

# Harmonization tariffs TSOs

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## Harmonization of Tariffs

- › Tariff structure
  - › Who pays what?
  - › Copper plate vs limited transport capacity (more congestion)
  - › Postage Stamp Tariff vs. paying for distance
  - › Cascade vs individual transaction costs?
  - › KW or KWh?
- › Regulation of total income/costs TSOs
  - › Cost plus vs Price Cap
  - › Accounting rules
  - › Benchmarking

## Subsidiarity Principle (art. 5 Treaty)

- › Subsidiarity: decisions are taken as closely as possible to the citizen
  - › Does the action have transnational aspects that cannot be resolved by Member States?
  - › Would national action or an absence of action be contrary to the requirements of the Treaty?
  - › Does action at European level have clear advantages?

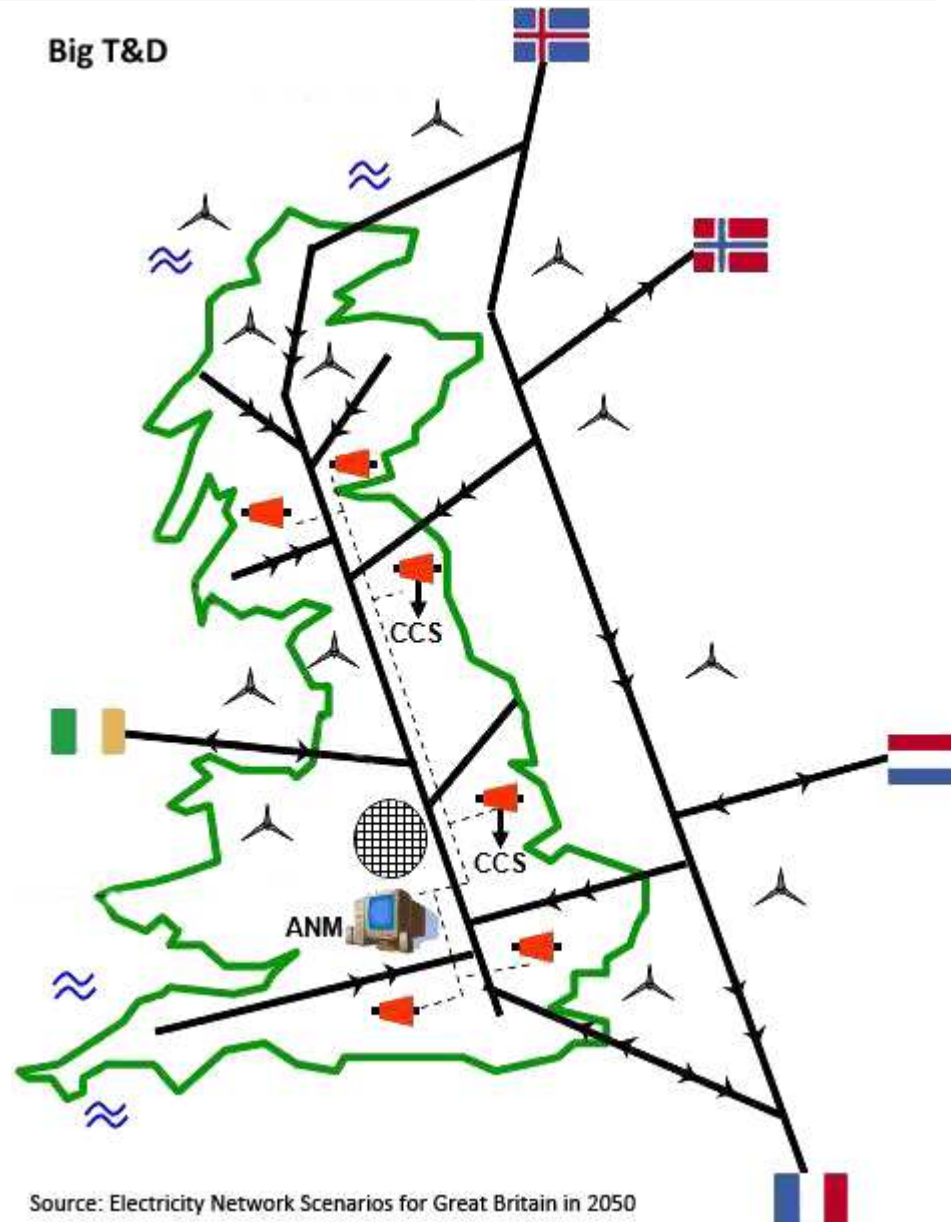
## Dimensions Electricity System

- › International Dimension
  - › Import and export of Electricity; increasing interconnection capacity
  - › Mutual agreements and assistance of TSOs, cooperation in ENTSO
  - › International copper plate?
- › National Dimension
  - › Individual Member States specific characteristics
    - › e.g. Denmark vs France
  - › Depending on history, culture, availability of energy resources, methods of production, sustainability
  - › Local production in 2050 may vary between 5% and 45%

## Various network scenario's for 2050

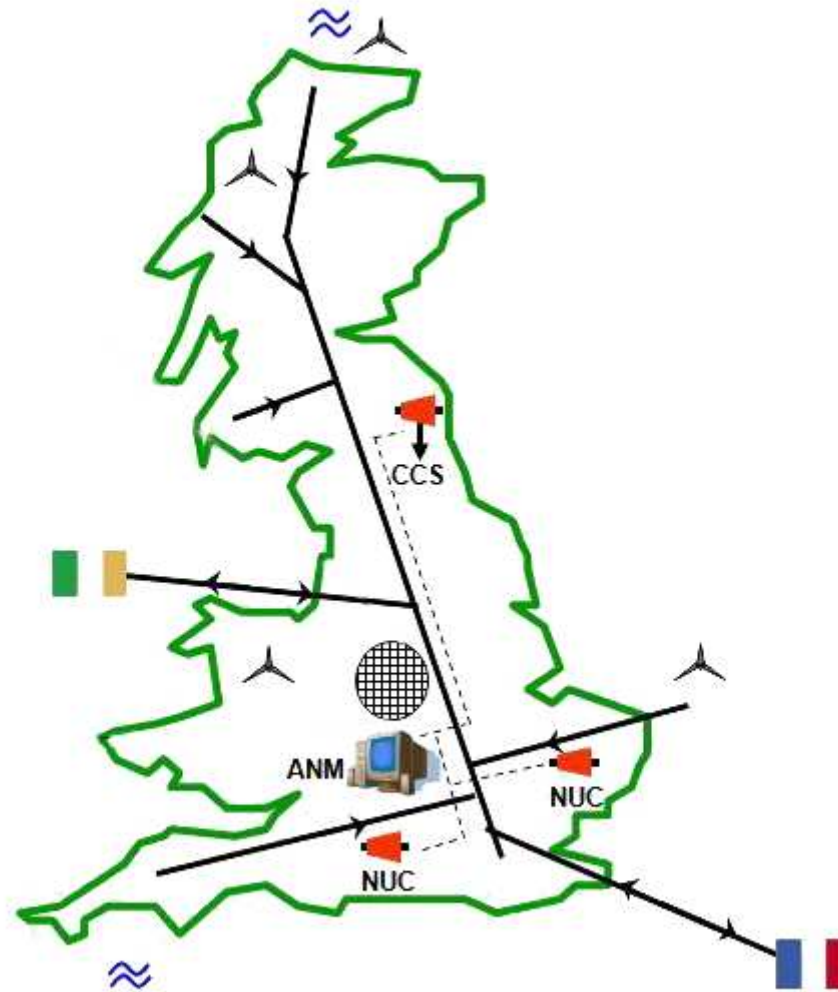
- › Depending on the integration of smart grids, demand response, etc.
- › Ofgem Lens Scenario's (Long term Electricity Network Scenario's)
- › Kema/Ce: The social cost and benefits of smart grids  
(Maatschappelijke kosten en baten van Intelligente Netten)
  - › *The net gains delivered by Smart Grids are particularly due to lower grid investments (.....) and also from avoidance of imbalance.*

Big T&D



Source: Electricity Network Scenarios for Great Britain in 2050

### Micro Grids



Source: Electricity Network Scenarios for Great Britain in 2050

## Cost causation principle in tariffs

- › Less socialization of costs
- › Same tariff structure and tariffs for all users of the network, consumers and producers (no LUP)
- › Tariffs for real use of the networks
  - › HV, MV, LV
  - › Local communities producing and consuming for themselves
- › Tariffs for used services
  - › Costs of congestion
  - › Costs of balancing



## Tariffs and level playing field

- › International level playing field
  - › Same tariff structure for large producers and large consumers at the international market (TSO-tariffs)
- › National level playing field
  - › Same tariff structure for large producers, large consumers, small producers and small consumers
  
- › Harmonization tariffs of large producers should lead to total harmonization of all tariffs, level playing field within Member States

## Harmonization tariffs or not?

- › Promotes level playing field between large producers and large consumers
- › Should France and Denmark have the same tariff structures and tariffs, for example for producers?
- › Harmonization may impede (efficient) differentiation between Member States
- › Impedes experiments necessary for the transition to a sustainable and flexible electricity supply industry
  - › Nodal tariffs
  - › Local tariffs
  - › Balancing at international, national or local level?
  - › Electric transport