



Grids deliver value: DSO Entity's reaction to the proposal on future-proofing electricity bills

September 2026

Contents

1.	In a nutshell: DSO Entity's priorities	3
2.	Executive Summary: Key recommendations	4
3.	Detailed assessment and recommendations	8
3.1.	Investment-oriented regulation: Provide the right remuneration framework to ensure a resilient grid that delivers benefits for consumers	8
3.2.	Tariff methodologies: Establish cost-reflectivity and cost recovery as core objectives	9
3.3.	Subsidiarity and regulatory flexibility: Key-principles in a more decentralised energy system	11
3.4.	Definitional clarity: Separate revenue regulation, tariff methodology and network charges to create legal certainty	11
3.5.	From mandatory to proportionate: Make benchmarking an option considering the diverse DSO landscape	12
3.6.	Smart Grid Indicators: Do not conflate SGIs with efficiency KPIs and ensure practicality and operational relevance	13
3.7.	Scope and process mismatch: Non-wire, smart and digital solutions belong under regulatory incentives	15
3.8.	New reporting obligations: Enhanced transparency should not come at the expense of efficiency	16
3.9.	Supporting grid data exchange: Build on existing governance and get the new framework right	16
3.10.	Grid connection prioritisation: Avoid duplicating national frameworks already under way	18
4.	Annex: Summarising table	20

About DSO Entity

DSO Entity is the legally mandated EU body for European Distribution System Operators (DSOs), uniting all sizes of electricity DSOs in Europe. It was formally established in June 2021 by following the EU's Electricity Market Regulation (2019/943/EU) to develop future-proof conditions for the functioning of the electricity market together with ENTSO-E and to facilitate a seamless and affordable energy transition. DSO Entity represents more than 800 DSOs of every size, connecting more than 250 million electricity households and industry clients across all 27 EU Member States.

1. In a nutshell: DSO Entity's priorities

DSO Entity welcomes the European Commission's (EC) proposal on future-proofing electricity bills and its core objectives of bringing down energy prices and accelerating digitalisation and electrification. Responding to the recent energy crisis, the proposal seeks to reduce the grid share of the bill - which accounts for roughly a quarter to a third of the household electricity bill - by incentivising system operators and users towards more efficient grid usage and development, including through digitalisation, and by introducing European harmonisation of tariff methodologies and Smart Grid Indicators (SGIs). It also includes new assignments for DSO Entity and ENTSO-E.

Grids are more than one line on the electricity bill

As the EC's own Electrification Action Plan (COM(2026) 595) rightly acknowledges, electricity networks are a strategic enabler of Europe's clean energy transition and competitiveness, underpinning a more electrified economy while reinforcing prosperity and energy security. This links network regulation directly to today's geopolitical priorities: reducing external dependencies by connecting more home-grown renewables and building grid resilience against increasingly severe weather events and cyber and physical threats, so that households and industries continue to be reliably supplied. Delivering on this requires sufficient investment in the smartening, expansion and renewal of grids - and, for that, a regulatory framework that is genuinely oriented towards enabling investment.

Common ground and gaps to close

DSO Entity supports the proposal's direction and several of its elements: the recognition of anticipatory investment as a legitimate cost, the ambition for guiding EU principles on cost-reflective tariff methodologies, and a voluntary framework for grid data exchange established by DSO Entity alongside ENTSO-E. At the same time, other elements raise concerns at this critical juncture of the energy transition. Above all because the proposal does not yet give system operators a secure basis to recover the investment that resilience, security and timely connections require, and because parts of it would shift decisions that belong with the national level to EU-level delegated and implementing acts. Attempts to introduce one-size-fits all solutions and approaches such as obligatory benchmarking based on EU recommendations risk neglecting national specificities and the diversity of DSOs with potential negative outcomes for the joint objective: guaranteeing a resilient and sustainable energy system while bringing energy prices down.

DSO Entity's key messages:

- **Ensure investment-oriented regulation:** The right framework for efficient investments in grids should be provided to ensure a resilient system and timely connections and go beyond cost-efficiency only.
- **Keep cost-reflectivity and cost recovery as the core objectives of tariff methodology principles.** While guiding EU principles on cost-reflective tariff methodologies are supported (Art. 18), harmonisation via delegated acts (Art. 61(5a)) or any implementing acts is opposed as they do not leave sufficient flexibility for national specificities.
- **Ensure a proportionate benchmarking approach that fits a decentralised, diverse DSO landscape (one size does not fit all) (Art. 18(7)).** In this respect Smart Grid Indicators (SGIs) should not be conflated with efficiency KPIs (Art. 18(2a), Art. 18(7-8)).
- **Align the proposal with overarching EU principles** such as subsidiarity, regulatory flexibility, simplification, legal certainty and consistency.

Grid investment creates value now and lowers electricity commodity prices over time. Deferring it would only raise the cost later.

2. Executive Summary: Key recommendations

1. Need for an investment-oriented regulation: The right investment-framework for grids should be provided to ensure a resilient system and timely connections (beyond cost-efficiency only) (Art. 18).

- Article 18's economic regulation provisions currently provide that NRAs recognise costs only if a cost-efficiency test is carried out, with no comparable basis to allow costs for grid resilience and security, timely connections, digitalisation or renewables integration. Yet the proposal itself repeatedly names these as priorities (recitals 4, 6, 8, 11, 24), and Article 18d exists because under-recognised anticipatory investment has produced connection queues across the EU. The mention of anticipatory investments is welcomed.
- **To close this gap:** DSO Entity recommends anchoring timely and anticipatory grid development, resilience and security as cost-allowance objectives in their own right alongside cost-efficiency in Article 18(1) and 18(2)(c), and reflecting the "appropriate return on investment" and "sufficient investment" language of recitals 8 and 11 into the binding cost-reflectivity criterion of Article 18(2)(a), so DSOs can be confident these investments will actually be allowed into their remuneration.

2. Tariff methodology principles: Cost-reflectivity and cost recovery must remain the core objectives and while guiding EU principles are supported (Art. 18), harmonisation via delegated acts (Art. 61(5a) or any implementing acts is opposed.

- The proposed principles for network charges, i.e. cost-reflectivity, non-discrimination and transparency (Article 18(1)), are supported, and several of Article 18(2)'s design criteria are aligned with this goal and welcomed by DSO Entity. The proposal nonetheless risks overloading tariffs with objectives they are not designed to carry, i.e. while tariffs can support efficiency and flexibility, their core function should remain cost recovery and stable investment signals, with other tools - market rules, flexibility products, flexible connection agreements - used alongside tariff design rather than as substitutes. Tariff methodologies should in the first place incentivise implicit flexibility, not explicit participation in flexibility markets, such as market-based mechanisms or contractual arrangements between system operators and network users.
- **To close this gap:** DSO Entity recommends retaining the well-aligned criteria (i.e. points (d), (e), (g), (h), (l)) and clarifying certain points so that tariff design does not encroach on functions better served by other regulatory instruments. DSO Entity further supports an EU-level framework for tariff methodology in the form of guiding principles under Article 18 but opposes further harmonisation via delegated acts under Article 61(5)(a) or implementing acts.

3. Subsidiarity and regulatory flexibility: Key-principles in a more decentralised energy system (Art. 61(5a)).

- Article 61(5a) empowers the Commission to adopt delegated acts on a common structure and harmonised methodology for tariffs under Article 18, and implementing acts on smart electricity grid indicators under Article 18a. DSO Entity sees value in a European framework that encourages convergence with guiding principles, but views a prescriptive delegated act critically: the necessity and scope of "tariff methodologies" are undefined against an already-detailed Article 18; it encroaches on Member States / NRA competence over tariff design; DSO tariff design varies too much across Member States for one harmonised methodology to be accommodated, especially for the heterogeneous distribution sector. Furthermore, such a legal act risks leading to legal uncertainty and potential competence litigation at a time when DSOs need fast, secure access to investment.

- **To close this gap:** DSO Entity recommends deleting the delegated act empowerment in Article 61(5a), ruling out any other route to greater harmonisation such as implementing acts, and keeping Article 18 as the governing framework, applied and specified nationally by NRAs.

4. Lack of legal certainty: Revenue regulation, tariff methodology and network charges should be distinguished (Art. 18, Art. 61(5a)).

- Article 18(2), 18(5) and 61(5a) all use the term "tariff methodology" to mean three different things at different points: how much revenue the network operator is allowed to earn (revenue regulation), how the allowed revenue is allocated among network users (tariff methodology) and what each user actually pays (network charges). Because the proposal never separates these, Article 18(2)'s criteria blend revenue/remuneration questions with allocation questions, and it is unclear whether the Commission's delegated act power under Article 61(5a) is limited to allocation rules or also reaches revenue determination. This creates legal uncertainty over the EU/NRA competence split and a risk of disputes once delegated acts are adopted.
- **To close this gap:** DSO Entity recommends introducing a single, consistent definition distinguishing these three regulatory steps, and applying this definition across all three provisions and the whole proposal to avoid legal uncertainty.

5. From mandatory to proportionate: Benchmarking must fit a decentralised, diverse DSO landscape (one size does not fit all) (Art. 18(7)).

- Article 18(7) introduces mandatory efficiency benchmarking, requiring NRAs to compare DSO costs "insofar as there is more than one distribution system operator" and publish results every four years. This is problematic given the EU's decentralised regulatory framework and the diversity of DSOs: NRAs already have the competence to design incentive regulation, tariff methodologies and benchmarking under national law, calibrated to their own market structure, local conditions and regulatory periods, and a uniform EU procedural obligation risks duplicating or conflicting with these existing frameworks.
- **To close this gap:** Benchmarking - which can still be a useful tool to monitor progress and share best practices only when based on meaningful, comparable and well-designed indicators - should remain optional and national rather than EU-mandated. In any event, the assessment should only be undertaken when there is sufficient comparability and when it can clearly demonstrate the added value of such an exercise.

6. Smart Grid Indicators (SGIs): SGIs should not be conflated with efficiency KPIs and practicality and operational relevance should be ensured (Art. 18(2a), Art. 18(7-8)).

Smart grid indicators (SGIs) should not be conflated with efficiency KPIs:

- Article 18(2)(a) folds SGIs into the "performance indicators" used for cost-efficiency benchmarking and incentives for possible future revenue regulation under Article 18(7)/(8), even though the two serve entirely different purposes and follow separate processes. Cost-efficiency indicators test tariffs against the standard of an "efficient and structurally comparable system operator" and feed directly into revenue-setting, while SGIs are technology-adoption and observability metrics, and should jointly be developed by ACER, ENTSO-E and DSO Entity under Article 18a(2) on their own timeline and reporting cycle.
- **To close this gap:** DSO Entity therefore recommends deleting the SGI cross-reference from Article 18(2)(a), leaving cost-efficiency indicators as a self-contained regime under Article 18(2)(a), 18(7) and (8) and SGIs governed exclusively by Article 18a(2), with their intended role as a tool for dialogue and progress monitoring rather than benchmarking or revenue regulation.

Practicality and operational relevance: SGIs should be kept anchored at national level, not layered with a parallel EU process:

- Because SGIs are highly context-dependent DSO Entity sees national anchoring, where NRAs already monitor this under Article 59(1)(I), as the right level for this work. Article 18a(2), (3) and Article 61(5a) would instead build a parallel EU-level process on top with an ACER's recommendation, a mandatory TSO/DSO data-provision obligation, a triennial ACER's progress report, and Commission's implementing acts.
- **To close this gap:** DSO Entity recommends removing Article 61(5a) which empowers the EC to develop an implementing act on SGIs and reconsidering Article 18a(2)–(3) as a whole. To ensure efficiency, data should only be transferred from DSOs to NRAs, never directly to ACER.

7. Scope and process mismatch: Non-wire, smart and digital solutions belong under regulatory incentives (Art. 18a(1)).

- Article 18a(1) requires non-wire, smart and digital solutions to be "considered with priority" not only through regulatory incentives under Article 18, but also under network development plans (DNDPs) drawn up pursuant to Articles 32 and 51 of Directive (EU) 2019/944. Since "priority" is undefined, this risk of favouring non-wire solutions, even where a wire-based option would be more cost-efficient, is in tension with Article 18(2)(c). The link also appears inconsistent with the DNDPs themselves, i.e. their narrower legal scope, fixed five-to-ten-year investment horizon and consultation process are not designed to weigh this broad, fast-evolving category of solutions.
- **To close this gap:** DSO Entity recommends deleting the reference to Articles 32 and 51 in Article 18a(1). The network development plans' scope, process and horizon are not the right channel for these solutions, and Article 18's regulatory incentives already provide a more suitable one. Further, it should be clarified that any investment decision should remain guided by the principle of cost-efficiency.

8. New reporting obligations: Enhanced transparency should not come at the expense of efficiency (Art. 18 (5)(6), Art. 18a(2)).

- Article 18(5 & 6) introduce extensive new transparency and publication obligations on tariff methodologies and revenue regulation, all to be published in a freely accessible, downloadable format. Article 18a(2) similarly requires TSOs and DSOs to supply NRAs and ACER with data for SGIs. The proposal acknowledges the resulting administrative burden but asserts, without supporting evidence, that the benefits outweigh the costs thereby risking a measure that works against the proposal's own goal of lowering network charges.
- **To close this gap:** DSO Entity recommends limiting the transparency and publication obligations in Article 18(5 & 6) and Article 18a(2) to information that is necessary, proportionate and demonstrably relevant to the regulatory objective pursued, and not already publicly available, especially in national reports under article 59(1) of Directive (EU) 2019/944, and consistently available across Member States. In general, any new reporting obligations should only be introduced on the basis of a genuine, evidenced cost-benefit case rather than an unsubstantiated assertion that benefits outweigh costs. To ensure efficiency, data should only be transferred from DSOs to NRAs, never directly to ACER.

9. Supporting grid data exchange: Build on existing governance (Art. 18a(4)), get the new framework right (Art. 18a(5)).

Supporting grid data exchange: Legal basis and cost recovery gaps (Art. 18a(4)):

- Article 18a(4) requires TSOs and DSOs to manage and exchange grid data "in a harmonised manner" and to do so in compliance with Chapter III of the Data Act. While supporting the benefits of efficient data exchanges between grid operators, it is important to stress that such data exchanges are already governed in detail by different Network Codes and Guidelines, which are further specified nationally to reflect the diversity that a harmonised framework would struggle to accommodate.
- **To close this gap:** The provision should be better aligned with the existing Network Code framework rather than introduced separately, clarifying the reference to the Data Act (i.e. only where electricity grids data are within the scope of Chapter III that chapter shall apply); and ensuring recovery of the costs that the new data sharing activities will generate.

Supporting grid data exchange: A welcomed task – getting the process right (Art. 18a(5)):

- Article 18a(5) tasks DSO Entity and ENTSO-E with setting up a voluntary secure electricity grid data exchange framework to support innovation in grid operation and optimisation, with the EC adopting implementing acts under Article 61(5b) covering much of the same ground. DSO Entity welcomes this new role alongside ENTSO-E, recognising that improved data exchange is essential for a more integrated, flexible and efficient energy system. At the same time, it cautions that the timeline is demanding and that coordination with other EU-level initiatives should be clarified.
- **To close this gap:** DSO Entity recommends that sufficient leeway and time be granted for the framework's preparation, that coordination with parallel EU workstreams be clarified to avoid duplication, and that the framework, opinion stage and the implementing acts be combined into a single streamlined process, or clearly delineated upfront.

10. Grid connection prioritisation: Duplication with national frameworks already under way should be avoided (Art. 18d).

- Article 18d that empowers regulatory authorities to prioritise connection requests during periods of scarce capacity overlaps with Member States' existing competence under Article 6 of Directive (EU) 2019/944. Since prioritisation decisions carry real political and distributional weight, and that several Member States are already legislating their own priority frameworks, this ambiguity risks creating legal uncertainty and undermining national processes already under way.
- **To close the gap:** While DSO Entity supports changes to the first-come-first-served principle and the introduction of prioritisation schemes, the detailed design of connection rules falls within Member States' competence under Article 6 of Directive (EU) 2019/944. Article 18d is therefore not deemed necessary and should be deleted. Yet, the real fix for connection queues remains an investment-oriented regulatory framework that enables anticipatory investments ahead of demand.

3. Detailed assessment and recommendations

3.1. Investment-oriented regulation: Provide the right remuneration framework to ensure a resilient grid that delivers benefits for consumers

Relevant articles: Art. 18 (1), Art. 18 (2)(a), Art. 18 (2)(c), Art. 18 (4)

Current wording: Although Art. 18 is titled "network charges," its scope extends well beyond tariff methodologies and network charges to encompass the economic regulation of transmission and distribution system operators, including the objectives that NRAs must apply when setting DSOs' and TSOs' cost allowance. As currently drafted, Art. 18 names cost-efficiency as the only objective: it directs NRAs to recognise costs tied to the cost-efficient operation and optimisation of existing grids but gives them no comparable basis to allow costs linked to building capacity ahead of confirmed demand, ensuring secure and resilient grid operation, or supporting renewable integration targets and digitalisation. While the proposal's references to capital and operational expenditure, including anticipatory investment, are a welcome step, they remain framed within the cost-efficiency test rather than establishing resilience, digitalisation, timely grid development and renewables integration as objectives that NRAs must weigh in their own right — meaning DSOs still cannot be certain that investments serving these goals will be allowed in the necessary amounts.

Gap / challenge: The current approach is too narrow given the EU's own energy policy priorities. The proposal repeatedly identifies electrification, timely grid connection and a resilient grid as central objectives (recitals 4, 6, 24), and Art. 18d exists specifically because connection queues have become a widespread problem across Member States. Moreover, the proposal itself stresses in recital 11 that NRAs play a crucial role not only in ensuring that tariffs are designed to guarantee cost efficiency of the network, but also in "ensur[ing] there is sufficient investment for the necessary grid operation and development," and, per recital 8, that "network charges should also include an appropriate return on investment." If the guiding principle in Art. 18(1) and 18(2)(c) reference cost-efficiency alone, these objectives have no anchor in the provisions that actually shape system-operator behaviour. Furthermore, it would be a deterioration of the currently existing Art. 18(2) which includes objectives such as fostering market integration, the integration of RES or security of supply.

Recommendations:

- It should be ensured that policy objectives beyond cost-efficiency which ultimately benefit consumers are recognised within the remuneration framework. A cost allowance based on cost-efficiency alone falls short in at least two respects: it recognises the cost of optimising the grid operators already have, but not the anticipatory investment that would have prevented today's connection queues from forming in the first place; and it gives DSOs no dedicated basis to invest in resilience and security, even as recent geopolitical developments and the growing frequency of extreme weather events expose how vulnerable electricity grids have become. Anchoring for instance "timely," "anticipatory grid development," "investment ahead of need," digitalisation and grid resilience and security as distinct cost-allowance objectives in Art.18(1) and 18(2)(c) — alongside cost-efficiency, rather than as a side-effect of it — would give NRAs a basis to recognise and remunerate this investment on its own terms (no exhaustive list). It would also make Art. 18(2)(c) and Article 18d function as two ends of the same chain: one ensuring anticipatory investment is remunerated, the other managing access when capacity nonetheless falls short.
- As DSOs compete with other sectors for capital, competitive returns are essential both to draw investors and keep the cost of capital, and thus tariffs, low. This means translating the "appropriate return on investment" and "ensuring sufficient investment for the necessary grid operation and development" language of recitals 8 and 11 into the substantive cost-reflectivity criterion of Article 18(2)(a), rather than leaving it as non-binding text.

- Regarding Art. 18 (4) which introduces the provision that Member States may partially cover network cost through State funds, two things should be clarified:
 - Where such state funds are directed towards DSOs to finance network development, Member States shall ensure that the regulatory framework governing the use of those funds is designed in a manner consistent with the incentives referred to in Art. 18(2)(c), including by ensuring that access to such funds does not result in an undue reduction of the DSOs' regulated revenues. Alternatively, Member States may direct such State funds towards system users directly, so as to reduce the portion of network charges billed to them, without affecting the revenues that DSOs recover through tariffs.
 - Where state funds are directed towards system users it has to be ensured that DSOs have no risks in receiving or collecting their revenue. This can be prevented by adding at the end of the sentence “while ensuring timely, stable and predictable compensation to transmission and distribution system operators for recognised efficient costs.

3.2. Tariff methodologies: Establish cost-reflectivity and cost recovery as core objectives

Relevant articles: Art. 18 (1), 18 (2), 61 (5a)

Current wording: Network charges under the proposal are meant to be cost-reflective, transparent and non-discriminatory and shall incentivise system operators for the cost-efficient development, and system users for its cost-efficient use (Art. 18(1)). Art. 18(2) sets out a series of design criteria intended to give effect to these principles. DSO Entity supports the principles underpinning several of the measures proposed in Art. 18 (1-2) including cost-reflectivity, flexibility, capacity-based charging, transparency and efficient network use if these principles are implemented in a way that preserves regulatory flexibility, proportionality and the possibility of national adaptation. Thus, EU-level framework for tariff methodologies in the form of guiding principles under Art. 18 is supported but further harmonisation through delegated acts or implementing acts establishing an EU-wide tariff methodology framework is opposed (Art. 61(5a)).

Gap / Challenge: While several of the design principles can be supported, assuming that they provide EU guidance rather than strict prescription, some parts of the proposal risk requiring network tariffs to do too much and create increasing complexity. While tariff methodologies can help improve system efficiency and enable flexibility, their primary purpose should remain the recovery of network costs and the provision of stable financing signals for investment. Tariffs alone cannot resolve all operational challenges faced by grid operators. Governments and regulators have a range of other tools available (e.g. market rules, flexibility products, flexible connection agreements) that are better suited to that purpose and should be used jointly with tariff design, not substituted by it. Network tariffs should not incentivize explicit flexibility, i.e. participation in flexibility markets, but primarily implicit flexibility through price signals, for example through time-of-use (ToU) tariffs where appropriate. Incentives for flexibility should primarily be delivered through market-based mechanism or contractual arrangements between system operators and network users, rather than through network tariffs. Some of the points in Art. 18(2) also overlap with these other regulatory tools rather than sitting within the core cost-recovery function of tariffs, and a clearer distinction would be needed throughout Art. 18 if it refers to principles for remuneration (cost allowance) or tariff design (cost allocation).

Recommendations (including table below):

- The design of tariff methodologies should be anchored first in cost recovery and stable investment signals. Efficiency and flexibility should come from combining tariffs with market rules, flexibility products and connection arrangements - not from tariffs alone. Also, more complex tariff structures may affect transparency and make them difficult to understand for consumers. As a safeguard “simple” should be added to the design principles next to “transparency”.

- The criteria that are already well-aligned with cost-reflectivity and non-discrimination should be retained, i.e. points (d), (e), (g), (h), (l), but some points need further clarification amongst others to ensure that a clear conceptual distinction between cost-reflective tariff design (cost allocation) and economic regulation / remuneration (cost allowance) is provided.
- The provisions should support an EU-level framework that offers a common reference point but should avoid being so prescriptive that Member States and NRAs lose the ability to design tariffs to fit their own national circumstances. In this respect the proposed harmonisation of EU-tariff methodologies through delegated acts in Art. 61(5)(a) or implementing acts is opposed. [more under chapter 3]

Article	EC Text: Art. 18(2) (d-n), Art. 18 (3)	Assessment
Art. 18(2)(f)	“(f) provide locational investment signals;”	Make clearer that (f) only refers to connection charges by rewording it as follows: "provide locational investment signals through connection charges." Network tariffs should keep connection and use-of-network charges clearly separate rather than blending them together. Each charge type is tied to a different user decision and a different cost driver, so keeping them distinct preserves the causal link between what users decide and the costs they create — which is what enables tariff design to incentivise efficient user behaviour.
Art. 18(2)(k)	“(k) enable the integration of renewable energy through the development and facilitation of non-fossil-flexibility such as storage and demand response, as well as innovation, non-wire solutions, smart electricity grids and digitalisation;”	Point (k) should be deleted as its objective is already fully covered in Art. 18(2)(c) and conflates tariff methodology with revenue regulation. Art. 18 (2) (c) incentivises system operators - not tariff design - to deploy flexibility services, non-wire and digital solutions, and smart electricity grids. Further, it might risk inconsistency with the Network Code on Demand Response, which is the more specific and appropriate instrument for regulating demand-response facilitation. (see also similar argumentation for (n)).
Art. 18(2)(n)	“(n) ensure that network charges applicable to storage installations reflect any benefits created for the network and are limited to the costs that these installations create for the transmission or distribution networks; and”	Point (n) should be deleted. Network tariffs should stay cost-reflective and non-discriminatory, and not a tool for remunerating flexibility. Storage installations and other system users should pay charges based on the costs they impose on the grid; flexibility delivered through an explicit service should be remunerated separately, via the relevant market or procurement mechanism, not through the network tariff. Blending the two risks blurring what network charges are for, treating users or technologies inconsistently, and clashing with the forthcoming Network Code on Demand Response, which is meant to handle flexibility remuneration through its own dedicated mechanisms.
Art. 18(3)	“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.”	“Special tariff regimes” raise questions regarding their compatibility with the principle of non-discrimination and cost-reflectiveness. Entitling certain categories to special treatment regardless of their actual network impact is problematic as it could shift costs onto other users and should be avoided. The concrete reference to certain user groups should be deleted.

3.3. Subsidiarity and regulatory flexibility: Key-principles in a more decentralised energy system

Relevant articles: Art. 18(2), Art. 18(5&6), Art. 18a, Art. 61(5a))

Current wording: Article 61(5a) empowers the Commission to adopt delegated acts setting out guidelines on a common structure and harmonised methodology for tariffs under Art. 18, based on an ACER's recommendation, covering harmonised tariff structures, the conditions for separate network charge regimes under Art. 18(3), and harmonised requirements for public consultations under Article 18(6). The same provision separately empowers the Commission to adopt implementing acts on smart electricity grid indicators for Art. 18a.

Gap / problem: While DSO Entity recognizes the value of a European framework that provides guiding principles and encourages regulatory convergence, a too prescriptive approach in the form of harmonisation via delegated or implementing acts is seen critically for several reasons.

- **First, the necessity and scope of such harmonisation are unclear:** Art. 18 already sets out a detailed framework, i.e. cost-reflectivity, cost recovery, investment incentives, consultation requirements, differentiated charge regimes, so it is hard to see what gap a delegated act would close, and "tariff methodologies" is left undefined, leaving genuine uncertainty about how far it could reach.
- Second, it sits uneasily with the competence that NRAs already hold over network regulation and tariff design; harmonising a core NRA's competence through a delegated act, rather than the ordinary legislative procedure, warrants closer scrutiny.
- Third, DSO tariff design in particular reflects highly diverse national network structures, cost bases and regulatory traditions; a harmonised methodology risks constraining the flexibility that NRAs need to reflect these differences.
- Finally, and more fundamentally, these specific concerns compound into a broader risk: a delegated act of this kind introduces sustained legal uncertainty into the regulatory framework governing DSOs as such, precisely the kind of uncertainty that investors and financial markets price into the cost of capital. If DSOs' regulatory framework is seen as unsettled or subject to a still-undefined EU harmonisation process, financial markets may reallocate capital toward sectors perceived as offering greater regulatory stability, making it more difficult and more expensive for DSOs to raise the capital they need.

Recommendation:

- Delete the delegated act empowerment in Art. 61(5a) and rule out any other route to greater harmonisation, such as implementing acts while retaining Art. 18 as the governing framework to be applied and specified by NRAs nationally.

3.4. Definitional clarity: Separate revenue regulation, tariff methodology and network charges to create legal certainty

Relevant articles: Art. 18(2), 18(5), Art. 61(5a))

Current wording: Art. 18(2), Art. 18(5) and Art. 61(5a) use the term "tariff methodology" to describe three realities, at different points, (i) how much revenue a system operator is entitled to recover (revenue regulation /remuneration), (ii) how that revenue is allocated among system users and charge components (tariff methodology), and (iii) the network charges that result from applying that allocation to individual users. These are three distinct regulatory steps, each subject to different rules and different degrees of national versus EU competence (see below).

Revenue regulation / Remuneration	Tariff methodology	Network charges
How much revenue the network operator is allowed to earn.	How the allowed revenue is allocated among network users.	What each user actually pays.
Determines the DSO's/TSO's revenue requirement.	Determines the tariff structure and charging rules.	The final charges on electricity bills.
Usually set by the national regulatory authority (NRA).	Usually developed or approved by the NRA.	Applied by the DSO/TSO to customers.

Gap / Problem: Because the proposal does not distinguish between these three regulatory steps, the term "tariff methodology" carries legal uncertainty across all three paragraphs that use it and this uncertainty compounds as it moves from principle to delegated act to transparency obligation. First, Art. 18(2) itself mixes the three steps within its fourteen design criteria: some criteria concern cost-basis questions that belong to revenue regulation, while others concern allocation and signaling questions that belong to tariff methodology in the narrower sense. Second, this same ambiguity is carried into Art. 61(5a): because the proposal does not clarify which of the three steps the Commission's delegated-act power is meant to harmonise, it is not clear from the text alone whether that power is confined to allocation rules, or whether it could also be read as reaching into the determination of allowed revenue. This definition gap creates legal uncertainty about the scope of EU's harmonisation versus NRAs' competence and raises the risk of competence disputes or annulment actions once delegated acts are adopted under Art. 61(5a)). In addition, the grid tariff design lacks a clear distinction between the different categories of charges, i.e., for access to networks, use-of-network and reinforcement-related; they should not be conflated. Each of these charges can be linked to specific grid-users' decisions which, in turn, relates to specific cost drivers for the grid. Therefore, these different charges allow for establishing a causality between the users' decisions and cost for the grid, thus ensuring that the grid tariff design promotes efficient users' behaviors.

Recommendation: Introduce a single, consistent definition distinguishing the three regulatory steps: the determination of allowed revenue, the methodology for allocating that revenue into network charges, and the resulting charges applied to individual users. This would enable Art. 18(2)'s criteria to be sorted clearly between what belongs to revenue regulation and what belongs to tariff methodology in the narrower sense and would confine the Commission's delegated-act power under Art. 61(5a) to whichever step(s) it is actually meant to harmonise. A single definition applied consistently throughout the whole proposal would close the legal-certainty gap running through all three provisions. And, in addition, the grid tariff design should preserve a clear distinction between the different categories of charges, i.e., for access to networks, use-of-network and reinforcement-related; they should not be conflated.

3.5. From mandatory to proportionate: Make benchmarking an option considering the diverse DSO landscape

Relevant articles: Art. 18(2), 18(7-8)), 18a (2)

Current wording: Art. 18(2)(a) provides that regulatory authorities shall set common performance indicators regarding the efficient operation and development of the network, including smart electricity grid indicators in accordance with Art. 18a. This is linked to Art. 18(7), which requires ACER to run an EU-wide efficiency comparison among TSOs and, in its second subparagraph, requires NRAs to carry out an equivalent comparison among DSOs "insofar as there is more than one distribution system operator," with results should be published every four years. Thereby, Art. 18(7) introduces mandatory benchmarking which DSO Entity considers as problematic for several reasons.

Gap / problem: NRAs already have the competence to design incentive regulation, tariff methodologies and, where appropriate, benchmarking, and many already do so under national law, calibrated to their own sector structure and conditions. Turning this into a freestanding, uniform EU obligation risks duplicating or conflicting with those existing approaches; for example, some countries run five-year regulatory periods against the four-year cycle that Art. 18(7) would impose. It also overlooks how much DSOs vary across the EU in size, ownership, voltage level, density and geography: six Member States have one single DSO, while Germany has more than 800. Requiring a comparison wherever there is "more than one DSO" would force countries with only two or three into exercises too small to be statistically meaningful, and even larger samples remain skewed by factors outside any DSO's control, such as urban/rural density, national connection-agreement rules, or the local generation mix. This matters because these comparisons, under Art. 18(2)(a)/(c), feed directly into allowed revenues through X-factors and OPEX/CAPEX efficiency targets. Depending on the circumstances and provided it is based on meaningful, comparable and well-designed indicators, benchmarking at the national level can be a tool to monitor progress and share best practices. However, differences between system operators, as well as variations in national regulatory environments, must be considered. Care should be taken when assessing these indicators, as their values can be significantly influenced by factors beyond DSOs' control, including geography (e.g. rural versus urban areas and population density), regulatory frameworks (e.g. connection agreement arrangements), or the generation mix, particularly when assessing the optimisation of renewable integration through flexibility. If benchmarking initiatives are developed this should be done cautiously, ensuring that they do not result in misleading comparisons. That would undermine what Art. 18(2)(c) is meant to do, i.e. rewarding genuine cost-efficient investment, not punishing DSOs for circumstances beyond their control.

Recommendations:

- Benchmarking in Art; 18(7) should remain an optional regulatory tool at the national level rather than a mandatory EU requirement, thus "shall" should be changed into "may" or "where appropriate" added, and "indicators" should also be replaced with "targets".
- Further, it is important to include certain safeguards. It should be clarified in the text that an efficiency comparison is only carried out insofar as there is a sufficient number of DSOs to ensure statistically robust results and taking into account national specificities, including the structure of the distribution sector. Also, to ensure the robustness of benchmarking results, NRAs shall apply proportionate de minimis thresholds where appropriate and shall, where feasible, apply more than one scientifically recognised benchmarking approach. In any event, the assessment should only be undertaken when there is sufficient comparability and when it can clearly demonstrate the added value of such an exercise. It could also include an evaluation of the quality of national regulatory frameworks.

3.6. Smart Grid Indicators: Do not conflate SGIs with efficiency KPIs and ensure practicality and operational relevance

SGIs should not be conflated with efficiency KPIs

Relevant articles: Art. 18(2), 18(7-8)), 18a (2), Art. 61(5a)

Current wording: Art. 18(2)(a) provides that regulatory authorities shall set common performance indicators regarding the efficient operation and development of the network, "including smart electricity grid indicators in accordance with Art. 18a." This is linked to Art. 18(7), which requires ACER to run an EU-wide efficiency comparison among TSOs and requires NRAs to carry out an equivalent comparison among DSOs. Art. 18a(2), in turn, tasks ACER - in close cooperation with the Commission, ENTSO-E, DSO Entity and other relevant stakeholders - with issuing a recommendation to regulatory authorities on smart electricity grid indicators (SGIs) to measure the uptake and performance of smart and innovative grid technologies.

Gap / problem: Thereby, Art. 18(2)(a) folds SGIs directly into the "performance indicators" that feed the cost-efficiency benchmarking and incentives for possible future revenue regulation under Art. 18(7 & 8), even though the two concepts serve distinct purposes and are developed through separate processes.

- Cost-efficiency indicators test tariffs against the standard of an "efficient and structurally comparable system operator" and feed directly into revenue-setting, while SGIs are technology-adoption and observability metrics, and should jointly be developed by ACER, ENTSO-E and DSO Entity under Art. 18a(2) on their own timeline and reporting cycle. Treating SGIs as an efficiency proxy is a misconception: a DSO with extensive smart-grid technology is not necessarily more cost-efficient, just differently invested. Using SGIs this way also risks pushing NRAs to reward technology adoption for its own sake, rather than genuine efficiency.
- Moreover, because SGI values are heavily shaped by contextual factors like geography, network characteristics and regulatory frameworks, a prescriptive EU-wide SGI benchmarking framework would offer limited value; SGIs are better suited to supporting dialogue between DSOs, NRAs and stakeholders and monitoring progress than to ranking performance.

Recommendations:

- To close this gap the SGI cross-reference from Art; 18(2)(a) should be deleted leaving cost-efficiency indicators as a self-contained regime under Art. 18(2)(a)/18(7 & 8) and SGIs governed exclusively by Art. 18a(2), retaining their intended role as a tool for dialogue and progress monitoring rather than benchmarking or revenue regulation.
- Further the Commission's empowerment to develop implementing acts should be removed Art. 61(5a). To ensure efficiency, data should only be transferred from DSOs to NRAs, never directly to ACER.

Practicality and operational relevance: Keep SGIs anchored at national level, not layered with a parallel EU process

Relevant articles: Art. 18a (2) (3), Art. 61(5a)

Current wording: Art. 18a(2) requires ACER, within 12 months of entry into force and in cooperation with the Commission, ENTSO-E, DSO Entity and relevant stakeholders, to issue a recommendation to NRAs on SGIs to measure the uptake and performance of smart and innovative grid technologies. TSOs and DSOs must provide the data that ACER and NRAs request for that purpose. Art. 18a(3) then requires ACER, at least every three years following that recommendation, to publish an EU-level progress report on the development and uptake of smart electricity grid solutions and to identify best practices and recommend further measures. Art. 61(5a) empowers the Commission to adopt implementing acts setting out SGIs considering ACER's recommendation.

Gap/problem:

- As discussed above, SGIs are highly context-dependent and poorly suited to informing network tariff design, which makes the empowerment underlying Art. 61(5a) and 18a(2 & 3) problematic in principle. The benefits for an EU-level approach need to be called into question not least because NRAs are already tasked with this at national level, where it makes most sense.
- The new data-provision obligation on TSOs/DSOs under Art. 18a(2) compounds this as it creates an additional reporting burden whose added value over the smart-grid monitoring NRAs already carry out under Art. 59(1) (I) of Directive (EU) 2019/944 is unclear.
- While DSO Entity welcomes being named alongside ACER, the Commission and ENTSO-E, in developing the Art. 18a(2)'s recommendation, no equivalent role is foreseen for DSO Entity in Art. 18a(3) when ACER prepares its triennial EU-level progress report.

Recommendations:

- The right compromise remains the one already reflected in Art. 59(1) (I): NRAs, neither ACER nor the Commission, are best placed to define the indicators suited to their own context. Because SGIs are highly contextual and already handled at national level under Art. 59(1) (I), Art/ 18a(2 & 3) should be reconsidered as a whole rather than layered on top as a parallel EU-level process with duplicative data provision requirements. Accordingly, the EC's empowerment to adopt delegated acts (or implementing acts) under Art. 61(5a) should be removed entirely. To ensure efficiency, data should only be transferred from DSOs to NRAs, never directly to ACER. Given the large number of DSOs, direct reporting would be inefficient and impractical for both sides - a problem already evident in the implementation of the Methane Regulation (EU) 2024/1787.

3.7. Scope and process mismatch: Non-wire, smart and digital solutions belong under regulatory incentives

Relevant articles: Art. 18a(1)

Current wording: Art. 18a(1) requires regulatory authorities to promote non-wire, smart and digital solutions wherever they efficiently enhance network capacity, flexibility and reliability, both through regulatory incentives under Art. 18, and by "considering those solutions with priority" under the network development plans drawn up pursuant to Art. 32 and 51 of Directive (EU) 2019/944.

Gap/Challenge:

- Requiring non-wire, smart and digital solutions to be "considered with priority" under network development plans could lead NRAs or system operators to favour these solutions even in cases where a wire-based solution would in fact be the more cost-efficient choice which would sit uneasily with the cost-efficiency principle anchored in Art. 18(2)(c).
- This ambiguity is compounded by a scope mismatch with the network development plans themselves: Art. 32(3) of Directive (EU) 2019/944 already requires distribution network development plans (DNDPs) to include "the use of demand response, energy efficiency, energy storage facilities or other resources" as alternatives to system expansion. DNDPs also operate on a fixed five-to-ten-year investment horizon, while smart-technology adoption cycles vary widely, so a single medium-term planning window is not well suited to capturing them. Because DNDPs are a consulted process, embedding an open-ended, undefined priority for smart technologies risks inviting extensive advocacy from technology vendors during consultation, which would blur rather than streamline the criteria that NRAs and stakeholders use to assess network development.

Recommendations:

- DSO Entity recommends deleting the reference to Art. 32 and 51 of Directive (EU) 2019/944 in Art. 18a(1): DNDPs' scope, consultative process and fixed planning horizon are not designed to weigh the full breadth of non-wire, smart and digital solutions this provision covers, and Art. 18a(1) already provides a more suitable channel for promoting them through regulatory incentives under Art. 18.
- Should this link nonetheless be retained, DSO Entity suggests replacing "with priority" by "duly considered" and clarifying the criteria and benefits against which such consideration is to be made, so that promoting non-wire, smart and digital solutions does not come at the expense of the most cost-efficient outcome or the physical network expansion still needed, and Art. 18a(1) does not establish a mandatory preference.

3.8. New reporting obligations: Enhanced transparency should not come at the expense of efficiency

Relevant articles: Art. 18(5), (6), 18a(2)

Current wording: Art. 18(5), (6) introduces extensive new transparency and publication obligations covering not only tariff methodologies but also the parameters and values used to determine or approve the costs to be recovered by TSOs and DSOs, i.e. revenue regulation. All this information must be made available in a freely accessible, downloadable format. Similarly, Art. 18a(2) requires TSOs and DSOs to provide NRAs and ACER with the data requested for the development of recommendations on SGIs.

Gap/challenge:

- Although the proposal acknowledges that “[...] the newly introduced transparency rules may lead to an increased administrative burden and higher costs [...]” [p. 10], it assumes that the benefits outweigh the costs without offering any supporting evidence, since no impact assessment was carried out [p. 10, 14]. These provisions therefore risk working against the proposal's own objective of bringing network charges down.
- Beyond the added administrative burden, several of the requested data points appear poorly targeted: some seem arbitrarily selected and of limited relevance to disclose (e.g. metering data); some do not exist in all Member States, depending on the national regulatory scheme (e.g. remuneration for reactive power); some would need to be specifically derived or extracted, creating disproportionate effort (e.g. any studies relied upon for the available choices for tariff design); and other information are already publicly available, making the requirement duplicative (e.g. regulatory decisions on infrastructure costs).

Recommendations:

- Limit the transparency and publication obligations in Art. 18(5 & 6) and Art. 18a(2) to information that is necessary, proportionate and demonstrably relevant to the regulatory objective pursued, and not already publicly available, especially in national reports under Art. 59(1) of Directive (EU) 2019/944, and consistently available across Member States.
- Any new reporting obligation should only be introduced on the basis of a genuine cost-benefit case, ideally backed by an impact assessment, since the proposal currently asserts that benefits outweigh costs without substantiating it.
- To ensure efficiency, data should only be transferred from DSOs to NRAs, never directly to ACER. Given the large number of DSOs, direct reporting would be inefficient and impractical for both sides - a problem already evident in the implementation of the Methane Regulation (EU) 2024/1787.

3.9. Supporting grid data exchange: Build on existing governance and get the new framework right

Grid data exchange: legal basis and cost recovery gaps (Art. 18a(4))

Relevant articles: Art. 18a(4)

Current wording: Art. 18a(4) obliges TSOs and DSOs to manage and exchange grid data, including via data-sharing agreements, in order to enable the deployment and effective use of smart electricity grids and to ensure efficient, secure and flexible system operation. It requires this data exchange to be carried out "in a harmonised manner" and to comply with Chapter III of the Data Act (Regulation (EU) 2023/2854), while Chapter II of that Regulation applies where the data falls within its scope.

Gap/challenge: While DSO Entity supports the intention of the article and the benefits of efficient data exchanges between grid operators, Art. 18a(4) raises some questions.

- Interactions between system operators are already governed in detail by different Network Codes (e.g. SOGL, RfG, DCC, soon NCDR), which are in turn further specified in national terms and conditions to reflect the diversity of technical and operational contexts across Member States (e.g. differences in interface voltage levels, in the number and size of DSOs, and in the capabilities of individual system operators). This must remain the case as a harmonised framework would not necessarily accommodate this diversity. This is inherently local and long-standing.
- Regarding what sort of data should be shared, recital 19 is welcome in this respect as it implies that data should be shared for specific use-cases which should ensure that data is shared in an adequate, relevant and proportionate manner to ensure a specific purpose is fulfilled.
- Lastly, it relies on an unclear legal basis regarding the applicability of Chapter III of the Data Act to grid data; and it does not provide for the recognition and recovery of the costs that new data-exchange obligations would generate.

Recommendations: DSO Entity supports the benefits of efficient data exchanges between grid operators and the digitalisation and smartening of the grid. While acknowledging the general intention of the article, DSO Entity would like to raise the following points for clarification:

- **Existing legislation:** Data exchange between system operators is already comprehensively governed by Network Codes, and given the diversity of interfaces, capabilities and arrangements across Europe, harmonisation is not a meaningful objective in the context of sharing data based on already established Network Codes.
- **Legal basis under the Data Act (EU) 2023/2854:** The Data Act was primarily designed for data generated by connected products and related services, whereas the qualification of electricity grid data, and in particular the role of DSOs under the Data Act framework, remains open to interpretation. The current drafting does not provide sufficient legal certainty on this point; Chapter III does only create a data sharing obligation when some other piece of Union of national law imposes a data-sharing obligation on a data holder. Therefore, the wording of Chapter III should be aligned with Chapter II stating that “where electricity grid data falls within the scope of Chapter III of Regulation (EU) 2023/2854, that chapter shall apply”.
- **Cost recovery:** The increasing number of data exchanges by DSOs for the purpose of the development, deployment and effective use of smart electricity grids will require substantial investments in IT systems, interoperability solutions, cybersecurity, data governance and operational processes. Any new data-sharing requirements should therefore be accompanied by a clear principle that efficiently incurred costs are recognised and recoverable through the regulatory framework.

Supporting grid data exchange: A welcomed task - getting the process right

Relevant articles: Art. 18a(5), Art. 61(5b)

Current wording: Art. 18a(5) establishes a voluntary secure electricity grid data exchange framework, to be jointly facilitated by ENTSO-E and DSO Entity, to support the development, testing, integration and deployment of innovative technologies for grid operation and optimisation. To set up this framework, the entities must draw up and communicate to the Commission comprehensive documents such as governance, decision-making and participation rules, technical and operational measures ensuring compliance with energy, cybersecurity and data legislation, etc. The Commission must deliver an opinion on this arrangement within six months. Separately, Art. 61(5b) empowers the Commission to later adopt implementing acts covering much of the same ground.

Gap and challenge: Setting up the framework's governance, technical, cybersecurity, lifecycle-management and testing/validation arrangements within a 12-month timeframe is a considerable undertaking for two sectoral bodies. The impact assessment's own resourcing for the Commission side estimates roughly 3 FTEs plus JRC support and thereby suggests the scale of effort involved, without a comparable acknowledgement of the time and resources ENTSO-E and DSO Entity will need. Furthermore, the proposal does not clarify how this work relates to other EU-level initiatives covering similar ground so that they can develop it in a coordinated way. In addition, Art. 61(5b) implementing acts follow up on much of the same matter, already developed and assessed through the Commission's opinion, which raises the question of whether the framework might need adjustment once those acts are adopted.

Recommendations:

- DSO Entity considers that improved data exchange across the electricity system is essential to enable a more integrated, flexible and efficient energy system and, thus, in general welcomes the new assignment jointly with ENTSO-E.
- However, it recommends that sufficient leeway and time be granted to ENTSO-E and DSO Entity to properly prepare, consult on and establish the framework, reflecting the genuine scale of the task. Further, clarification is needed regarding how this initiative is to be coordinated with other relevant EU-level workstreams and funded initiatives to avoid overlaps or duplication of efforts.
- Finally, DSO Entity proposes that the framework and opinion stage under Art. 18a(5) and the implementing acts under Art. 61(5b) be combined into a single, streamlined process, or at minimum that the elements to be addressed at each stage be clearly delineated upfront. This should enable to avoid rework and provide legal certainty.

3.10. Grid connection prioritisation: Avoid duplicating national frameworks already under way

Relevant article: Art. 18d

Current wording: Art. 18d allows regulatory authorities, where grid capacity is scarce, to approve measures that deter speculative connection requests, require sufficient project maturity, and prioritise categories of system users based on objective, transparent and non-discriminatory criteria. It also requires Member States and regulatory authorities to ensure that other measures addressing insufficient grid capacity remain in place alongside this: non-wire, smart and digital solutions under Art. 18a, flexible connection agreements under Art. 6a of Directive (EU) 2019/944, and cross-sectoral network planning involving stakeholders.

Gap/challenge:

- While DSO Entity supports changes to the first-come-first-served principle and the introduction of prioritisation schemes tailored by Member States to their specific national conditions and needs, as drafted the proposed provisions risk creating legal uncertainty. The new Art. 18d overlaps with Art. 6 of Directive (EU) 2019/944, which governs conditions for network access and authorisation. The EC's own explanatory memorandum describes Art. 18d as merely "further specifying" that existing framework, without clarifying how the two provisions relate to one another.
- That ambiguity matters because prioritisation decisions are not purely technical, i.e. choosing which grid users get connected first during a period of scarce capacity is a decision with significant political and distributional consequences which should therefore remain subject to national democratic processes rather than being channeled solely through NRA administrative approval under an EU regulation.

- Several Member States are already in the process of adopting national legislation to establish priority categories for connection, tailored to their own scarce-capacity situations. Introducing a parallel, insufficiently delineated empowerment for NRAs under Art. 18d risks creating legal uncertainty as to which framework - national legislation adopted under Art. 6, or NRA-approved criteria under Art. 18d - actually governs, potentially undermining national legislative processes already under way.
- Beyond overlapping with Member States' competence under Art. 6, Art. 18d also sits oddly within the scope of this proposal: connection prioritisation during periods of scarce capacity is a substantively different policy question from network charges and tariff design.

Recommendations:

- While DSO Entity supports changes to the first-come-first-served principle and the introduction of prioritisation schemes, the detailed design of connection rules falls within Member States' competence under Art. 6 of Directive (EU) 2019/944, and national frameworks are best placed to reflect national specificities. This is also confirmed by the Commission's own guidance on grid connection queues, published as part of the Grids Package (EC/2025/8473). It already provides sufficient orientation from the EU level, and Member States are using it to adapt their frameworks to their own specific needs and priorities (e.g. Spain, the Netherlands, Denmark). Art. 18d is therefore not deemed necessary and should be deleted.
- Ultimately, connection queues are best addressed at the source rather than managed after the fact: this reinforces the need for the investment-oriented regulatory framework set out above with full and timely cost recovery and adequate remuneration of capital enabling anticipatory investments so that grid capacity is built ahead of demand and queues do not arise in the first place.

4. Annex: Summarising table

Topic	Article(s)	Current text and why it matters	DSO Entity's asks
Investment-oriented regulation	Art. 18(1), 18(2)(a), 18(2)(c), 18(4)	Cost-efficiency is the primary recognised cost-allowance objective. NRAs have no comparable basis to remunerate resilience, security, timely connections, digitalisation or renewables integration, even though the proposal names these as priorities in recitals and Art. 18d exists because under-recognised investment already causes connection queues. The mention of anticipatory investments is supported.	Anchor timely, anticipatory grid development, resilience and security as cost-allowance objectives in their own right alongside cost-efficiency (Art. 18(1), 18(2)(c)) and include the “appropriate return on investment” / “sufficient investment” language of recitals 8 and 11 into the binding Art. 18(2)(a) criterion; clarify Art. 18(4) so state funds do not undermine DSOs’ revenue certainty.
Tariff methodology principles	Art. 18(1), 18(2), 61(5)(a)	The proposed guiding principles, i.e. cost-reflectivity, non-discrimination and transparency (Art. 18(1)), are supported, and most of Art. 18(2)’s design criteria are aligned with this goal. However, tariffs risk being overloaded with objectives beyond their core function, i.e., cost recovery and stable investment signals.	Keep cost recovery and stable investment signals as the core tariff objective; add “simple” alongside “transparency”; retain the well-aligned Art. 18(2) (points (d), (e), (g), (h), (l)) criteria; support EU level framework in the form of guiding principles that leaves national flexibility but oppose harmonisation by delegated act under Art. 61(5)(a) or implementing acts.
Subsidiarity & regulatory flexibility	Art. 61(5a)	The delegated act on tariff structure/methodology is undefined in scope, encroaches on national competences, and cannot fit the EU’s highly diverse DSO landscape; risks legal uncertainty and competence litigation at a time when DSOs need fast, secure access to investment.	Delete the Commission’s empowerment to adopt delegated act in Art. 61(5a) and rule out any other route to greater harmonisation such as implementing acts; keep Art. 18 as the governing framework, applied nationally.
Definitional clarity	Art. 18(2), 18(5), 61(5a)	“Tariff methodology” is used to mean three different things — revenue regulation, allocation methodology, and network charges — creating legal uncertainty over the EU/NRA competence split and a risk of disputes once delegated acts are adopted.	Introduce one consistent definition distinguishing revenue regulation, tariff methodology and network charges, and apply it uniformly across Art. 18(2), 18(5) and 61(5a) and the whole proposal.
Benchmarking	Art. 18(7 & 8)	Mandatory EU-wide DSO benchmarking duplicates or conflicts with existing national frameworks and cannot produce meaningful results given how much DSOs vary (six Member States have a single DSO; Germany has 800+); results feed directly into allowed revenue.	Make benchmarking optional and national (“shall” → “may” / “where appropriate”), require a minimum sample size for statistical robustness, de minimis thresholds and more than one recognised methodology. In any event, only undertake the assessment when there is sufficient comparability and when it can clearly demonstrate the added value of such an exercise.
Smart Grid Indicators (SGIs)	Art. 18(2)(a), 18(7 & 8), 18a, 61(5a)	SGIs are technology-adoption metrics wrongly folded into cost-efficiency benchmarking; a parallel EU-level process (ACER’s recommendation, mandatory data provision, triennial report) duplicates the monitoring that NRAs are already carrying out nationally under Art. 59(1)(l).	Delete the SGI cross-reference from Art. 18(2)(a); keep SGIs solely under Art. 18a(2) as a dialogue/progress-monitoring tool, not benchmarking; remove the Art. 61(5a) implementing act power; give DSO Entity the same consultative role in Art. 18a(3) that it has in Art. 18a(2). To ensure efficiency, only allow for data to be transferred from DSOs to NRAs, never directly to ACER.

Topic	Article(s)	Current text and why it matters	DSO Entity's asks
Non-wire, smart & digital solutions in DNDPs	Art. 18a(1)	Requiring these solutions to be “considered with priority” in network development plans, on top of regulatory incentives, is undefined and risks favouring them over more cost-efficient wires-based options; DNDPs’ narrower scope, fixed 5–10-year horizon and consulted process are not designed to weigh this.	Delete the reference to Art. 32/51 of Directive (EU) 2019/944 in Art. 18a(1) — Art. 18’s regulatory incentives are the right channel; if retained, replace “with priority” with “duly considered” and specify clear criteria.
New reporting obligations	Art. 18(5)–(6), 18a(2)	Extensive new transparency/publication obligations are introduced without an impact assessment or evidence that benefits outweigh costs, risking a measure that works against the proposal’s own goal of lowering network charges.	Limit the transparency and publication obligations in Art. 18(5 - 6) and Art. 18a(2) to information that is necessary, proportionate and demonstrably relevant to the regulatory objective pursued, and not already publicly available, especially in national reports under Art. 59(1) of Directive (EU) 2019/944, and consistently available across Member States.
Grid data exchange	Art. 18a(4)	While supporting the benefits of efficient data exchanges between grid operators it is important to stress that such data exchanges are already governed in detail by different Network Codes and Guidelines, which are further specified nationally to reflect the diversity a harmonised framework would struggle to accommodate.	The provision should be better aligned with the existing Network Code framework rather than introduced separately, clarifying the reference to the Data Act (i.e. only where electricity grids data are within the scope of Chapter III that chapter shall apply); and ensuring recovery of the costs the new data sharing activities will generate.
Voluntary grid data exchange framework	Art. 18a(5), 61(5b)	Setting up the voluntary secure electricity grid data exchange framework (governance, technical, cybersecurity and testing arrangements) within a demanding 12-month timeframe is a considerable undertaking for two sectoral bodies; coordination with other EU-level initiatives could be clarified, and the Art. 61(5b) implementing acts largely follow up on the same ground already covered by the EC’s opinion, raising legal-certainty questions.	Welcome the joint assignment with ENTSO-E, but grant sufficient leeway and time to prepare, consult on and establish the framework. Coordination with parallel EU workstreams and funded initiatives should be clarified to avoid duplication. Art. 18a(5) on the framework and opinion stage should be combined with Art. 61(5b) on implementing acts into a single streamlined process, or clearly delineate the two upfront to provide legal certainty.
Grid connection prioritisation	Art. 18d	Art. 18d’s new empowerment for NRAs to prioritise connection requests during periods of scarce capacity overlaps with Member States’ existing competence under Art. 6 of Directive (EU) 2019/944. Several Member States are already legislating their own priority frameworks, so these unclarified overlap risks leading to legal uncertainty over which framework governs and could undermine national processes already under way; prioritisation decisions also carry political and distributional weight that sits oddly within a network-charges proposal.	While changes to the first-come-first-served principle and the introduction of prioritisation schemes are supported, detailed design of connection rules falls within Member States’ competence under Art. 6 of Directive (EU) 2019/944, together with the EC’s own connection queue guidance (Grids Package, EC/2025/8473), already provides sufficient orientation. Therefore, Art. 18d should be deleted. Connection queues are ultimately best addressed at the source through the investment-oriented regulatory framework set out above, enabling anticipatory investment ahead of demand.