

23.06.05,TS

Draft Guidelines on Transmission Tarification

The Association of Industrial Energy End Users in Denmark, FSE, have the below mentioned comment on the draft guidelines on Transmission Tarification.

FSE is anxious about the results of the ongoing efforts to a so-called harmonization of use of system charges for generators.

The object of the harmonization is apparently to secure the lowest possible contribution from the generators to the costs of transmission networks.

If no limitations are laid upon the height of the L-charges, the harmonisation of the G-charges will cause severe disturbances in the power market. Put into practice the missing proceeds from the G-charges are compensated for by increases of the L-charges.

This is obvious from the situation in Denmark, where the location of the power stations has caused heavy expenses to investments and operational costs concerning transmission plants (The figures for Norway are mentioned for comparison).

	Denmark, west		Denmark, east		Norway	
	€/MWh	%	€/MWh	%	€/MWh	%
L-charge	6,9	93	9,5	97	2,0	75
G-charge	<u>0,5</u>	<u>7</u>	<u>0,3</u>	<u>3</u>	<u>0,7</u>	<u>25</u>
Total	7,4	100	9,8	100	2,7	100

The straining of the prices has the consequence that the industrial companies are receiving the wrong signals on localization cf. the figures above concerning Eastern Denmark. Despite a considerable excess of power capacity in the area, a charge of 9,5 €/MWh is collected for load, while the collection for generation is only 0,3 €/MWh.

The low G-charges have small influence upon localization of power stations, and in the case where they have importance, they gives signals which are in the opposite direction to the social optimal signals. The low G-charges in Denmark expresses that the Danish electricity consumers are subsidizing the power export.

Practically all transmission connections built in recent years are established for the benefit of the generators. One example of this is the construction of the 600 MW-connection between eastern Denmark and Germany (Kontek), which was established with the purpose of exporting power from Denmark to Germany.

The huge charges, the electricity end users have to pay for use of the grid, have had the result that a number of undertakings in Denmark at present are considering the shutting down of production in Denmark.

FSE is suggesting that in stead of harmonizing the G-charge, the cost apportionment between load and generation is harmonized. As reasonable apportionment between load and generation we suggest that load and generation should cover 50% each.

As a first step it could be laid down that the part of the generation should be at least 25%. 25% is also the figure suggested by IFIEC-Europe.