

# DSO tariffs in Sweden

## – Current set-up and regulatory developments

NordREG seminar on network tariffs

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**Where are we today?**



# Regulation on DSO tariffs

- Ei sets revenue caps for four-year periods
- DSO's design their own tariffs
- Legal requirements:

*Network tariffs shall be objective and non-discriminatory. They shall be designed in such a way that they are compatible with an efficient usage of the electricity network and an efficient electricity production and consumption.*

- Ei supervises if the tariffs are in agreement with the regulation



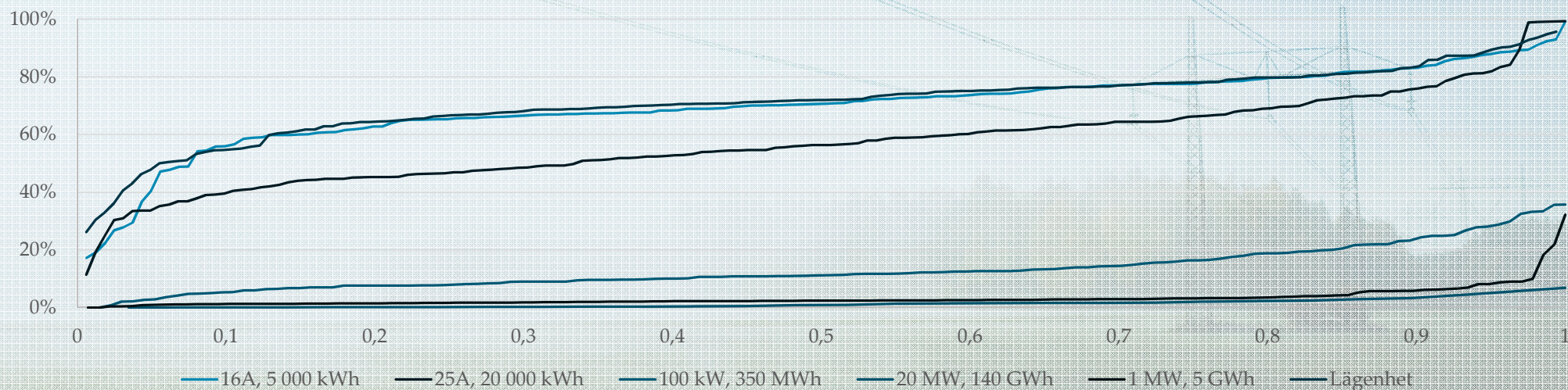
# Tariff design today

- Most DSO tariffs contain a fixed and a variable component
- Variable component is generally not time-dependent
- Variable component is generally based on energy, not power



# Fixed vs. variable tariffs

Fixed share of tariffs for different groups





**Where are we going?**

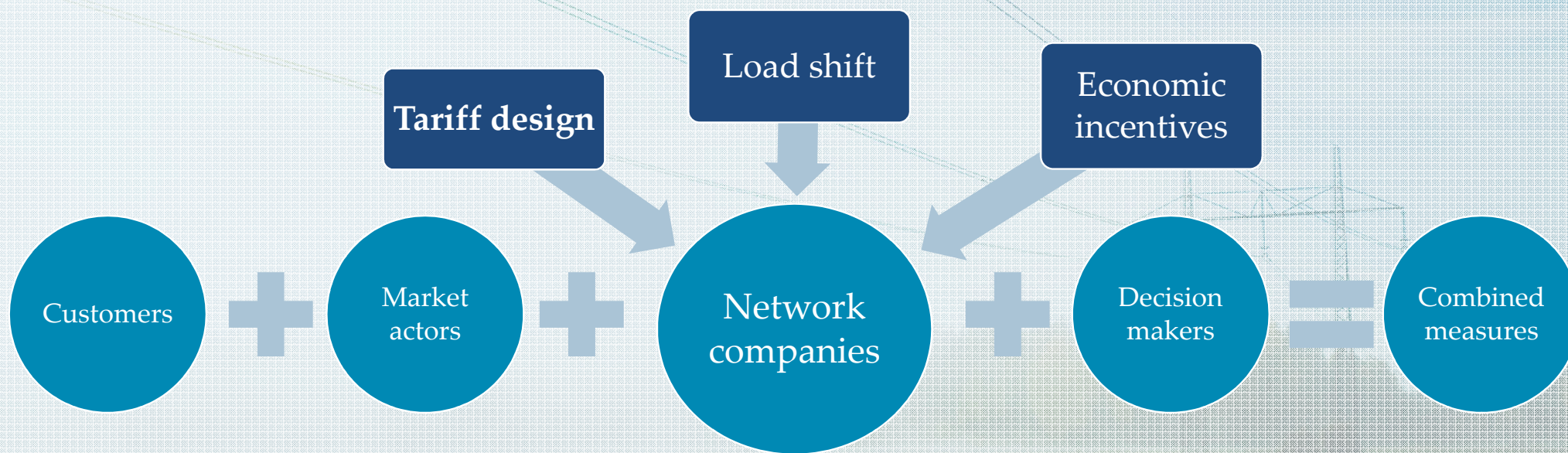


# Government assignment on demand response

- Ei assigned by the government to suggest measures which increase demand response in the Swedish electricity system
- Defined demand response as *a voluntary change in electricity demanded from the network during a shorter or longer period, resulting from some incentive*
- Will be delivered to the government January 2017



# We identify measures in four areas





# Tariffs stimulating demand response

- Which tariffs stimulate demand response and are compatible with efficient network usage?
  - Time-differentiated tariffs
  - Tariffs based on power consumption
  - Interruptible tariffs



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Unlike tariffs commonly used today  
Further measures are required



# How to achieve more efficient tariffs?

- **Require DSOs to design tariffs differently**
  - Time based
  - Power based
- **Enable DSOs to design tariffs differently**
  - Allow pilot projects
- **Incentivise DSOs to design tariffs differently**
  - Incentives in economic regulation



# Barriers and potential measures

Identified barriers	Considered measures
Open-ended regulation about tariff design	Regulation about tariff design (föreskrift)
Not permitted to test new tariffs as part of pilot projects	Require tariffs to be time differentiated
Not permitted to roll out tariffs incrementally	Require tariffs to be based on power
Not permitted to differentiate tariffs geographically	Require tariffs to be dynamic
Limited information to customers regarding tariff design	Limit the fixed share of tariffs
Hourly metering only required for customers with hourly electricity price	Require tariffs to reflect the consumption in the local network
	Allow different tariffs in the same customer group
	Allow incremental roll-out of tariffs
	Allow testing new tariffs in pilot projects
	Allow geographical differentiation of tariffs
	Assessment and mapping of current tariff design
	Increased requirements about tariff information to customers
	Hourly metering for all customers



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Not permitted to roll out tariffs incrementally	Limit the fixed share of tariffs Require tariffs to reflect the consumption in the local network
Not permitted to differentiate tariffs geographically	Allow different tariffs in the same customer group <b>Allow testing new tariffs in pilot projects</b>
Limited information to customers regarding tariff design	<b>Allow incremental roll-out of tariffs</b> Allow geographical differentiation of tariffs
Hourly metering only required for customers with hourly electricity price	Assessment and mapping of current tariff design Increased requirements about tariff information to customers Hourly metering for all customers



# Next steps

- Currently finalising the impact assessment
- Presented preliminary conclusions to the government on 28 October
- Account for proposals in the Winter package (if relevant)
- Submitting final report on 3 January



An aerial photograph of a city, likely Stockholm, viewed from a high angle. The image is covered with a fine, light-colored halftone dot pattern. The city's layout, including roads, buildings, and a prominent white dome-shaped structure, is visible through the texture. The sky is a pale blue with some light clouds.

# Thank you for listening!

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