Elia Tariffs 2024-2027

15.11.2023 | Brussels | Customers

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The decision as adopted by the CREG and published on their website is the only valid legal basis.

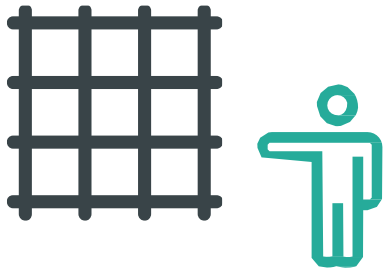
Agenda

1. Introduction and recap of the process for establishing new tariffs
2. Overview of the Tariff Structure
3. Evolution of the Tariffs
4. Publications & Contacts

Introduction and recap of the process for establishing new tariffs

CREG approves Elia's 2024-2027 Tariffs

Tariffs



1

Tariff Methodology

Tariff framework for setting up the Tariff Proposal

2022

2

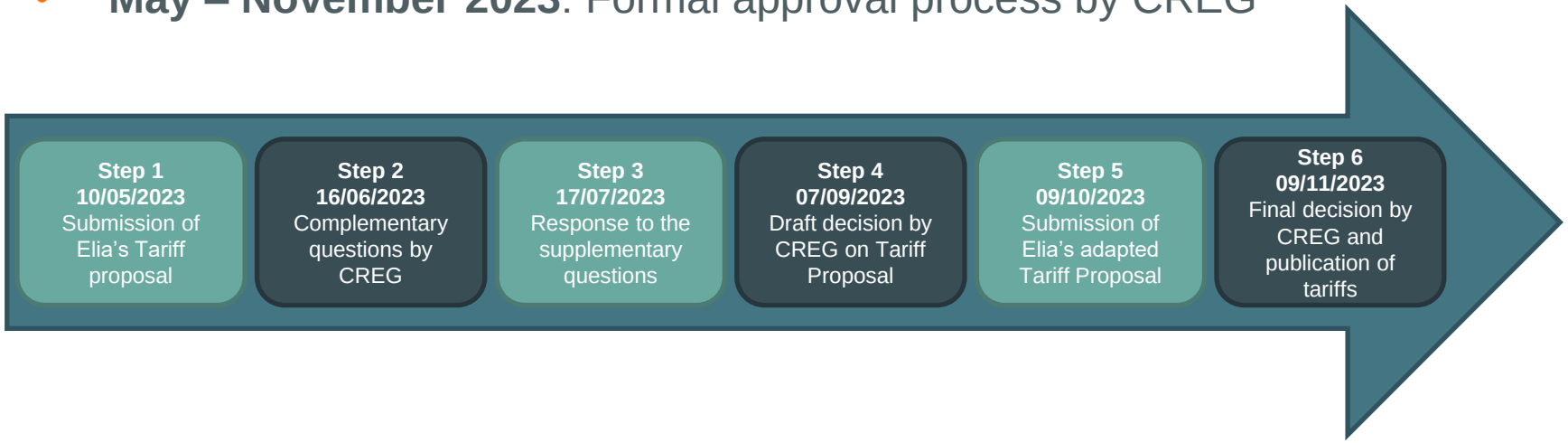
Tariff Proposal & Approval

Tariff Proposal by Elia submitted for approval by CREG

2023

A Process with interaction from Stakeholders

- **February – March 2023:** Public consultation on the Elia proposal regarding the key factors of foreseen evolutions in the tariff proposal for the period 2024-2027
- **May – November 2023**: Formal approval process by CREG



General principles

- One individual tariff per year, instead of an equal and constant tariff for the entire period

- The tariff structure is based on the following principles, in accordance with the tariff methodology:
  - ✓ Output-based
  - ✓ Transparency
  - ✓ Simplicity

- Number of client groups: 3
  - ✓ Connected to the 380/220/150kV network;
  - ✓ Connected to the 70/36/30kV network;
  - ✓ Connected at the end of the transformations to medium voltage.

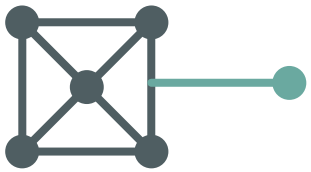
Key messages

- The 2024-2027 tariffs have been set in a context of high inflation and are the result of the desire to ensure Elia has the resources it needs to carry out its essential missions to facilitate the energy transition, and particularly its ambitious investment program, approved as part of the federal development plan.
- Electricity transmission tariffs will increase over the period 2024-2027: they will be stable overall in 2024, compared with the transmission tariffs currently in place (2023) and will increase more significantly from 2025 onwards
- Having approved tariffs provides a clear budgetary framework for the next 4 years, essential for the further development of our regulated activities as a system operator in Belgium. Amongst others, this stability is of the utmost importance for all our customers.

Overview of the Tariff Structure

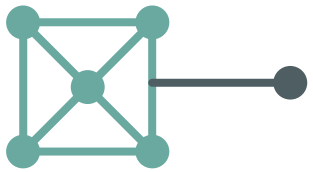
Tariff Structure per product

Tariff Structure



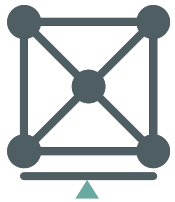
1 Connection

- Tariff for connection to the grid



2 Access

- Tariffs for the management and development of the grid infrastructure
- Tariff for the management of the electric system
- Tariffs for compensation of imbalances
- Tariff for market integration



3 Balance

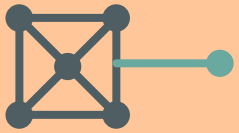
- Tariffs for maintaining and restoring of the residual balance of the individual responsible parties

4 Levies

- Tariffs for public service obligations and taxes & Levies

Tariff Methodology – Tariff Structure

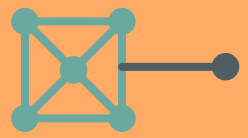
1.



CONNECTION TARIFFS

Invoiced to grid user

2.



ACCESS

TARIFFS FOR THE MANAGEMENT AND THE DEVELOPMENT OF THE GRID INFRASTRUCTURE
- **Tariffs for the monthly peak for an offtake point**
- **Tariffs for the yearly peak for an offtake point**
- **Tariffs for the contractual power for an offtake point**

TARIFFS FOR THE MANAGEMENT OF THE ELECTRIC SYSTEM
- **Tariffs for the management of the electric system for an offtake point**
- **Tariffs for the offtake or injection of additional reactive energy for an offtake or injection point**

TARIFFS FOR COMPENSATION OF IMBALANCES
- **Tariffs for the power reserves and black-start**

TARIFFS FOR MARKET INTEGRATION
- **Tariffs for market integration**

Invoiced to access holder

3.

TARIFFS FOR THE MAINTENANCE AND RESTORING OF THE RESIDUAL BALANCE OF THE INDIVIDUAL BALANCING RESPONSIBLE PARTIES.

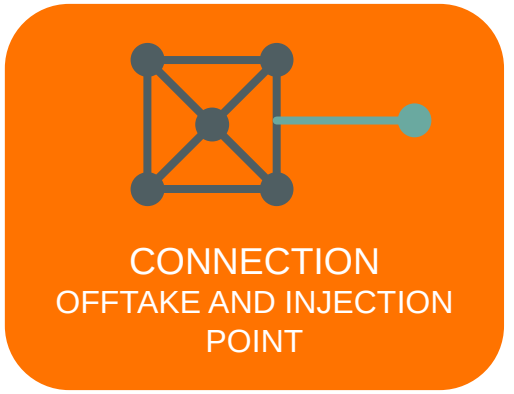
Invoiced to balancing responsible party

4.

TARIFFS FOR PUBLIC SERVICE OBLIGATIONS, TAXES AND LEVIES

Invoiced to access holder

1. Connection Tariffs



- No significant change in the structure or the way in which tariffs are set
- Rates evolve according to Elia's expected inflation and cost of capital
- Connection tariffs cover:
  - ✓ tariff for an orientation study;
  - ✓ tariff for a detailed study;
  - ✓ tariff for a substantial modernization study;
  - ✓ tariff for the partial use of the first connection bay;
  - ✓ introduction of offshore connection tariffs;
  - ✓ tariff for the use of other connection equipment: lines or cables and its requisites, equipment for transformation, compensation of reactive power and filtering of the voltage wave;
  - ✓ tariff for the use of supplementary protection-equipment, supplementary equipment for alarm signalization & metering;
  - ✓ particular terms.

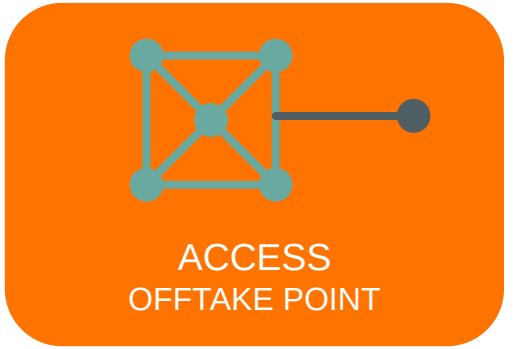
2. Tariffs for the management and development of the grid infrastructure

Three different tariffs in the category "management and development of the grid infrastructure" apply:

- Allocation key for cost allocation:
  - ✓ Allocation key for the monthly peak: 15% of the necessary costs
  - ✓ Allocation key for the annual peak: 35% of the necessary costs
  - ✓ Allocation key for the availability of the contractual power: 50% of the necessary costs

2. Tariffs for the management and development of the grid infrastructure

Tariffs for the monthly peak for offtake



- No changes for the application of this tariff

New!

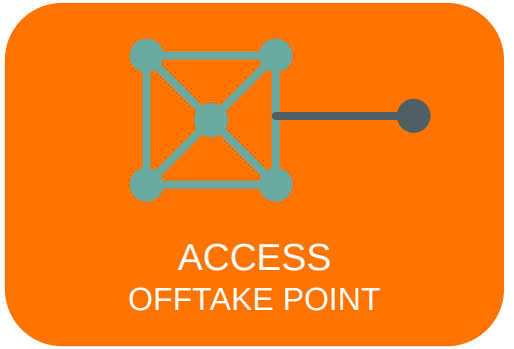
- ✓ Monthly peak for offtake = maximum peak of the offtake power during each quarter of the concerned month* excluding the quarter-hours constituting the “period for monthly peak shaving”. The tariff period for monthly peak shaving corresponds to the period from April to September, weekend days, from 10 am to 7 pm
- ✓ Expressed in €/MW.month
- ✓ Differentiated per infrastructure level

* For the grid users directly connected to the Elia grid, the tariff for the monthly peak for the offtake is applied on the 11th measured peak of the month

* Insofar as an activation by Elia of downward energy aFRR, mFRR or redispatching (as described in the T&C aFRR, T&C mFRR and T&C SA respectively) has an impact on the determination of the monthly peak for an Elia network access point, the monthly peak will be corrected on the basis of this impact.

2. Tariffs for the management and development of the grid infrastructure

Tariffs for the yearly peak for offtake



- No changes for the application of this tariff
  - ✓ Determination of annual peak period: based on an analysis of monotonic load curves from 2019 to 2022, the annual peak period remains unchanged: It corresponds to the period from November to March, from Monday to Friday, between 5 pm and 8 pm on a quarterly basis (excl. week-ends and public holidays)
    - ✓ Yearly peak = monthly ex-post determined as the maximum peak during the quarters of an hour that make up the tariff period of the yearly peak over the 12 last months*
    - ✓ For grid users and DSOs connected to 70/36/30 kV, the highest measured 10 quarters of an hour are excluded for each month (independently whether they are within the annual peak period). The next measure of the quarter during the annual peak period applies.
  - ✓ Expressed in €/MW.year
  - ✓ Differentiated per infrastructure level

* Insofar as an activation by Elia of downward energy aFRR, mFRR or redispatching (as described in the T&C aFRR, T&C mFRR and T&C SA respectively) has an impact on the determination of the monthly peak for an Elia network access point, the monthly peak will be corrected on the basis of this impact.

2. Tariffs for the management and development of the grid infrastructure

Tariffs for the contractual offtake power (PPAD) – (1/3)

- Grid Users: no changes for this tariff
  - ✓ The contractual offtake power of an access point is the **contractual kVA-value** specified in Annex 1 of the Connection Contract
- DSOs: no changes for this tariff
  - ✓ Rate is based on the level of infrastructure and also applies to the contractual power available for each point of interconnection instead of the transformer nameplate per point of interconnection
  - ✓ In case no contractual offtake power is included in the SOK, this tariff will be invoiced based on the MVA-value mentioned on the transformer nameplate (Snom)
- Reservation of the total apparent power capacity must reflect the various operating situations and a possible participation in ancillary services.

2. Tariffs for the management and development of the grid infrastructure

Tariffs for the contractual offtake power (PPAD) – (2/3)

- Definition of an "**additional**" access point: Taking into consideration that the same electrical installations can be supplied via more than one access point
- Tariff for contractual offtake power of an additional access point = 20% of tariff for the related "main" access point

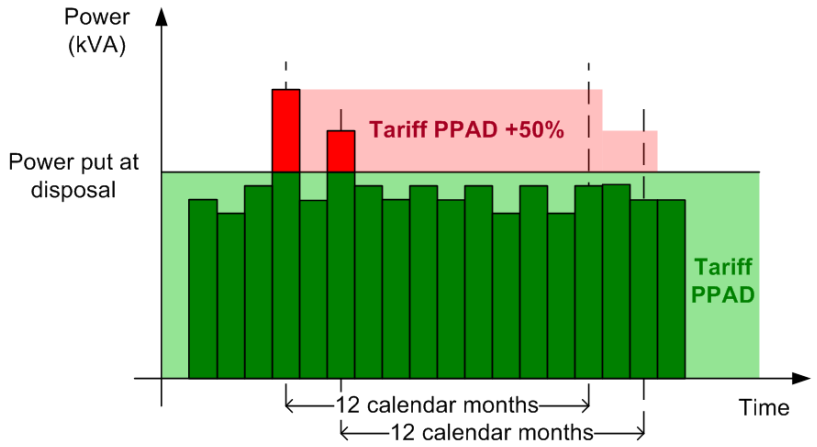
  The combined peak (over all access points considered) must be put at disposal at one "main" access point so that the other remaining access points can be considered as being "additional". The "main" access point has the highest PPAD.

2. Tariffs for the management and development of the grid infrastructure

Tariffs for the contractual offtake power (PPAD) – (3/3)

ACCESS
OFFTAKE POINT

- Tariff in case of exceeding* the PPAD = tariff for power put at disposal at the offtake increased by 50%
- The tariff will be applied to the exceeding part measured in the month M for a period going from month M till month M+11



* The reference used for the calculation of the exceeding part for the grid users directly connected to the Elia grid is the 11th peak of the month measured in kVA

3. Tariffs for the management of the electric system

Tariffs for the management of the electric system

- No changes for the application of this tariff
  - ✓ Expressed in €/MWh net offtake
  - ✓ Differentiation per infrastructure level
  - ✓ Applies equally to grid users and DSOs

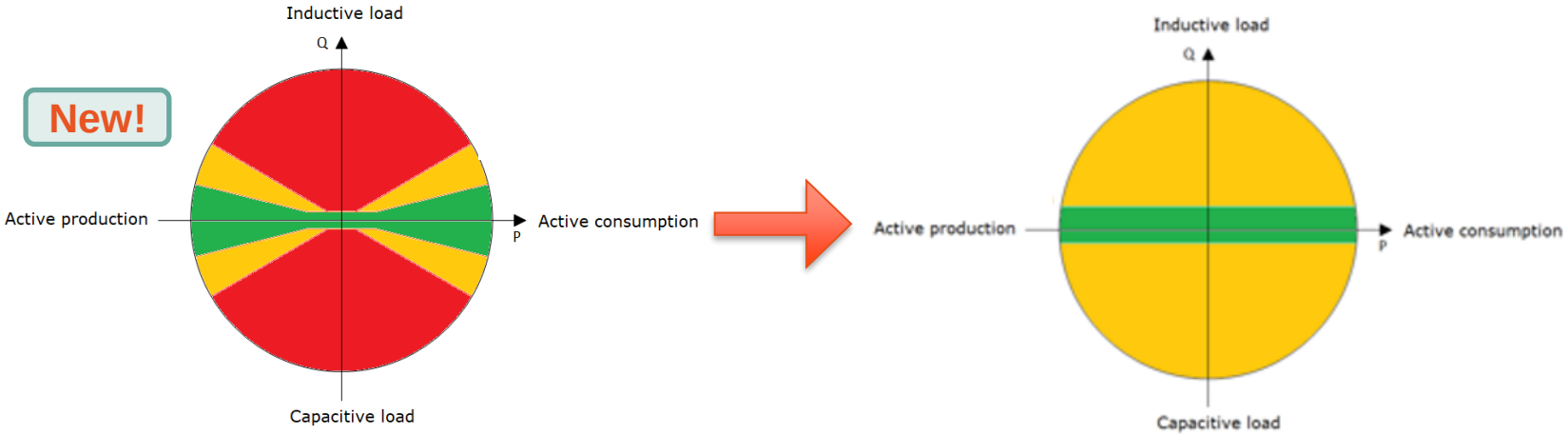
3. Tariffs for the management of the electric system

Tariffs for the injection or offtake of additional reactive energy – (1/2)

ACCESS
OFFTAKE AND INJECTION POINT

- Elia observes that, in recent years, the excess rate for the injection or absorption of reactive power (inductive or capacitive) continues to increase despite the incentive nature of this tariff.
  - ✓ The current mechanism provides a strong signal to respect the required cos phi;
  - ✓ Existing thresholds for capacity reactive power are maintained but only for an additional access point
  - ✓ Expressed in €/MVArh
  - ✓ Tariffs are independent of the regime (inductive/capacitive)
  - ✓ Tariff is applicable for quarters hours with offtake and injection of active power

New!



	Gestionnaires du réseau de distribution raccordés à la sortie des transformations vers la moyenne tension	Utilisateurs du réseau directement raccordés au réseau Elia et Gestionnaires du réseau de distribution raccordés au réseau 70/36/30 kV
Prélèvement capacitif	15%	15%
Prélèvement inductif	21%	33%
Injection capacitif	21%	33%
Injection inductif	15%	15%

3. Tariffs for the management of the electric system

Tariffs for the injection or offtake of additional reactive energy – (2/2)

- **Grid users:**
  - ✓ Connection points participating to the ancillary service ‘voltage control’ are corrected for the requested/theoretical setpoint (including a tolerance margin).
- **DSOs:**
  - ✓ Tariff exemption could be requested for several interconnection points in case an operational voltage is requested.
  - ✓ Tariff at zone level also applicable.

	Gestionnaires du réseau de distribution raccordés à la sortie des transformations vers la moyenne tension
Prélèvement capacitif	7,5 %
Prélèvement inductif	12 %
Injection capacitif	12 %
Injection inductif	7,5 %

4. Tariffs for compensation of imbalances

Tariffs for the power reserves and black-start

- No changes for the application of this tariff
  - ✓ Tariff applied to both **injection** and **offtake**
  - ✓ Expressed in €/MWh net offtake or €/MWh net injection
  - ✓ No differentiation per infrastructure level
  - ✓ Applies equally to grid users and DSO
  - ✓ No injection tariffs for DSOs “at transformer output of medium voltage”
- No changes for the allocation principles
  - ✓ Only an injection fee for the price for the power reserves and black start
    50% - 50% split between injection and withdrawal of the costs underlying the reserve power taking into account an international benchmark of injection tariffs
  - ✓ Elia proposes that the injection tariff should not be higher than the average injection rate revealed by the benchmark

4. Tariffs for compensation of imbalances

Tariffs for the maintenance and restoring of the residual balance of the individual balance responsible parties

IMBALANCES
INJECTION AND OFFTAKE POINT

- Compensation of federal losses in kind by BRPs:
  - ✓ Mechanism unchanged
- Tariffs for the maintenance and restoring of the residual balance of the individual balancing responsible parties, remains unchanged

		Déséquilibre dus system (NRV)	
		Positif	Négatif
Déséquilibre du BRP	**Positif**	**MDP – α**	**MIP + α**
	Négatif		

- Tariffs for the maintenance and restoring of the residual balance of the individual balancing responsible parties, will evolve when coupling to the European balancing energy exchange platforms

5. Tariffs for Market Integration

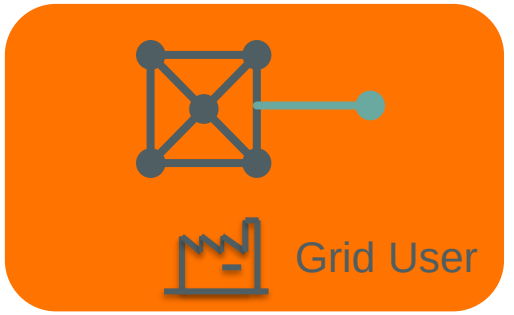
- No changes for the application of this tariff
  - ✓ Expressed in €/MWh net offtake
  - ✓ No differentiation per infrastructure level (output-based)
  - ✓ Applies equally to grid users and DSOs

6. Tariffs for Public Service Obligations and Taxes & Levies

- Public service obligations, taxes and surcharges imposed on the network operator by the competent authorities
- Taxes and surcharges: costs added to amounts billed by the network operator
- Public service obligations: all net costs (management and financial costs) related to their implementation are reflected in the tariffs
  - ✓ Expressed in €/MWh net offtake
  - ✓ No differentiation per infrastructure level
  - ✓ Applies equally to Grid Users and DSOs

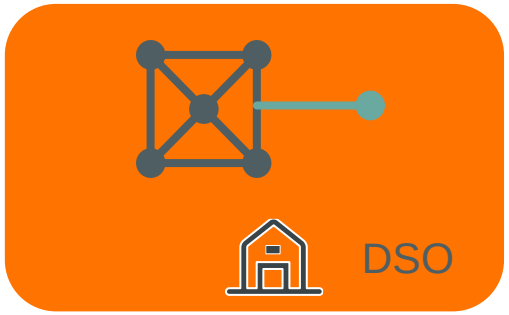
Tariff Evolutions

Evolution Connection Tariffs – Grid User



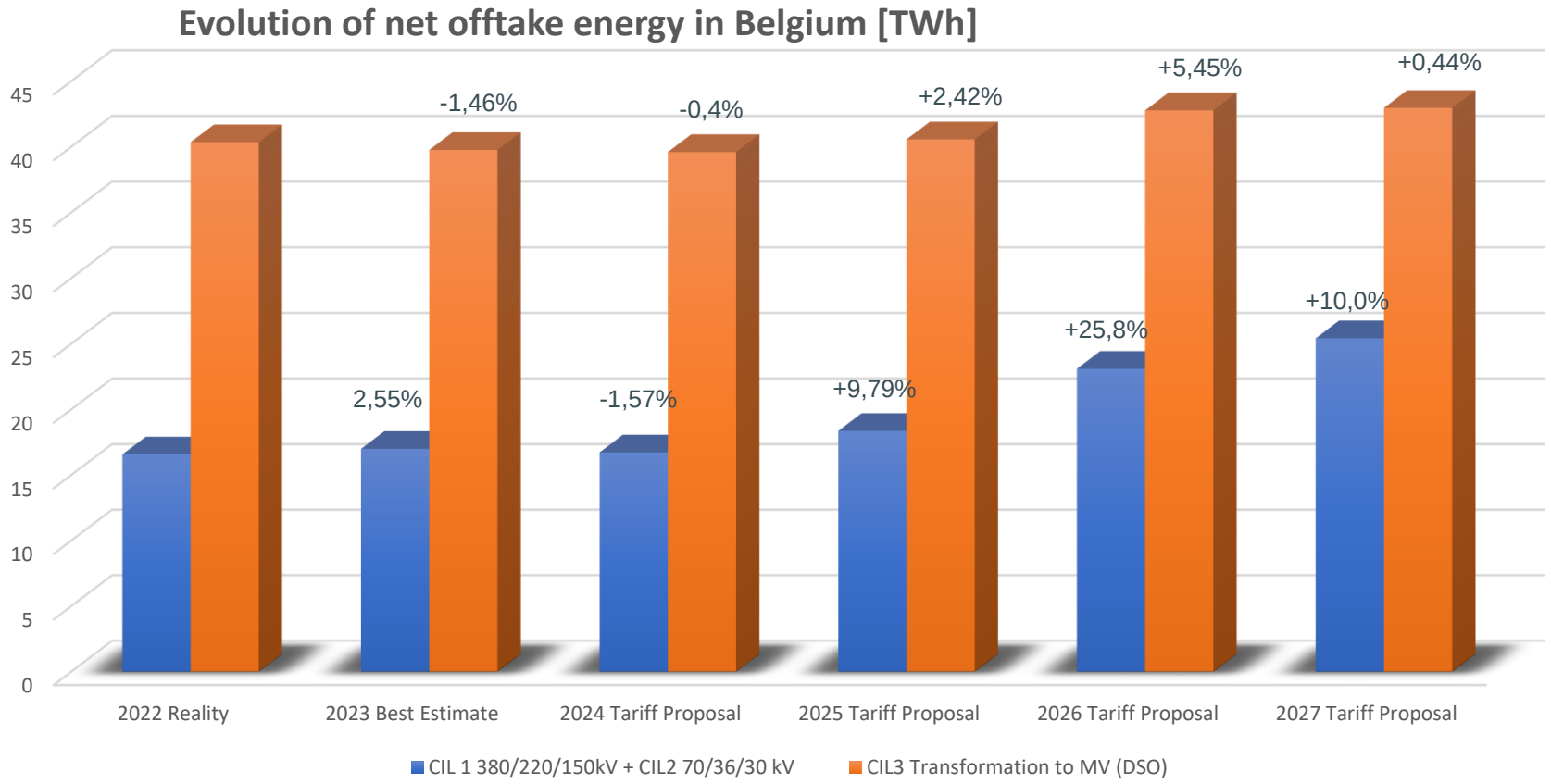
- Tariffs increase based on inflation and WACC in the comings years
- Tariffs increase also based on the increase of the cost of materials
- As from 2024 tariff increases for both OPEX & CAPEX by 25% (2023 vs 2027) for CAPEX and 18% for OPEX

Evolution Connection Tariffs - DSO



- Tariffs increase on average 6% (2023 vs 2027)
- Main drivers explaining the evolution:
  - ✓ CAPEX: Inflation, Costs (↑) & WACC
  - ✓ OPEX: Inflation & Costs (↑)

Evolution Volumes



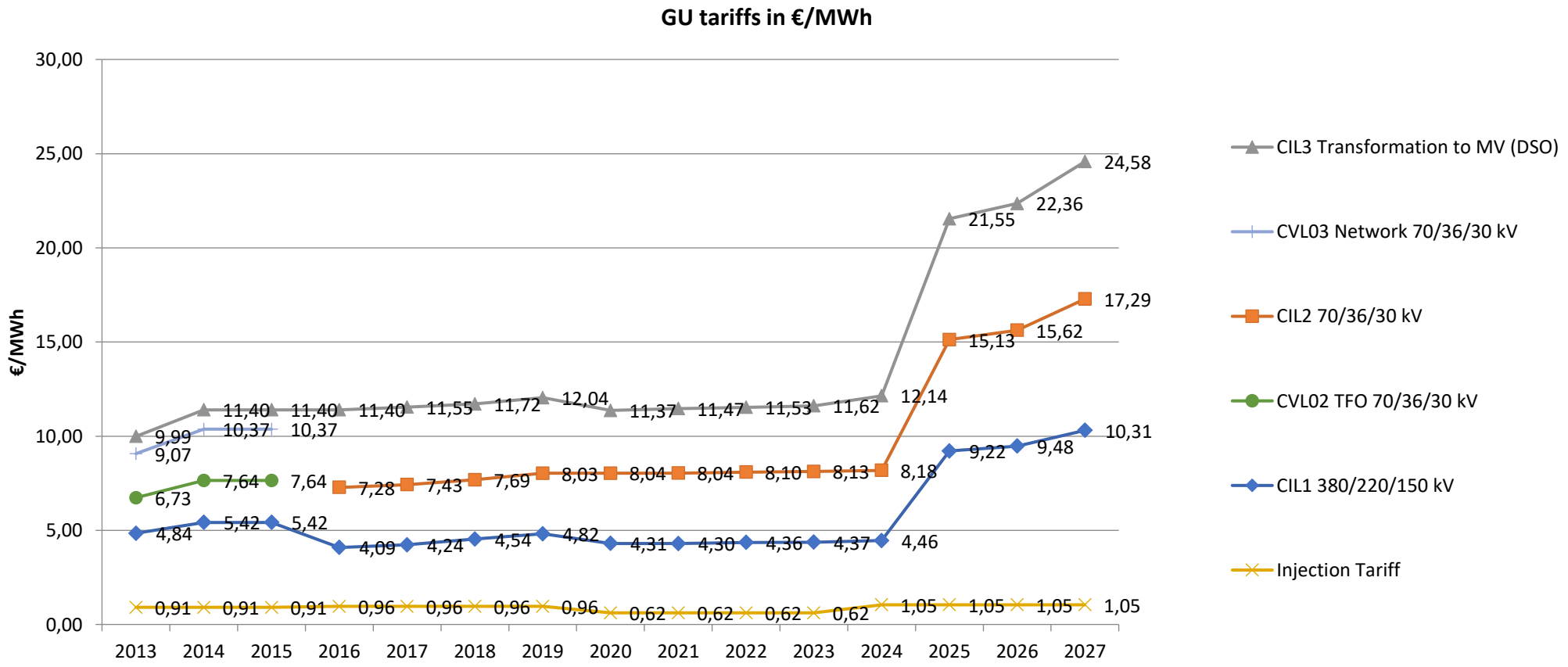
DSO
Δ +6,48%
2027/2022

GU
Δ +53%
2027/2022

Representative Profiles for tariff Evolution	CIL1 380/220/150 kV	CIL2 70/3/30 kV	CIL 3 Transformation to MV (DSO)
Power Put at Disposal (MVA)	90	13	21
Yearly peak (MW)	75	7	20
Monthly peak (MW)	55	6	17
Net Offtake (GWh)	420	38	90
Utilization (h)	5.600	5.300	4.500

Evolution Access Tariffs

Graph



Evolution Access Tariffs

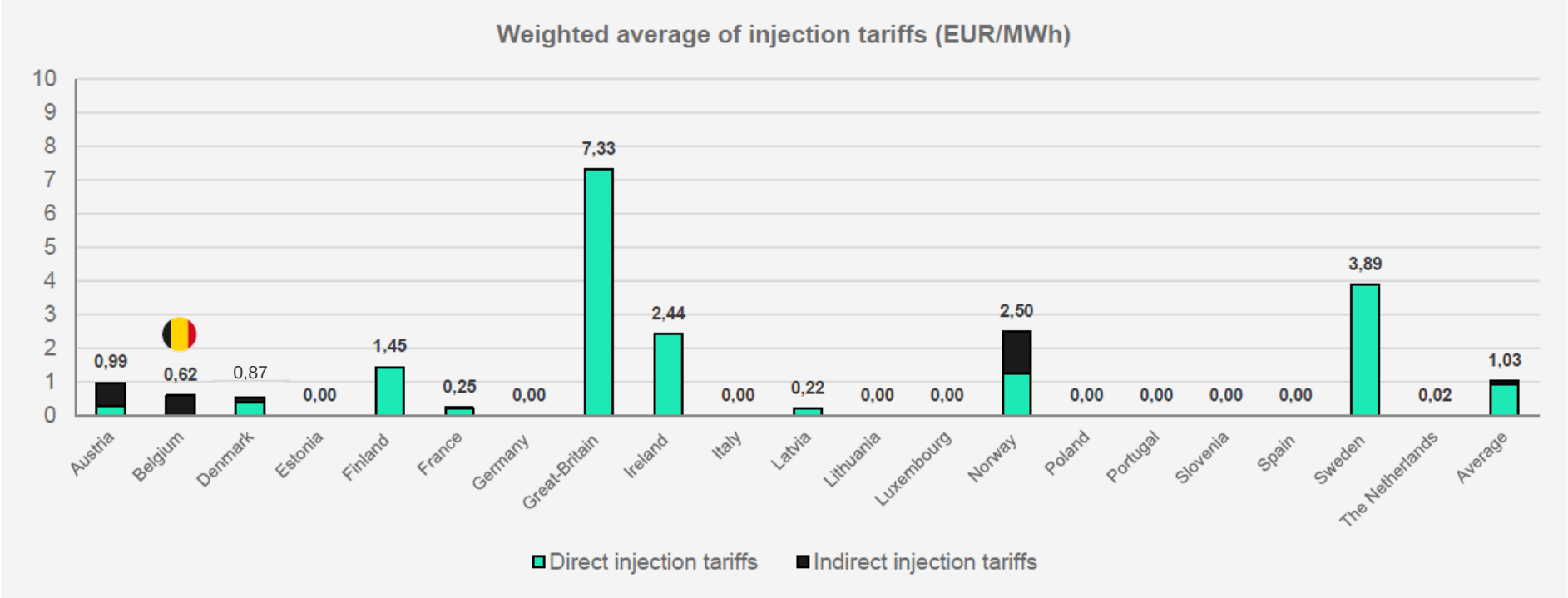
Explanations

- **Tariffs are stable between 2024 and 2023.** An average increase of +2% to +4% is to be observed
- **Tariffs know a significant increase between 2024 and 2027.** A total average increase 2023 vs 2027 of +120% can be noted.
- **Injection tariff increases by 70%** 2024 vs 2023 (due to evolution of the benchmark).

Benchmark of Injection Tariff

European benchmark generation

Average injection tariff based on the benchmark → 1,05 €/MWh



Source: Sia Partners

Publications & Contacts

Tariff Publications

- Tariffs 2024-2027 (and their structure) have been published on Elia's website:

https://www.elia.be/en/customers/invoicing-and-tariffs

- Tariffs for public service obligations, taxes and levies for 2024 will be published on Elia's website asap:

https://www.elia.be/en/customers/green-certificates-and-levies-tariffs

- An invoice simulation tool will be made available for access tariffs, tariffs for obligation of public services, taxes and levies

https://www.elia.be/en/customers/invoicing-and-tariffs

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