

ACER Webinar on Electricity Network Tariffs for Injection

Wednesday, 10 November 2021, 14:00 – 16:00 CET

AGENDA		
13:45 - 14:00	Dial-in time	Starts promptly at 14:00
14:00 - 14:05	Opening	Welcome note by Christophe Gence-Creux, ACER
14:05 - 14:35	NRA presentations on national practices: Harriet Harmon (Ofgem, UK) Daniel Horta (ERSE, Portugal) Viesturs Kadiķis (PUC, Latvia)	Moderator: Charles Verhaeghe, CRE
14:35 – 15:15	Key notes from independent experts: Carlos Batlle Lopez (FSR/MIT) Bram Claeys (RAP) Panel discussion with NRA speakers and independent experts	
15:15 - 15:55	All webinar participants' discussion	
15:55 – 16:00	Closing	

Webinar's Objective and Participation:

The electricity transmission and distribution networks form the backbone of the local and European energy systems and play a key role in the energy transition. Electricity network tariffs have the core objective to recover the costs incurred by transmission and distribution system operators. At the same time, tariff methodologies should neutrally support overall system efficiency by providing appropriate incentives to the system operators and price signals to network users and finding balance between various tariff-setting principles.

Pursuant to the Electricity Regulation (EU) 943/2019, at least every two years, ACER shall provide and update a report on electricity transmission and distribution tariff methodologies' best practices, while taking account of national specificities. National regulatory authorities shall duly consider these reports before fixing or approving the network tariffs or their methodologies.

ACER published its [report on transmission tariff methodologies in Europe](#) in Dec 2019 and its [report on distribution tariff methodologies in Europe](#) in Jan 2021. The reports provide ACER's analysis of national practices as well as corresponding recommendations and represent a starting point to increase the transparency and comparability in tariff-setting.

Ahead of ACER's next network tariffs report, ACER would like to discuss with NRAs, independent experts and targeted stakeholders (in particular, European associations representing different network user groups). The topics for discussion have been identified as of broad interest and/or of potentially conflicting views. The discussions are to facilitate ACER's work on network tariffs, in particular regarding recommended or not recommended tariff practices.

This webinar covers the transmission and distribution network tariffs set for network users for the injection (or for the possibility of injection) of electricity into the network, regardless on what basis such charge is set.

In this regard, ACER found that:

- Some form of distribution and/or transmission tariffs for injection or for its possibility to inject are applied in more than half of the Member States, while Germany is the only Member State applying a "negative injection charge" for avoided network costs. In the remaining Member States no injection charge is applied.
- In Member States that apply a distribution tariff for injection, the NRA typically motivates the use of injection charges by referring to the principle of cost-reflectivity or the principle to charge all network services.
- The Member States that do not apply injection charges provide a diverse list of reasons for their non-application. The most frequently reported reasons by NRAs for non-application are that injection charges would create distortions in the national and cross-border wholesale markets or the network costs caused by producers are already recovered through other means (e.g. through licence-holder charges or connection charges).
- ACER notes that some Member States apply transmission tariffs for injection, but not distribution tariffs for injection, which is explained by the different impacts of the injection in those networks. On the contrary, some other Member States apply a distribution tariff for injection, but do not apply a transmission tariff for injection.

ACER is of the view that in order to ensure cost reflectivity and avoid market distortions, the cost caused by a network user should be properly reflected in its distribution tariff. If a network user only withdraws from or injects into the distribution grid, in principle, only the costs relevant for withdrawal or the costs relevant for injection should be attributed to this network user. If a network user both withdraws from and injects into the grid both should be considered when setting distribution tariffs, by properly taking into account the potential cost-offsetting effect and the overall cost impact to the network.

In 2014, [ACER's Opinion on transmission charges paid by generators](#) underlined that the more interconnected and integrated European market implies an increasing risk that different levels of generation charges distort competition and investment decisions in the internal market. In order to limit this risk, ACER deemed it important that generation charges are cost-reflective, applied appropriately and efficiently and, to the extent possible, in a harmonised way across Europe. In this regard, ACER concluded that energy-based generation charges shall not be used to recover infrastructure costs. Instead, power-based charges (e.g. EUR/kW) or lump-sum generation charges (e.g. EUR) can be appropriate, as long as they are cost reflective. ACER added that energy based (e.g. EUR/kWh) charges however, could provide efficient signals to recover the costs of losses and ancillary services, both of which may significantly depend on the volumes of energy.

Questions to NRA speakers:

ACER is kindly asking NRA speakers to focus on the following issues in their presentations:

- What was your main motivation behind the introduction/phase out of injection charges?
- How did/do you ensure cost reflectivity, non-discrimination and non-distortion of competition during the application of injection charges?
- What are your main lessons learned so far? Did the practice eventually meet your original expectations? How they could it be further improved?

Questions targeted at the panel discussion as well as at the all participant's discussion:

ACER is asking the panelists' views as well as other participants' views in particular on the following issues:

1. In your view would it increase cost efficiency if network users pay a network charge for their injection (or possibility to inject) into the grid? (Why?/Why not? If it depends on some features of the regulatory framework, please clarify them).
2. Is there a risk of significant distortion of competition of generation between Member States, between transmission and distribution connected network users or different network user groups (e.g. producers, storages, prosumers, etc.) when injection charges are applied? If yes, how such distortion can be mitigated?
3. What should be charged to the network users in relation to their injection into the grid and why? (E.g. what cost categories, marginal vs. residual costs, etc.)

We also kindly ask each participant of the webinar to provide their 2-3 main messages in writing to electricity@acer.europa.eu at least a few days ahead of the webinar.