



# Key Messages on DSOs' Network Tariff Design

# How would the DSO tariff structure be if it was developed today?



**Today's regulation is an analog system in a digital world!**



# Tariffs - Principles



**Cost reflectiveness**

**Supporting the development of market services – promoting new business models and demand response**

**Promoting innovative grid investments**

**Ensuring fair cost allocation**

**Contributing to overall system efficiency**





# Tariff Regulation



**Tariffs should incentivise DSO to innovate**





**Innovative grid investments needed to facilitate new customer needs and the upcoming challenges: decentralised generators, storage, electric vehicles etc.**



**DSOs have to be allowed to finance R&D projects through tariffs**

# Network Tariffs and New Business Models



**Grid costs** should be shared among all network users including **customers with self-generation**

**Customers** should be rewarded for changing their consumption in response to signals

**Contracts** between DSOs and customers/prosumers should be allowed (flexibility)



# Tariff Regulation



Regulation should allow DSOs to have a reasonable return on investments.

The use of real costs to calculate network tariffs is essential to face the new challenges that DSOs must fulfil. Estimated costs and average costs do not fully assure the recovery of DSO's real costs.

Changing rules within regulatory periods should be kept to a minimum. Stability is key.



# Conclusion



**Network Tariff Regulation  
needs to be assessed and  
changed to face the realities of  
the changing market!**



# Recommendation



A combination of more capacity based grid tariffs and energy based supply pricing is GEODE's recommended approach to **provide customers with incentives to optimise their consumption and production** while contributing to the efficiency of the whole energy system.

