NORDENERGI

Céline Gauer
Director-General
Directorate-General for Energy
European Commission
Rue de Mot 24
1040 Brussels

13 October 2026

Subject: Transmission charges for producers

Dear Director-General Gauer,

Nordenergi is a cooperation between the electricity industry associations in the Nordic countries. Our members generate, transport and supply electricity in a region that is closely coupled with the rest of the internal market and that is expected to deliver a substantial share of Europe's new clean generation and flexibility over the coming decade.

Our understanding is that the Commission is considering deleting the maximum levels for the annual average transmission charges paid by producers ('the tariff caps', or just 'the caps' in the following), which currently are established in Part B of the Annex to Regulation (EU) No 838/2010. We further understand that the Commission plans to present a draft legal act to this effect at the next meeting of the Internal Energy Market Expert Group on 19 October 2026.

We do not know under which empowerment or in which procedural form the Commission intends to act. This letter therefore addresses the intention as we understand it, and we urge the Commission to make the intended legal basis and procedure clear as soon as possible.

We strongly advise against removing the tariff caps. Divergent injection charges distort competition and investment between producers across the internal electricity market. The caps keep that divergence within a narrow range, and nothing at Union level would take their place. Removing them would delete a rule that works, without examining the consequences.

Our position rests on three points:

- Procedure: changes should be preceded by an impact assessment and public consultation. Neither appears to have taken place, and no draft has been published.
- Substance: the caps should be retained. They do not restrict cost-reflective charging, and removing them would not reduce system costs. It would shift them onto generation, weaken the case for new investment and add uncertainty that may delay or cancel projects, at a time when Europe needs such investment most.
- Transition: if the Commission nevertheless proceeds, no change should take effect before a framework is in place that secures sufficient methodological harmonisation at Union level, and any change must be accompanied by transitional provisions.

The reasoning behind each point is set out in the annex to this letter.

We would welcome a meeting before the next meeting of the Internal Energy Market Expert Group on 19 October to discuss these points and to contribute to the development of a durable framework for injection charges.

Yours sincerely,

Nordenergi

Finnish Energy SWEDENERGY GREEN POWER DENMARK Renewables Norway

Annex: Reasons for our position

Any modification should be preceded by an impact assessment and public consultation

There is insufficient insight into the consequences of removing the tariff caps. Under paragraph 13 of the Interinstitutional Agreement of 13 April 2016 on Better Law-Making, the Commission has committed to carrying out impact assessments of its legislative and non-legislative initiatives, delegated acts and implementing measures 'which are expected to have significant economic, environmental or social impacts'. Likewise, the Commission's Better Regulation Guidelines (SWD(2021) 305 final) require in chapter IV point 1 that an impact assessment be carried out for measures likely to have such impact. Removing the only quantitative limit in Union law on transmission charges levied on generation, applicable in every Member State, falls squarely within that description, as its removal would affect the cost base of assets whose realisation often takes ten years or more and whose payback periods are measured in decades. Yet to our knowledge, no impact assessment has been carried out.

ACER's own report highlights the need for such analysis. In Getting the signals right: Electricity network tariff methodologies in Europe (26 March 2025), the Agency recommends that the advantages and disadvantages of applying injection charges be reassessed, and that the decision whether or not to apply them be justified by relevant studies focusing on efficiency gains and potential distortions to the internal market (paragraph 87). The same report records that only four countries – Belgium, France, Latvia and Norway – reported that a study had been carried out to assess the cost impacts triggered by producers before the introduction, change or phase-out of injection charges (paragraph 72). The evidence base on which national practice rests is therefore thin.

Deletion has not been shown to be necessary. If the current ranges were considered outdated, less far-reaching options would be available to the legislature, such as adjusting the ranges or widening the scope of harmonisation. Without an impact assessment, there is no basis for concluding that complete deletion is necessary or proportionate compared with such alternatives (cf. Joined Cases C-541/20 to C-555/20 Lithuania and Others v Parliament and Council, paragraphs 718–739).

It has also been a challenge to follow the process from the outside. There is no published draft, no public consultation and no explanation as to the Commission's reasoning and plans. This approach is difficult to reconcile with the requirements set by Article 11 TEU, which are reiterated in chapter II point 1 of the Better Regulation Guidelines. We cannot see that any of the steps outlined in the Commission's Better Regulation Toolbox under Tool #51 have been followed, according to which draft acts are as a rule published on the Have Your Say portal for a four-week feedback period before adoption, and we cannot see that the narrow scope for an exception to that rule is fulfilled here.

We therefore urge the Commission to carry out a comprehensive and up-to-date impact assessment before taking any action, and to submit a draft for public consultation.

Reasons for retaining the tariff caps

The purpose of the caps is to contribute to a level playing field and unhindered competition amongst producers from different Member States. That purpose is even more important now than when the cap was introduced. Any act removing the caps would need to address that purpose. We are not aware of any assessment of how removal would affect competition between producers in different Member States.

Most importantly, removing the caps would increase uncertainty for investment in power generation. Generation projects are planned and financed over many years against the regulatory framework in force. Without the caps, the level of injection charges would be left to national tariff decisions that can change from one tariff year to the next, and projects under development would have to be assessed against a cost with no known upper boundary. The caps provide vital certainty in this ever-changing environment. Removing this certainty may lead to projects being delayed or even cancelled.

The risk that the tariff caps address is growing, not receding. In its recent tariff proposal as part of the electrification package (COM(2026) 600), the Commission itself notes that '[t]he current rules leave national regulatory authorities (NRAs) a significant margin for implementation. This has created strongly diverging network charge regimes between different Member States'. Such national divergences have a particularly pronounced impact in a tightly integrated market. The aforementioned report by ACER makes the same observation. Increasing interconnection and integration of the European electricity market, the Agency notes, implies an increasing risk that non-cost-reflective injection charges could distort competition and investment decisions in the internal market (paragraph 78).

How this risk materialises for a given plant depends on national tariff design. A charge levied on the energy actually injected enters short-run marginal cost and is reflected directly in the bid submitted to the day-ahead auction, thus distorting price formation. A charge levied on capacity, or fixed in advance, does not move the bid but weighs on fixed costs, and therefore falls hardest on plant with low utilisation – especially intermittent renewables, which are currently the most efficient path towards sufficient generation capacity, and peak capacity, which is needed for security of supply. What is common is that divergent injection charges change the conditions for competition across borders: tariff design rather than production conditions determines who generates and when. That is at odds with a core premise of market coupling, which is that dispatch follows cost-effectiveness. It also undermines the efficiency of the internal electricity market.

It is our understanding that the caps are regarded as inconsistent with the requirement in Article 18 of Regulation (EU) 2019/943 that network charges be cost-reflective and non-discriminatory. We do not share that view. The caps do not restrict cost-reflective charging: costs attributable to the individual network user, i.e. costs for network connection, ancillary services and losses, fall outside them. What the caps limit is the share of residual network costs recovered from producers, costs that by definition cannot be attributed to individual users and on whose allocation the principle of cost-reflectivity offers no guidance. Nor are the principles in Article 18 new: Article 14(1) of Regulation (EC) No 714/2009

already required cost-reflective and non-discriminatory charges when the Commission adopted Part B, so subsequent developments in the tariff framework do not necessitate a deletion.

We further understand that the growth in generation connected at distribution level and the widespread use of national support schemes are seen as reasons for deletion. Neither justifies it. That a growing share of generation is connected at distribution level shows, at most, that the scope of harmonisation is too narrow. The answer would be to widen it, not to remove it. The caps do not entail discrimination between producers connected at different voltage levels. Discrimination presupposes that comparable situations are treated differently. The caps set an upper limit on charges at transmission level. They do not require producers connected at distribution level to pay more. Where differences arise, they result from national tariff choices, and deleting the caps would not remove them. It would only allow charges to diverge further between Member States.

As regards support schemes, new onshore wind, solar and hydropower in the Nordic region is built and largely operated on market terms. Moreover, any support must be approved under state aid rules, which limit its effect on competition. National injection charges are not subject to a comparable level of control at Union level, and without the caps nothing would limit how far they diverge.

Economic theory states that network costs should be borne by the users that cause them. Residual costs that cannot efficiently be allocated to individual users should, at the outset, be recovered from inelastic consumption rather than from generation. Where markets are integrated, charges levied on producers in one country but not in its neighbours shift generation across borders for reasons unrelated to cost. Divergent levels of such charges therefore lead to overall inefficiency and call for harmonisation to achieve a level playing field (Nils-Henrik Mørch von der Fehr, 'Hvordan skal nettkostnader dekkes?' [How should network costs be recovered?], Oslo 2017, executive summary in English, pp. IV–V). We cannot see that current tariff methodologies ensure, with sufficient certainty, that costs are allocated to individual users efficiently and comparably across national regulatory regimes.

Finally, removing the caps would not reduce the total cost of the system. It would redistribute system costs and add uncertainty about where they will fall. Where injection charges differ in an integrated market, producers that face higher charges generally cannot pass these on, and the additional costs reduce their economic viability. Furthermore, the case for investing in new generation capacity is weakened at a time when Europe most needs such investment. Where the charge is passed on, it is reflected in the wholesale price and borne by consumers. In both cases, consumers bear a price increase, either directly or through a less favourable energy balance. This is also detrimental to energy security, decarbonisation and the competitiveness of European industry.

Thus, at present, maintaining the tariff caps serves the rationale of electricity market integration better than a removal.

No removal before harmonisation

If the Commission should proceed with modifying or removing the tariff caps despite the above, any change must be accompanied by transitional measures. Should the caps be removed now, further

progress with aligning the tariff principles at Union level may take years, while in the meantime the effects described above will undermine the functioning of the internal market and jeopardise much-needed investment in power generation. If, as we understand, a deletion would enter into force shortly after publication and without transitional provisions, producers, regulators and system operators would have no time to adapt. A change that a system operator can implement within a single tariff year should not be imposed on assets that were planned or financed against a regulatory cost with a known upper boundary.

We support the Commission's work to clarify the principles that govern network tariffs, and we support greater harmonisation. What is required is binding guidance on how the shared principles are to be applied when costs are allocated between user categories, so that national outcomes stay within a range that does not distort competition between producers bidding into the same market. COM(2026) 600 sets out a path towards a common structure and harmonised methodology on tariffs. The caps should remain in place at least until such guidelines have been adopted.

We therefore ask that any amendment or removal of the tariff caps take effect only once such a framework is in place.