# Energy Cities' amendments to the Commission's proposal amending Regulation (EU) 2019/943

Energy Cities advocates for a resilient and affordable energy system that is based on decentralisation and decarbonisation. In this system local stakeholders, including energy communities, local authorities, citizens and SMEs, play an active role.

In a report containing data and examples, Energy Cities demonstrates that non-fossil flexibility is essential for ensuring resilience, energy security and affordability, as well as optimising the use of existing grids, and how local stakeholders can play an active role in this.

## General opinion

In this context, Energy Cities welcomes the EU Commission's proposal. Overall, it is moving in the right direction, as **it is making greater use of flexibility and accelerating the rollout of renewable energy and electrification at local level**:

- Many provisions support an **optimised use of existing grids**
- The principle of tax **parity between electricity and gas**
- Member States may partially cover network costs through **State funds**
- The introduction of **time of use tariffs**
- The move away from the first come, first served to a **prioritisation approach for grid connection** based on the impact on solving network congestion as well as economic, environmental and social benefits.

However, some changes are required:

- **Injection tariff** should be subject to conditions
- **Local authorities** should be included in the cross-sectorial network planning
- **Data centres** will require grid expansion. Their cost must not be passed on to other system users.
- **CAPEX & OPEX neutrality** should be more explicit
- **Unused contracted grid capacity** should be addressed
- Some additions should be made to further encourage an optimised use of existing grids.

# Energy cities' amendments

| Recitals – Data centres | |
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| **Commission's proposal** | **Amendment 1** |
| **Recital 10**<br>Any special tariff regimes for specific categories of system users, such as energy-intensive industries and data centres, should respect the principle of cost-reflectivity. While the electricity consumption of data centres is expected to grow significantly in the coming years, increasing pressure on electricity grids and tariffs, their optimal location, time-of-use and consumption profile can support their efficient connection and integration into the electricity system and should be incentivised in network tariffs, in particular when data centres can render services to the energy system, for example by bringing flexibility services, additional energy storage and clean energy production to the grid. | **Recital 10**<br>Any special tariff regimes for specific categories of system users, such as energy-intensive industries and data centres, should respect the principle of cost-reflectivity. While the electricity consumption and energy infrastructure required by data centres is expected to grow significantly in the coming years, increasing pressure on electricity grids and tariffs and the risk of generating additional costs to other system users, their optimal location, time-of-use and consumption profile can support their efficient connection and integration into the electricity system and should be incentivised in network tariffs, in particular when data centres can render services to the energy system, for example by bringing flexibility services, additional energy storage and clean energy production to the grid. |
| **Explanation**<br>We cannot ignore the impact of data centres on grid infrastructures, which are already under pressure. Data centres require significant grid capacity to ensure their connection to the grid, and the electricity they need is not always produced in the same area. Consequently, additional grid expansion will be needed. For example, Milan accounts for 68% of Italy's data centres, while a growing proportion of renewable energy generation is being installed in the south of the country[1].<br><br>Consequently, the risk that these significant costs may be passed on to other system users must be highlighted and addressed in the proposal. | |
| **Recitals – State funds** | |
| **Commission's proposal** | **Amendment 2** |
| **Recital 12**<br>(…)<br>Moreover, it is important to ensure that such public support is targeted and temporary and provides overall benefits through the acceleration of decarbonisation, for example, | **Recital 12**<br>(…)<br>Moreover, it is important to ensure that such public support is targeted and temporary and provides overall benefits through the acceleration of decarbonisation, for example, |

[1] https://www.ilpost.it/2026/07/25/elettricita-data-center/

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| through electrification of industrial consumers, and market integration such as investments into interconnectors, major network upgrades or offshore grid connection infrastructure and meets certain specific needs in the network, such as investments that reduce waiting times for grid connections. However, the use of public funds should not delay investments in necessary infrastructure or distort the optimal location of power generation units. | through smart metering roll-out, electrification of industrial consumers, and market integration such as investments into interconnectors, major network upgrades or offshore grid connection infrastructure and meets certain specific needs in the network, such as investments that reduce waiting times for grid connections. However, the use of public funds should not delay investments in necessary infrastructure or distort the optimal location of power generation units. |
| **Explanation**<br>As recognised in the explanatory memorandum of the proposal, smart meters are part of the enabling framework that is essential to allow system operators to make an optimised use of existing grids and final customers to react to price signals. In the EU, the cost of installing a smart meter is estimated at €180 - €200 on average[2]. Covering that cost through State funds, rather than charging it to final customers, will improve the acceptance of such devices and accelerate the roll out. Covering such costs also fits well with the temporary character of covering network costs through State funds. | |
| **Recitals – Grid capacity** | |
| **Commission's proposal** | **Amendment 3** |
| / | Recital 18a<br>Transparency on the capacity available for new connections is an enabling condition for system users to identify grid-conscious locations for new loads, generation and storage, for local authorities to take the available grid capacity into account in spatial planning, and for the effective use of existing infrastructure. Article 31 §3 of Directive (EU) 2019/944 requires distribution system operators to publish clear information on that capacity with "high spatial granularity" but does not define common parameters. The information published currently differs, in particular as regards the voltage levels covered and the level of detail. To support a consistent implementation of that provision, ACER's recommendation should also address common minimum parameters for such information, such as the voltage levels covered, the criteria for calculating the available capacity, |

[2] https://energy.ec.europa.eu/topics/markets-and-consumers/smart-grids-and-meters_en

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| | without prescribing a single technical model. This is without prejudice to Article 31 §3b of that Directive and while respecting public security and data confidentiality. |

**Explanation**

Grid capacity maps exist in 22 countries at DSO level but differ in the voltage levels covered and the level of detail. Most European countries provide grid capacity maps that display the medium-voltage network, typically including transformer stations operating at or around 110 kV. Denmark offers more granularity by including data down to 50 kV, while the Czech Republic is using colour indicators to represent low-voltage grid capacity[3].

Such a divergence means that system users do not have the same ability to identify grid-conscious locations for new loads, generation and storage, or to understand the connection options offered by the existing grid. Likewise, local authorities do not all have the same ability to take the reality of the electricity grid into account in spatial planning, for example to avoid planning new housing or commercial developments in areas where the available grid capacity is already limited.

To encourage consistent implementation of Article 31(3) of Directive (EU) 2019/944, as amended by Directive (EU) 2024/1711, ACER should issue a recommendation addressed to regulatory authorities, prepared with the ENTSO for Electricity and the EU DSO entity, on common minimum parameters.

This also supports the consistent application of Article 18d §1, which applies "in case of scarcity in the available grid capacity": a common basis for determining available capacity makes this trigger comparable across Member States, or within the same country where several DSOs operate.

## Article 18 – Tariff methodologies

| Commission's proposal | Amendment 3 |
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| **Article 18 §2**<br>Tariff methodologies shall include the design of network charges applied to system users and the determination of the remuneration that transmission and distribution system operators receive through those network charges. They shall:<br><br>(a) reflect the costs of transmission and distribution system operators, insofar as those costs correspond to those of an | **Article 18 §2**<br>Tariff methodologies shall include the design of network charges applied to system users and the determination of the remuneration that transmission and distribution system operators receive through those network charges. They shall:<br><br>(a) reflect the costs of transmission and distribution system operators, insofar as those costs correspond to those of an efficient and |

[3] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52025XC06703

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| 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. Regulatory authorities shall set common performance indicators as regards the efficient operation and development of the network, including smart electricity grid indicators in accordance with Article 18a;<br>(…)<br><br>(e) provide appropriate incentives to system users to withdraw electricity from and inject electricity into the transmission or distribution networks in a way which supports the efficient functioning of these networks; | structurally comparable system operator, considering both capital and operational expenditure, including costs related to anticipatory investment, but not costs supporting unrelated policy objectives, in a manner that does not unduly favour grid expansion over cost-effective alternatives such as flexibility services and non-wire and digital solutions.<br>Regulatory authorities shall set common performance indicators as regards the efficient operation and development of the network, including smart electricity grid indicators in accordance with Article 18a;<br><br>(…)<br><br>(e) provide appropriate incentives to system users to withdraw electricity from and inject electricity into the transmission or distribution networks in a way which supports the efficient functioning of these networks. If applied, injection tariffs must aim at reducing redispatching and grid congestion. Before introducing them, regulatory authorities shall carry out a cost-benefit analysis that addresses the impact on system-friendly behaviours and electricity prices.<br><br>(…)<br><br>(o) ensure that all the costs of connecting and integrating large new loads, such as data centres, into the system are not passed on to other system users by being reflected in the charges applied to these loads. |
| **Explanation**<br>The CAPEX bias, which incentivises system operators to invest in grid expansion when more cost-effective solutions exist, is one of the biggest barriers to optimising the use of existing grids. Considering both capital and operational expenditure is a first step in the right direction. However, this does not guarantee equal remuneration for CAPEX and OPEX and leaves room for CAPEX bias. This amendment closes that gap, by setting a general principle, which leaves flexibilities about how to ensure neutrality between CAPEX and OPEX (e.g. through KPIs, as in the UK). | |

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| Injection tariffs must aim at incentivising system-friendly behaviour rather than recovering more evenly system costs between producers and consumers.<br>A cost-benefit analysis is needed because such tariffs can lead to higher electricity prices if they significantly harm the business model of renewable energy production and storage systems. Such an analysis would ensure that injection tariff is only applied where its contribution to grid costs outweighs this risk.<br><br>Connection and system integration of new large loads: This addition ensures that the risk raised by our amendment to Recital 10 regarding data centres (see above) is avoided by ensuring that the cost of any additional grid expansion required to support data centres or any other large new loads is not passed on to other system users. |

## Article 18 – Special tariff regime

| Commission's proposal | Amendment 4 |
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| **Article 18 §3**<br>Special tariff regimes may apply to specific categories of system users, such as energy-intensive industries or data centres and energy communities, provided that the regulatory authorities can demonstrate that the consumption profile of the users in question has a proportionally lower or higher impact on the overall cost of the transmission or distribution network and that the principle of cost-reflectivity is respected. | **Article 18 §3**<br>Special tariff regimes may apply to specific categories of system users, such as energy-intensive industries or data centres and ~~energy communities~~ active customers engaged in energy sharing, provided that the regulatory authorities can demonstrate that the consumption profile of the users in question has a proportionally lower or higher impact on the overall cost of the transmission or distribution network and that the principle of cost-reflectivity is respected. Where such a higher impact is demonstrated, regulatory authorities shall ensure that the resulting additional costs are reflected in the charges applied to the users concerned and are not passed on to other system users. |

**Explanation**

Energy sharing: It would be more accurate to refer to "active customers engaged in energy sharing" rather than "energy communities" in this provision, since energy sharing can be organised through an energy community, as well as through any other kind of legal entity or private agreement[4]. This is also consistent with Articles 15 and 16 of Directive (EU) 2019/944 that ensure that active consumers are subject to cost-reflective network charges.

Additional costs: In line with our first and third amendments on data centres and large loads (see above), this amendment clarifies that where a higher impact is established, the resulting costs

[4] Article 15a of Directive (EU) 2024/1711

must be borne by the users concerned and not by other system users. This can be achieved, for example, by implementing a *deep grid connection charge*. This pricing model requires a large new customer to cover the entire cost of connecting to the electricity grid, including expansion to the upstream infrastructure.

## Article 18a – Smart grid indicators

| Commission's proposal | Amendment 5 |
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| **Article 18a §2**<br>By [*first day of the month following 12 months after the date of entry into force of this Regulation*], ACER shall, in close cooperation with the Commission, the ENTSO for Electricity, the EU DSO entity and relevant stakeholders, issue a recommendation addressed to regulatory authorities on smart electricity grid indicators to measure the uptake and performance of smart and innovative grid technologies and digital solutions in transmission and distribution networks. Transmission system operators and distribution system operators shall provide, or ensure the provision of, the data requested for that purpose to the regulatory authorities and to ACER. This data shall not include any personal data. | **Article 18a §2**<br>By [*first day of the month following 12 months after the date of entry into force of this Regulation*], ACER shall, in close cooperation with the Commission, the ENTSO for Electricity, the EU DSO entity and relevant stakeholders, issue a recommendation addressed to regulatory authorities on smart electricity grid indicators to measure the uptake and performance of smart and innovative grid technologies and digital solutions in transmission and distribution networks. The recommendation will also include common minimum parameters for the information on the capacity available for new connections on distribution networks. Transmission system operators and distribution system operators shall provide, or ensure the provision of, the data requested for that purpose to the regulatory authorities and to ACER. This data shall not include any personal data. |

**Explanation**

This amendment translates the new recital 18a that we suggested into the operative text (see above). Article 18a §2 already provides the framework for an ACER recommendation, so the amendment builds on an existing exercise rather than creating a new mechanism.

## Article 18b – Smart metering system

| Commission's proposal | Amendment 6 |
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| / | Article 18b §3<br>Member States shall ensure that consumption data provided pursuant to Article 20, point (a), of Directive (EU) 2019/944 is presented, whether by the distribution system operator, the supplier or another designated entity, in plain language and in a format that is easily understandable by final customers. |

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| **Explanation**<br>Article 20 (a) of Directive (EU) 2019/944 ensures that "*smart metering systems shall accurately measure actual electricity consumption and shall be capable of providing to final customers information on actual time of use*". However, this does not guarantee that the data provided is easy to understand. This matters increasingly as tariff structures grow more complex under this regulation: time-of-use elements (Article 18 §2 (h)), capacity elements (g), dynamic pricing contracts, … Understandable data is an enabling condition for customers to check their bills, to make an informed choice between tariffs, and to trust the technologies involved, in particular smart meters. |

## Article 18d – Grid connection

| Commission's proposal | Amendment 7 |
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| **Article 18d §1**<br>In order to provide market participants with access to the transmission and distribution networks pursuant to Article 3, point (q), in case of scarcity in the available grid capacity, regulatory authorities may approve measures to deter speculative requests for connection to the grid, ensure sufficient maturity of projects requesting grid connection and prioritise categories of system users such as public sector, social services, energy communities, households, small and medium enterprises, data centres, energy intensive industries or market participants in the transport sector as well as set conditions to allow prioritising users within a specific category as necessary, based on objective, transparent and non-discriminatory criteria. These criteria may consider the impact of potential projects on solving network congestion as well as economic, environmental and social benefits. | **Article 18d §1**<br>In order to provide market participants with access to the transmission and distribution networks pursuant to Article 3, point (q), in case of scarcity in the available grid capacity, regulatory authorities ~~may~~ shall approve measures to deter speculative requests for connection to the grid and to prevent contracted grid capacity from remaining unused, ensure sufficient maturity of projects requesting grid connection and prioritise categories of system users such as public sector, social services, energy communities, households, small and medium enterprises, ~~data centres,~~ energy intensive industries or market participants in the transport and renewable sectors as well as set conditions to allow prioritising users within a specific category as necessary, based on objective, transparent and non-discriminatory criteria. These criteria ~~may~~ shall consider the impact of potential projects on solving network congestion as well as economic, environmental and social benefits. |
| **Explanation**<br>Unused contracted grid capacity: When developers or industry plan their projects, they often reserve more capacity than needed to keep capacity for possible later projects. This eventually worsens queues by inflating the amount of grid capacity requested. For instance, in Slovakia, 50% of the contracted capacity goes unused[5]. Several measures can be adopted, such as charging for unused capacity or allowing system operators to withdraw the unused capacity and | |

[5] https://www.eurelectric.org/in-detail/what-are-grid-connections-and-how-europe-can-fix-the-queue/

to reallocate it to new grid connections. In the Netherlands, for instance, the system user must demonstrate that the capacity requested is necessary and will be used within two years. Otherwise, system operators are entitled to limit unused contracted capacity to allow for new users to connect to the grid.[6].

Grid connection priorities:

- Data centres cannot be mentioned as an example of prioritise categories of system users. They would use too much grid capacity and slow down grid connection procedure for other grid users, as it is already happening for example in Ireland. Some Members states such as Denmark are moving to rank housing, batteries and renewable energy connections above data centers in the grid queue, amid growing public pushback. That trend should keep going.
- Renewable energy production assets should also be mentioned as example of prioritise categories of system users by including the market participants in the renewable sector in the examples.
- The impact of the projects on grid congestion and the economic, social and environmental benefit they bring must be considered. It shouldn't be optional.

| Commission's proposal | Amendment 8 |
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| **Article 18d §2**<br>Member States and regulatory authorities shall ensure that other relevant measures to address insufficient grid capacity are applied, including use of non-wire, smart and digital solutions pursuant to Article 18a, flexible connection agreements pursuant to Article 6a of Directive (EU) 2019/944, and cross-sectorial network planning with involvement of stakeholders pursuant to Article 55 of Regulation (EU) 2024/1788 and Article 51 of Directive (EU) 2019/944. | **Article 18d §2**<br>Member States and regulatory authorities shall ensure that other relevant measures to address insufficient grid capacity are applied, including use of non-wire, smart and digital solutions pursuant to Article 18a, flexible connection agreements pursuant to Article 6a of Directive (EU) 2019/944, and cross-sectorial network planning with involvement of stakeholders, including local authorities, pursuant to Article 55 of Regulation (EU) 2024/1788 and Article 51 of Directive (EU) 2019/944 |

**Explanation**

Local authorities must be considered is the cross-sectorial planning. They have a significant influence on energy demand and grid expansion needs because

- they are responsible for spatial planning and issuing concessions for new charging infrastructure or permits for new buildings, renewable energy assets, and grid expansion.
- they are mandated to design heating and cooling plans (>45.000 inhabitants);
- they will install a lot of solar capacity under the EU solar energy mandate in buildings (Directive (EU) 2024/1275).



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[6] https://www.raponline.org/wp-content/uploads/2024/01/RAP-Pato-Netherlands-gridlock-2024.pdf