

Press release

ERSE launches a public consultation on the Tariffs Regulation for the electricity sector

ERSE - Energy Services Regulatory Authority launches a public consultation with proposals to review the Tariffs Regulation of the electricity sector, with the purpose of updating the regulatory mechanisms and methodologies related to the tariff structure and the allowed revenues of the regulated companies, to be applied during the next regulatory period, starting in 2022.

This regulation essentially establishes the provisions applicable to the criteria, structure and methods for determining the regulated activities' allowed revenues in the electricity sector and the tariffs that recover them. The purpose of this review is to update the regulatory mechanisms and methodologies at the level of the tariff structure and the allowed revenues.

The current period of regulation, which started in 2018 and was due to end in 2020, was extended until December 2021, under the terms of Regulation No. 496/2020, of 26 May, motivated by the health crisis resulting from the Covid-19 pandemic, given the unpredictable economic effects, with relevant impacts on the National Electric System (SEN).

Given the current maturity of electricity sector's regulated activities, ERSE proposes again to extend the regulatory period from 3 to 4 years, which will improve regulatory predictability and tariff stability.

In terms of tariff structure, the main proposals include the elimination of the tariff applied to producers for the injection of energy into the public grid, aiming at harmonization at the Iberian level. Also, following the pilot projects for the improvement of the tariff structure and dynamic tariffs in mainland Portugal, changes to the network access tariffs are proposed in very high



voltage (VHV), high voltage (HV) and medium voltage (MV), and it is also proposed to carry out a pilot project in low voltage (LV).

Among the various proposals at the level of network access tariffs, are the mandatory three-period time differentiation of the tariffs applicable to self-consumption installations connected at normal low voltage (NLV) using the public network, the increase in the weight of the contracted power at NLV and the establishment of guidelines for the tariff treatment of storage facilities. The adaptation of the regulated tariffs to the technical characteristics of the electrical systems in the Autonomous Regions is another matter submitted to public consultation.

In line with ERSE's strategic guidelines, the main proposals for changing the methodologies for regulation and allowed revenues calculation are based on the promotion of demanding regulation that encourages the efficient management of regulated activities. To this end, changes are proposed to strengthen the monitoring of the economic and financial performance of regulated companies and the assessment of reported costs. The proposed changes also seek to make regulation more flexible, in order to be able to respond to electricity sector decarbonisation and decentralization challenges. In this sense, it is worth to highlight the introduction of TOTEX regulation, applied to electricity transmission and electricity distribution at HV and MV activities' controllable costs.

It should be noted that Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal electricity market should be transposed in the short term to the national legal framework. At that time, a broader regulatory review in the electricity sector may be necessary, including the Tariffs Regulation now under discussion, without compromising the principle of tariff stability.

Comments are requested by 5 July 2021.

Access to [Public Consultation n.º 101](#)

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