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SVERIGES RIKSDAG
THE SWEDISH PARLIAMENT
Research Service

ECPRD REQUEST 1390

Support for Renewable Electricity

FINAL SUMMARY

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SUPPORT FOR RENEWABLE ELECTRICITY

Research Service at Swedish parliament has asked the questions on to the parliamentary co-operation agency ECPRD.

The Swedish research service has identified the following countries have so-called Feed-in tariffs: Germany, Spain, Denmark, France, Portugal, Netherlands, Austria and Ireland country. The questions were as follows:

As we understand it, support for renewable electricity (RE) is in the form of so-called Feed-in tariffs in your country.

Is compensation to the RE power generators given to electricity trading companies or to the company that owns the networks? Will the system for compensation change as a consequence of the "EU-unbundling process" (i.e., network owners and trading businesses may no longer be run within the same company)? Are there any other changes underway in your country's aid system?

Portugal

The compensation given to renewable energy power generators is given by electricity trading companies. According to article 1 of Executive law No. 90/2006, of 24 May, the difference between the cost of production of electrical energy by conventional methods (using fossil fuels) and the tariffs foreseen in Annex II[1] of the Executive law No. 198/88, of 27 May, as amended (using renewable resources), is evaluated by the Energy Services Regulatory Authority, in accordance with the following principles:

a) The difference is allocated by tension level (Very High Tension, High Tension, Average Tension, Law Tension) in direct proportion to the number of clients connected to the power supply in each level;
b) With a view to increase energy efficiency, the difference allocated in each tension level is shared by the total amount of consumed energy by all clients connected in that level and imputed by consumed energy unit;
c) The law tension clients with a connecting power equal or below 2.3 kVA are exempted from paying the above mentioned costs.

[1] The present version of Annex II was approved and published in pp. 6 to 9 of Executive law No. 225/2007, of 31 May (Sets a number of measures connected to renewable energy).

The ERSE incorporated these costs into a Global Use of the System Tariff (UGS, in Portuguese[2]) that the electricity trading companies can charge to all their clients.
The unbundling process has already occurred in Portugal. The network owner (REN) is an independent company, separated from trading business companies, in particular the former monopoly (EDP).

We are not aware of major changes being prepared. However, the development of power production by "clean" processes is a priority of both the present Government and the European institutions.

For your information, it might be added that there are in Portugal three different schemes of purchase of renewable electricity, mainly according to the size of the producer:

- Executive law no. 367/2007, of 2 November (Sets the legal regime applicable to the production of electricity by small units, hereby designated as micro-production units) allows residential clients to produce and sell electricity to the network, for a fixed price during a period of 10 years. The first price was set in 2007, at € 0.65 per kWh but is being lowered according to the quantity of energy produced in this scheme. Currently the price for new contracts is € 0.5563 per kWh[3].
- Executive law No. 68/2002, of 25 March (Sets the activity of production of electrical energy in Law Tension, mainly destine to self consumption, even though the remainder can be delivered to a third party or to the public network) is available to producers / consumers who, at least, consume half of the electricity produced by themselves. The rate is guaranteed for 15 years. This executive law is regulated by Order No. 764/2002, of 1 July that sets the applicable price level.
- Finally, Executive law No. 225/2007, of 31 May (Sets a number of measures connected to renewable energy), is destined for bigger private producers and, as such, the number of applications is smaller. Private companies can, every three months, present a Previous Information Requests (PIP, in Portuguese) to the Government in order to produce and sell energy to the public network. If approved, a specific price would be set for 20 to 25 years.

Spain

Answer of the Spanish Senate to. As we understand it, support for renewable electricity (RE) is in the form of so-called Feed-in tariffs in your country.
- Is compensation to the RE power generators given to electricity trading companies or to the company that owns the networks?

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[2] The Regulator included UGS in the transport price. See Tariffs and Prices page at the ERSE webpage http://www.erse.pt/pt/electricidade/tarifaseprecos/Paginas/default.aspx. As said, UGS is paid by final clients. Further information, in Portuguese, can be found at http://www.erse.pt/pt/electricidade/tarifaseprecos/tarifasreguladasem2010/Paginas/default.aspx.

[3] The price of electrical energy sold in the normal regime by the former monopoly is € 0.1285.

- As provided for by our current legislation: Royal Decree 661/2007, of May 25th, which regulates electric power generation under a special system (Article 30th), aid is granted (through controlled rates) to the facilities owners
- Will the system for compensation change as a consequence of the "EU-undbundlig process" (i.e., network owners and trading businesses may no longer be run within the same company)? Are there any other changes underway in your country's aid system?
- Changes are not expected in the controlled rates model, since it is fully compatible with the "EU-undbundlig process"

Denmark

In response to your request I am pleased to forward the following information:

If your request is refering to The Danish Promotion of Renewable Energy Act, http://www.ens.dk/da-DK/UndergrundOgForsyning/VedvarendeEnergi/Vindkraft/Sider/Forside.aspx, it is available in English on the homepage of the Danish Energy Agency, www.ens.dk. Please note that later changes have been made to section 22 of the act.

This act contains provisions implementing several directives. It is unfortunately unclear to me which directives if any "the EU-undbundlig process" is covered by. I am therefore unable to make a search of legislative initiatives about this on the homepage of the Folketing. I provide you with a link to the current bills tabled in the Folketing within the area of environmental law - which the energy policy is a part of:
http://www.ft.dk/Dokumenter/Vis_efter_type/Lovforslag.aspx?session=20091&caseStatus=-1&ministerArea=100063&committee=&proposedBy=-1&startDate=&endDate=&dateRelatedActivity=&sortColumn=caseNumber&sortOrder=desc&startRecord=&numberOfRecords=&totalNumberOfRecords

Netherlands

The Netherlands has a Renewable Energy Grant (SDE), no Feed-In-tarif. The Dutch government maintains the SDE-subsidy scheme. What has changed is the funding. The grant is not paid from the state budget but financed by a surcharge on the electricity tariff.

Austria

Compensation to the RE power generators is granted to enterprises which build and maintain RE power generators. The "OeMAG" as a settlement center is responsible for the distribution of funds (see online: www.oem-ag.at). In Austria there are no changes as a direct consequence of the EU unbundling process. The system will be adapted in line with the EU requirements "2020". The negotiation process between the relevant ministries has just started.

France

In accordance with § 10 of Law no. 2000-108 of 10 February 2000 on the modernization and development of public electricity supply, Électricité de France (EDF) and, since its production was paired with the public network which they occupy, is the non-state distributors that skyldi-ga enter into contracts for the purchase of electricity produced by plants using renewable forms of energy to power over 12 MW, on an interest-the producer requires. The additional cost borne by EDF and the non-state distributors are subject to compensation in the form of debits for the public supply of electricity.

The price is fixed, for each network, according to regulation. The terms and charges for re-sale of electricity is now under revision. A bill for a new organization of the electricity market must be addressed in the Council of Ministers in late March or early April