
CEER Citizens' Q&A

CEER Paper on Electricity Distribution Tariffs Supporting the Energy Transition

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1 What are distribution network tariffs?

Distribution system operators (DSOs) are responsible for operating and investing in the distribution networks, in order to transport electricity to and from their network users. Distribution network tariffs are charges for the use of the electricity distribution system. There are multiple ways in which these tariffs can be designed. All designs have specific consequences with regard to, for example, how costs are allocated to network users, how network users react to tariff signals and how fair tariffs are perceived by users.

2 What does the paper propose for distribution network tariffs?

This paper builds upon earlier CEER work on distribution network tariffs and adds new insights to it. It provides an overview on the key principles that are relevant for setting tariffs and tariff structures. Also, it addresses new aspects, such as the interaction between network tariffs and the procurement of flexibility by DSOs and the impact of several developments in the energy transition. Finally, it looks into the consequences from the Clean Energy for All Europeans package.

3 How does it work?

With this paper, CEER aims to aid national regulatory authorities (NRAs), DSOs and stakeholders in their thinking on electricity distribution tariff design. The paper also puts an emphasis on the current tariff structures in order to identify how they can be improved – for example, to create stronger incentives for efficient usage of the grid.

4 What is the impact on energy customers?

In light of the energy transition, this CEER document contributes to aiding NRAs in improving tariff structures. This relates to energy customers, as network tariffs are charged to them. Also, tariff structures can have an effect in providing incentives to energy customers for an efficient usage of the electricity grid. This will help to lower bills for all energy consumers.