of taxation principles. The measures concerning taxation set out in this proposal do not harmonise tax rates or levels but ensure that electricity is **not subject to a higher tax burden than gas**. The proposal therefore specifically determines that the minimum level of taxation for electricity should be lower than the minimum level of taxation applicable to natural gas.

Changes in taxation rates due to the amendments in this proposal may be implemented at national level via targeted changes to the domestic framework in regular (fiscal) legislative processes and do not influence the regulatory burden.

Grid connection measures in case of network congestion

Lastly, the proposal provides a clarification concerning right of regulatory authorities to adopt grid connection measures in case of network congestion, by a way of adopting measures and setting conditions for non-discriminatory, objective and transparent third-party access with possible consideration of impacts of grid connection requests on network congestion, economic, social or environmental considerations, and taking into account their maturity and progress.