




Developing DSO tariff structure

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Innovative DSOs in a Decentralised Energy System
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The question we should ask ourselves

How would the DSO tariff structure look like if it was developed today?



The logical answer is

The DSO tariff structure should be theoretically correct!



However, in the real life theory does not work

- Cost reflective, understandable, transparent
- Customer have possibilities to impact on his/her electricity bill
- Does not include contradictory incentives
- Enables and provides incentives for distributed generation and energy efficiency
- Supports the energy and climate policy of EU
- Provide energy efficiency incentives
- Is in-line with the demands of directives and laws
- Enables market based demand response
- Supports the functioning of the electricity markets



- Ensures adequate and predictable revenues, also in future operational environment
- Cost reflective
- Provide customers with incentives to optimize their electricity usage based on the demands of the distribution network
- Technically and economically possible to implement (metering and billing)
- Enables market based demand response
- In-line with the sales tariff
- Does not yield to conflict of interests between DSO and retailer



What really matters?

- Easy to understand
- Fair
- Possible to impact on the bill
- Supports the energy and climate policy of EU

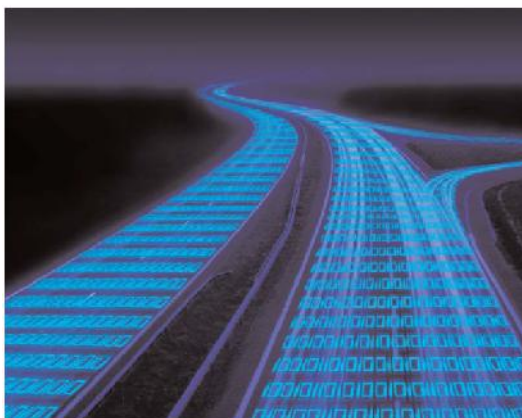


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- Current energy based DSO tariffs structures need to be re-developed, in particular because of their inadequate cost reflectivity and weak incentive effects both for customers' savings and DSOs' investments
- The target of the DSO tariff structure development should be to establish a pricing scheme for DSOs that encourages the end-users to behave so that the overall efficiency of the energy system, including generation, transmission and distribution, is maximized, and the total costs to the national economy are minimized
- This objective is not met by the current energy based pricing tariff structures, but the power based component has to be included in the tariff structure
- **GEODE proposes a DSO power based tariff approach as one tariff scheme, among others, that better suits the requirements DSO tariff structure should fulfill**

GEODE Position Paper on the Development of the DSO's Tariff Structure



GEODE Working Group Tariffs
September 2013



Thank you for your
attention!

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