Prosumers for the Energy Union

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Fees and surcharges

Implications for Prosumer Business Models

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drift for transition

LEUPHANA UNIVERSITÄT LÜNEBURG

UNIVERSITY OF LEEDS

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Fees and Surcharges: Implications for Prosumer Business Models

- 5 minutes introduction to “fees and surcharges”
- 5 minutes survey
- Lunch break 
- After lunch: Presentation of survey results

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Fees and Surcharges: Implications for Prosumer Business Models

Prosumer business models depend on national regulatory framework

- Avoidance of taxes, fees and/or grid charges
- Subsidy schemes (e.g. feed-in tariffs)
- Metering-schemes (different models of net-metering)
- Other: e.g. exemptions of supplier licensing obligations

• Regulatory complexity and uncertainties

- Regulatory framework privileges certain business models
- Individual prosumers ↯ collective prosumer ↯ energy communities

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Fees and Surcharges: Implications for Prosumer Business Models

Some prosumer business models rely (partly) on avoidance of network charges or other fees

Tension: Financing of grid costs (maintenance, investments) if prosumer business models are mainstreaming

Targets of a sustainable network charge, fees and tax system:

- Financing of grid costs
- Efficient cost allocation
- Fairness of cost allocation
- Good governance

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Fees and Surcharges: Implications for Prosumer Business Models

Short survey about fees and surcharges

Find the link in the Zoom chat

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Backup

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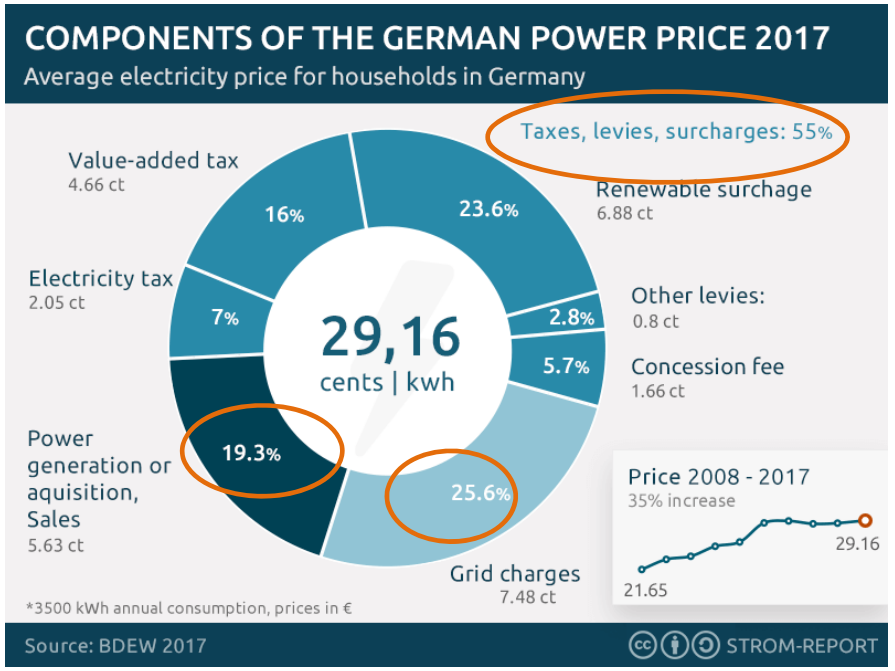
Fees and Surcharges

Retail electricity price dominated by regulated network charges and surcharges

Primarily serve to finance electricity networks and system operation



Umfrageergebnisse– Fees and Surcharges

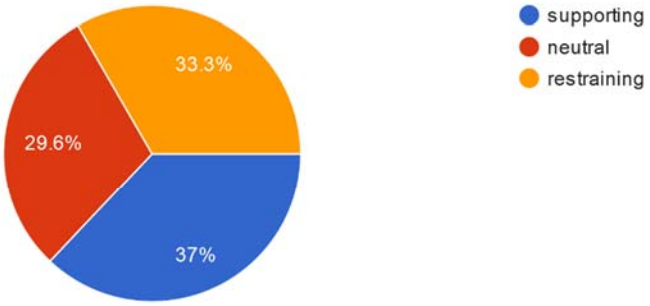
ProsEU Workshop 25.03.2020

Questions Responses 27

1) What influence does your national system of network charges have on the spread of:

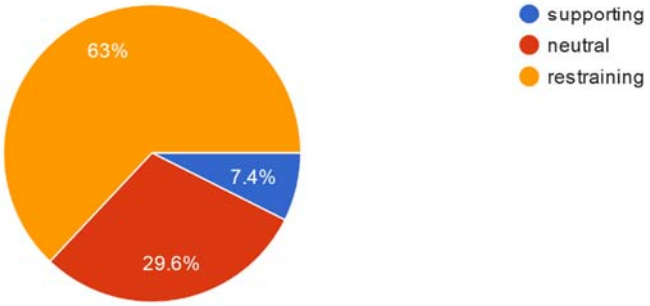
- individual prosumer models (e.g. PV self-consumption of single-family household)?

27 responses



- collective prosumer models?

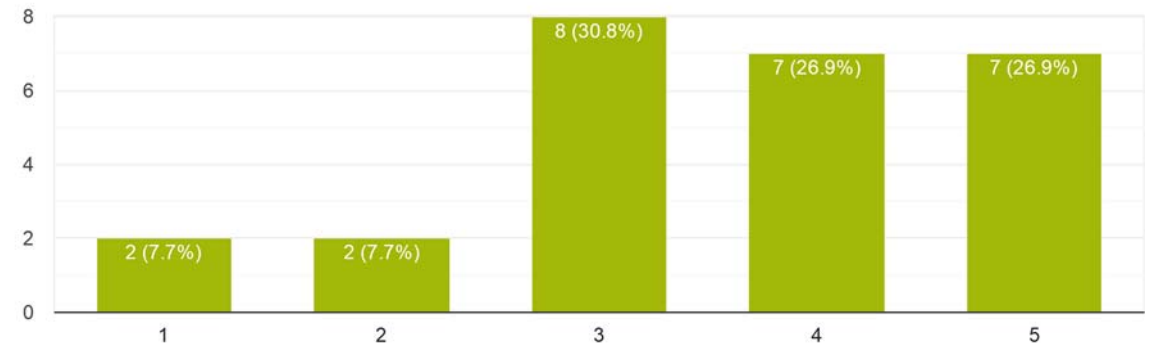
27 responses



2) How would you assess the importance of the following regulatory levers for the diffusion of prosumer models?

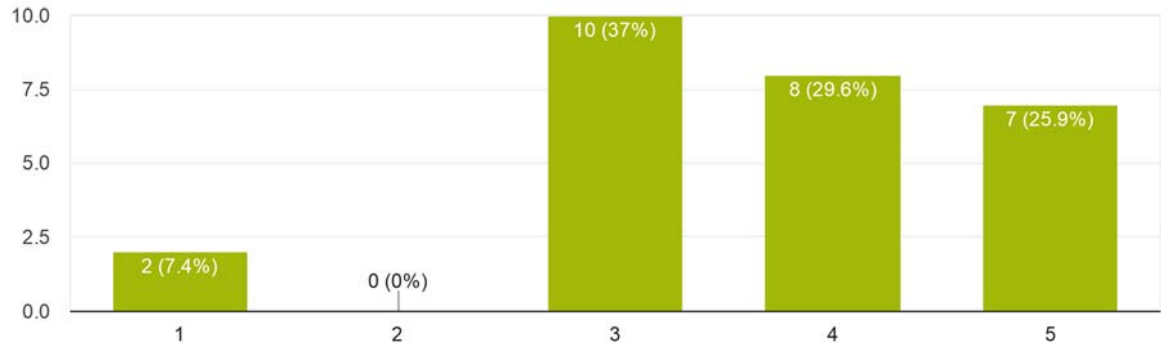
- Subsidy schemes for renewable energies such as Feed-in Tariffs

26 responses



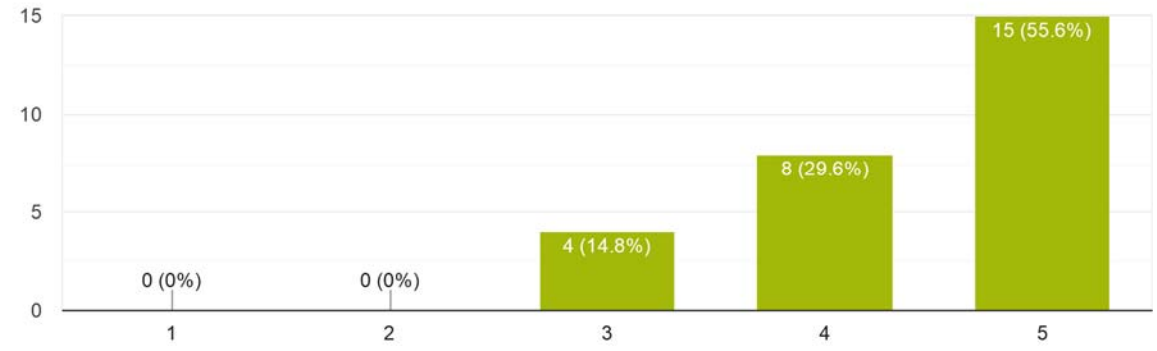
- Avoidance of network charges for all prosumer models

27 responses



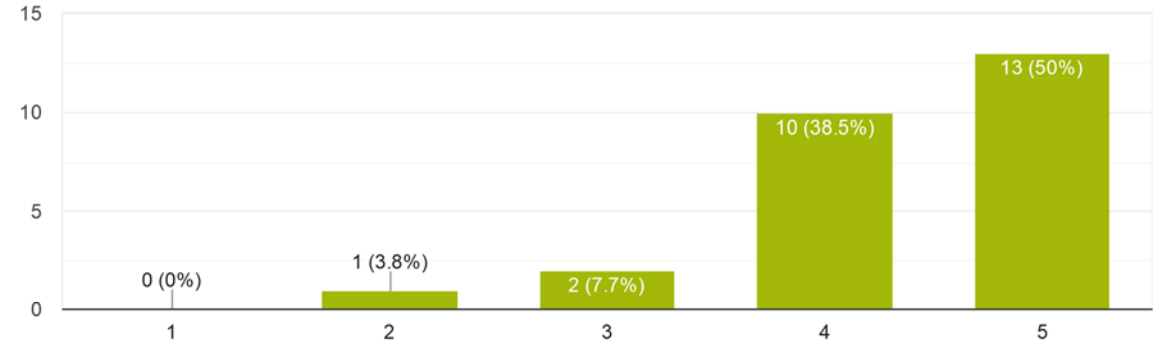
- Avoidance of network charges for certain collective prosumer models, which bring benefits to the wider energy system

27 responses



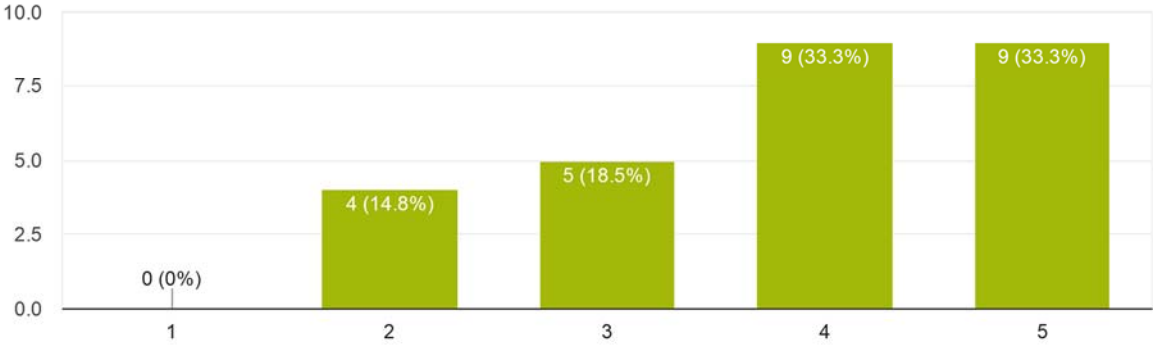
- Change of grid charges and levy system

26 responses



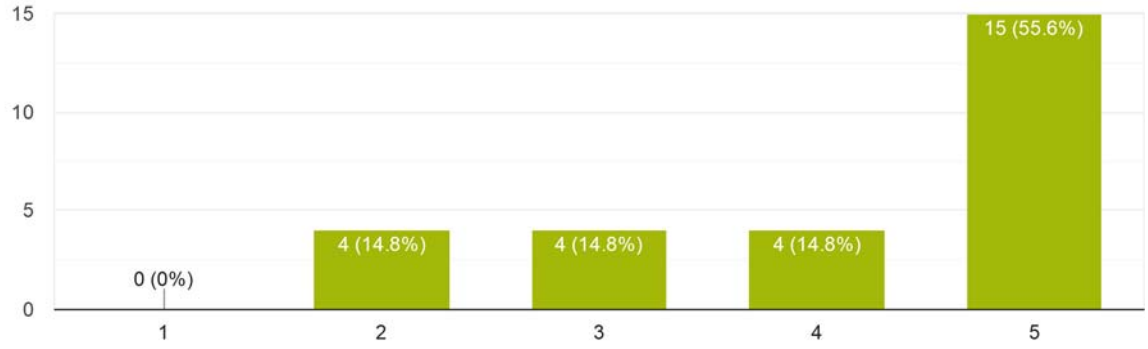
- Tax exemption for collective prosumers, such as renewable energy communities

27 responses



- Exemptions from supplier licensing for prosumers

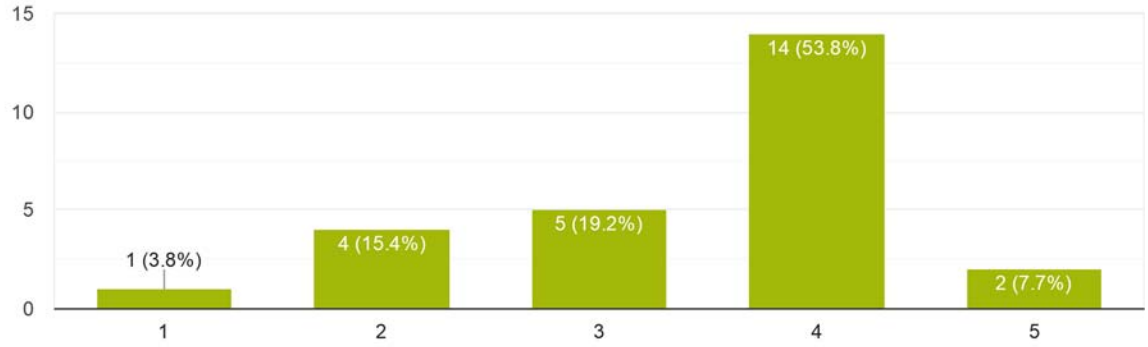
27 responses



3) Which network charge system do you think is the most fair and sustainable for prosumers?

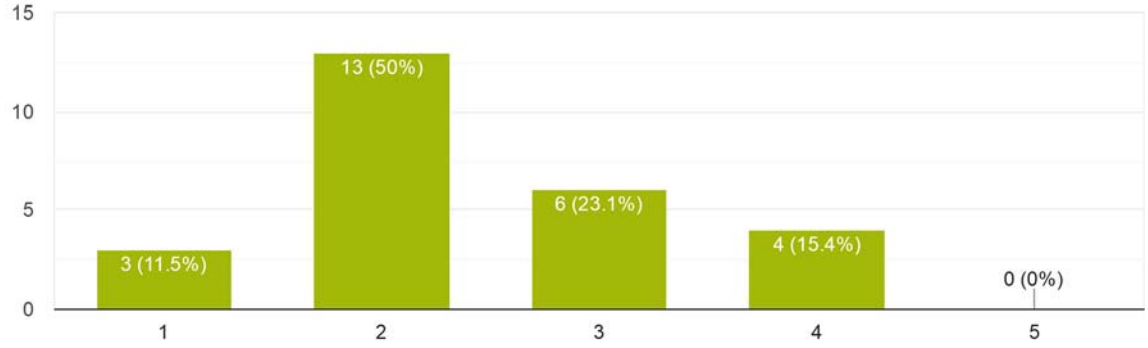
- mostly volumetric (price per kwh), less fixed components

26 responses



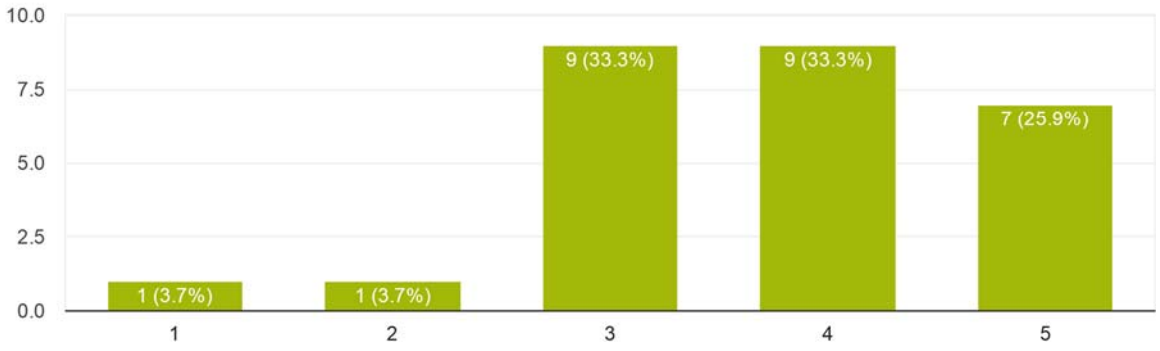
- mostly fixed components, less volumetric components (price per kwh)

26 responses



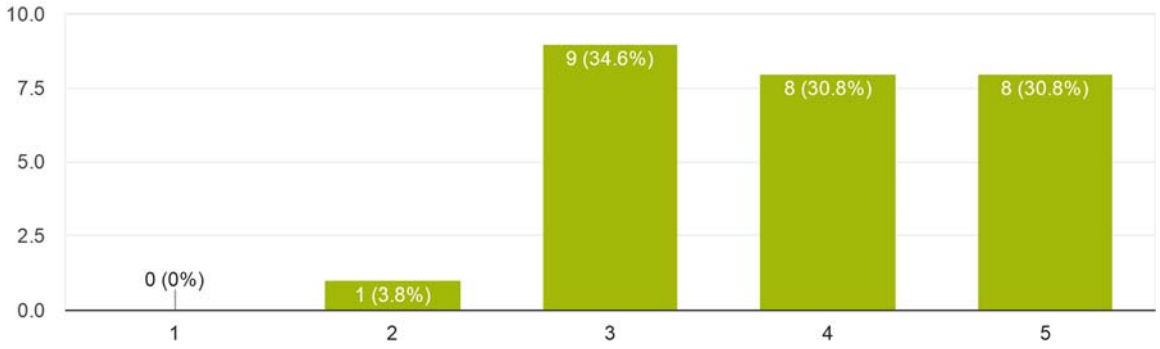
- cost-reflective network charges (low volumetric component, flexible service price component like grid access costs)

27 responses



- time variable/dependent tariff component (high costs in network stress times)

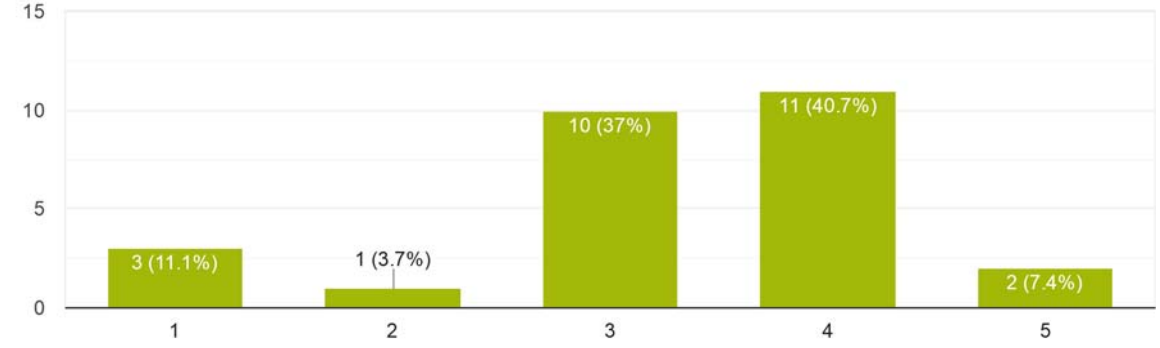
26 responses



4) Which network charge system do you think is the most fair and sustainable for all consumers?

- mostly volumetric (price per kwh), less fixed components

27 responses



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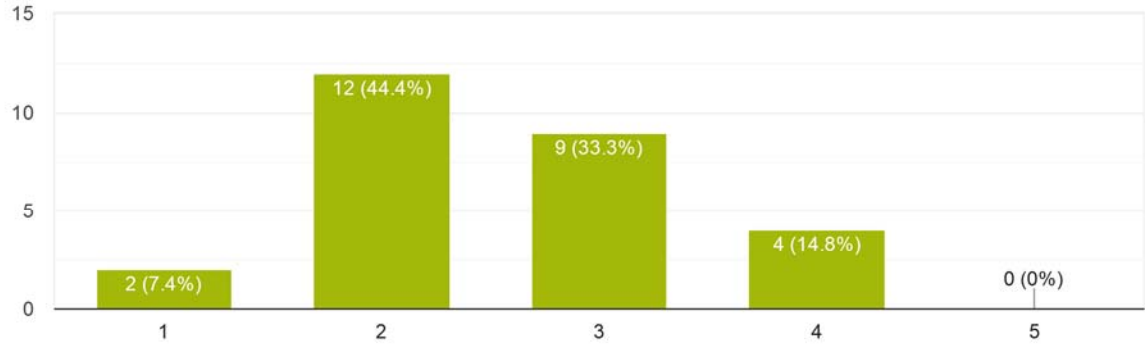
27 responses



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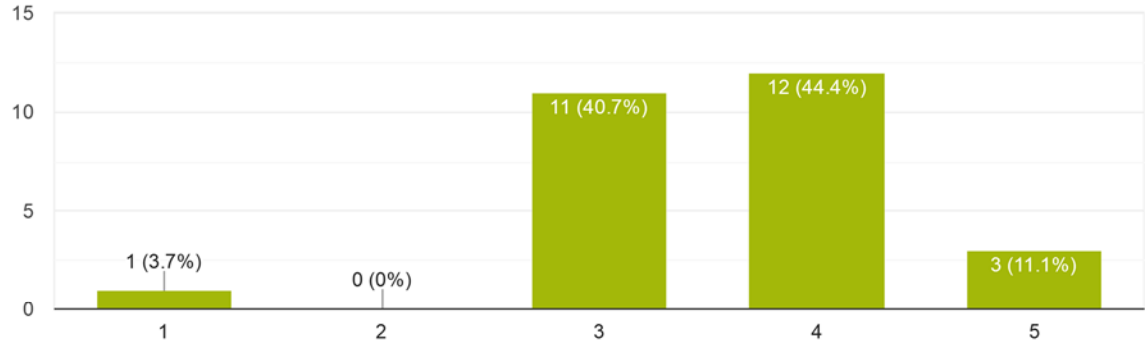

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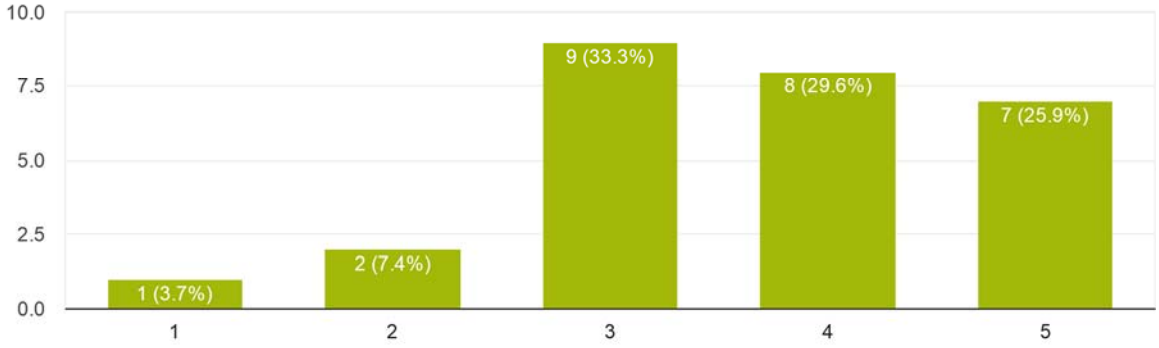
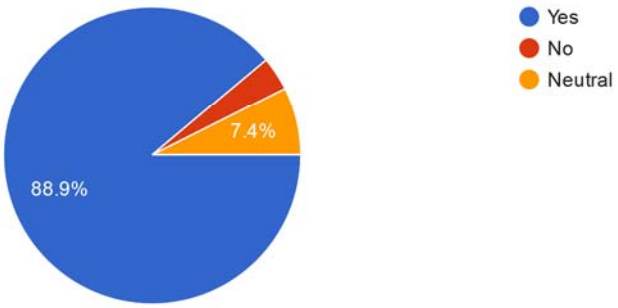


Final questions

5) Do you agree that local collective prosumer models should have special regulatory privileges?
27 responses



6) What would a fair, sustainable system of grid charges look like in your own words?
18 responses

- Feed-in tariff placing preference on community solutions 1st, then individual connections
- One that reflects full coverage of the system costs, avoids cross-subsidies while allowing special dispensation for energy poor consumers, and remunerates appropriately all services.
- Reflecting the real maintanance costs of the grid, however also giving some privileges for prosumers/Energy communities
- Something that is as close to true cost reflective as possible. I.e includes time and location specific pricing, this could be billed dynamically based on half hourly (or 15 minute settlement periods)
- It would reflect the use of the system, but only to the extent that is does not detract significant value from the system as a whole. If all local systems could avoid grid costs that would be detrimental to the overall system.
- We need fair cost allocation and transparency and feasibility
- a solidarity system where no charges are distributed in a fair and just way
- A local energy free trade system would boost the transition to renewable energy in citizens hands. The state would save money due of declining energy imports. These savings would cover the grid maintenance and development costs.
- Wow that is tricky! I'm not sure what it would look like precisely but it would need to balance access and affordability (particularly for most vulnerable) + encourage use at times of supply + encourage demand reduction, whilst taking into account fixed grid costs, location(?)
- First a comment: There is a difference between "important" as it changes the business model and "important" as it may be sustainable in the future. I could not tell which one you were requesting question 2. A fair system would be cost reflective while internalising all hidden costs of the system and including aid for the more vulnerable and less able to adapt.
- Prosumers offer grid services, and keep paying for grid charges, but benefit from other tax exemptions
- A certain fixed component that everybody with grid access has to pay but then a variable component that incentivizes energy saving, EE measures and self-consumption. Note: You only talk about grid charges, there are other fees and charges (like taxes) in the energy bill.

I'm not sure why you haven't included those? Why don't we talk about the entire energy price? Because even for generation you can argue that RE assets are mainly fixed upfront costs, so variable prices make it for investors (including prosumers and RECs) harder to recover their investments. Anyways, we can discuss this later... :-)

- One that could be the result of a collective decision-making process in which prosumers (collective or not) take part. In any case grid charges, beyhond the fixed costs of a grid, can be defined by DSO/TSO that in some cases act as a profit maximization companies. In that sense allowing other actors (municipalities, local communities) to manage public grids in a commons perspective on energy may allow for equity in grid charges allocation. Therefore allowing for the emergence of innovative models like P2P, distributed demand response, energy communities
- A system which creates an economic optimum between grid infrastructure and self supply via p2x fuels, local electricity supply and storage. And which is mitigating energy poverty.
- Paricipating in covering the grid charges in relation with the benefit made out the use of the grid: for-profit commercial users having bigger charges than non-profit private use prosumers
- Spread Citizen Energy Communities system.
- A person should pay minimal charges for network maintainance
- A system where, regardless of spatial constraints, we take care (energywise) for each other and not a system which is dictated by current market or economic theory principles. Rethinking economics. Making profits is not contributing to a sustainable system (with the exception of making profits for maintenance & innovation of the system, not making profits for shareholders)