

The regulatory & market framework for energy storage in the EU and Germany

15 January 2018, Webinar: Energy Storage Policy
Developments in the US, EU and UK

Dr. Jan Ole Voss

About us



Becker Büttner Held is one of the leading European and German law firms specialising on the energy and infrastructure sector. At BBH, lawyers, auditors and tax advisors work hand in hand with engineers, consultants, and other technical experts of our BBH Consulting AG. We provide advice to more than 3,000 clients in all sectors energy value chain.

- ▶ Accredited professionals: ca. 250; total staff: ca. 550
- ▶ Offices in Berlin, Munich, Cologne, Hamburg, Stuttgart, Erfurt and Brussels

Dr. Jan Ole Voss



Dr. Voss is specialised in EU energy law, EU competition law and international investment law. He works on international projects across the energy sector and regularly represents clients before the EU Commission and the European Courts.

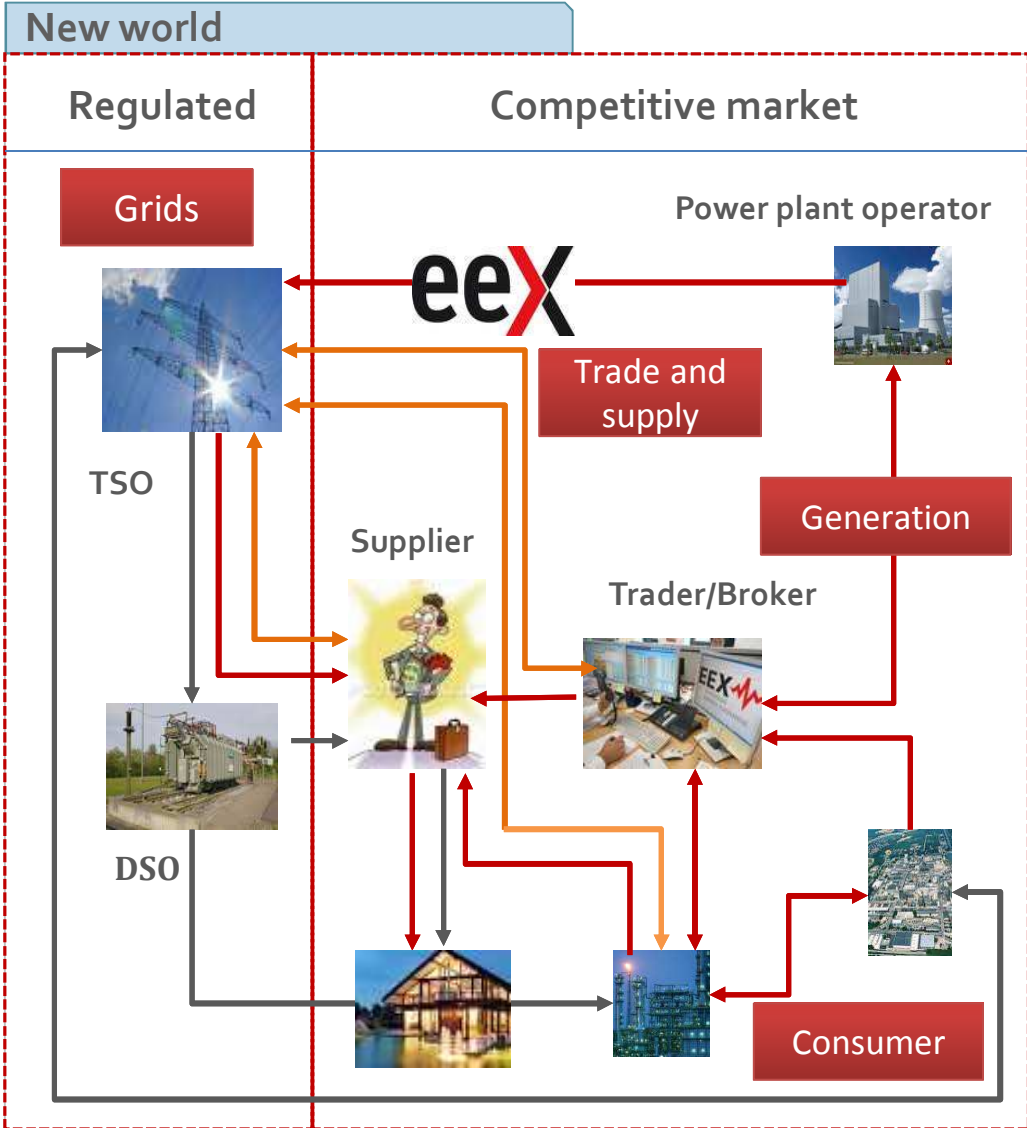
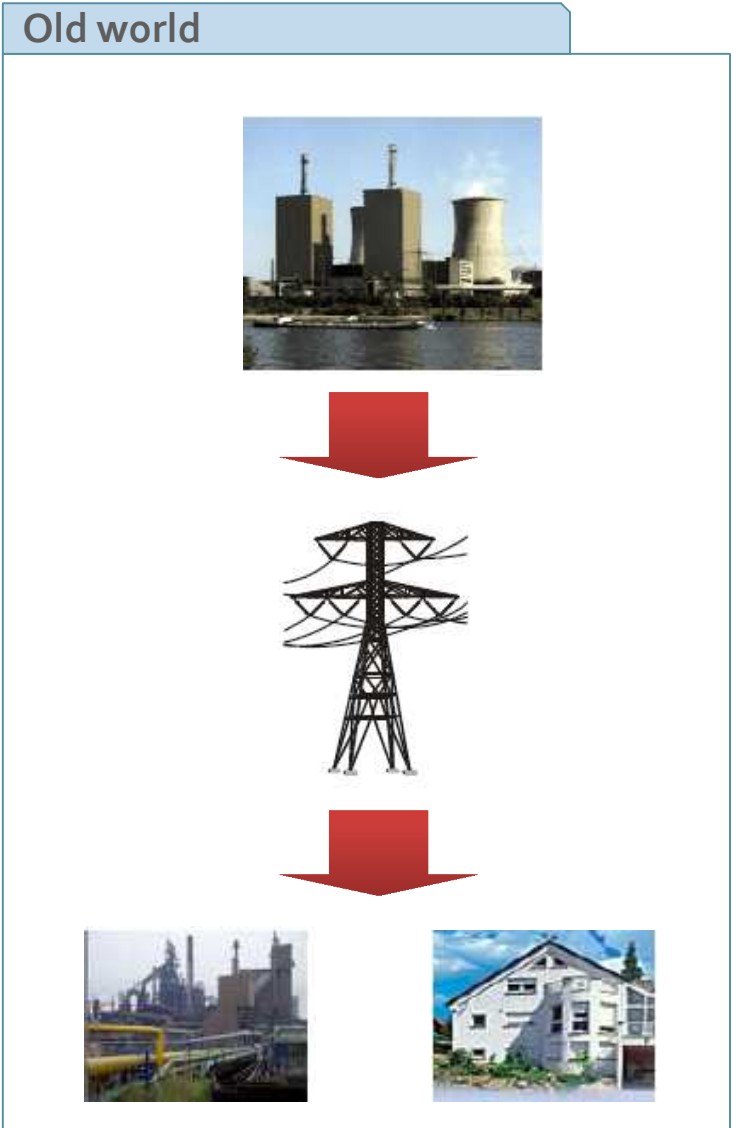
- ▶ 2000 - 2007 Studies of law in Constance and Freiburg; Master's degree at the Universidad de Chile/University of Heidelberg, Germany
- ▶ 2009 Doctorate at the Albrecht-Ludwigs-University of Freiburg on international energy law
- ▶ 2007-2008 Legal Consultant at US law firm in Brussels
- ▶ Since 2010 lawyer with BBH Berlin and since 2016 BBH Brussels

Rechtsanwalt · LL.M. int. (Chile/Heidelberg) · Partner Counsel

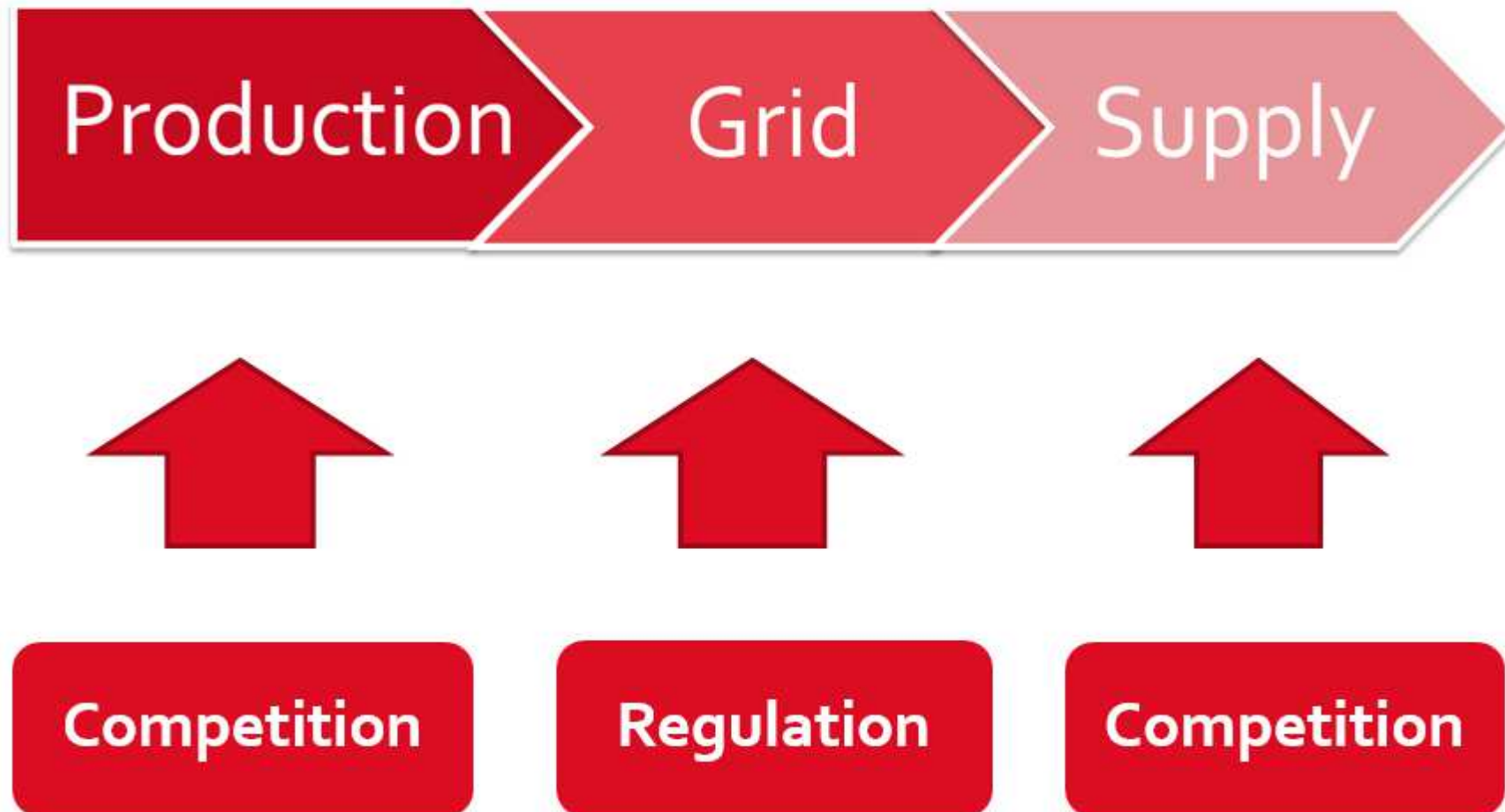
1000 Brussels, Belgium · Avenue Marnix 28 · Tel +32 (0)2 204 44-30 · jan.voss@bbh-online.de

Liberalisation of EU energy markets

Impact of market liberalisation



What role for storage?



New EU Legislative Package from 2020 onwards

Restrictions for Storage? Art. 36/54 Electricity Directive (COM proposal)

Grid operators shall buy storage services from the market

They shall NOT be allowed to own, develop, manage, or operate energy storage facilities

Exemption: NRA can grant grid operator right to operate storage after unsuccessful tendering procedure

This exemption does only apply to unbundled grid operators (de-minimis-operators are excluded)

Ongoing discussion



Council of Minister:

- Right of grid operators for „fully integrated network components“ (up to 1 MW)
- Exemption also applicable for non-unbundled DSOs



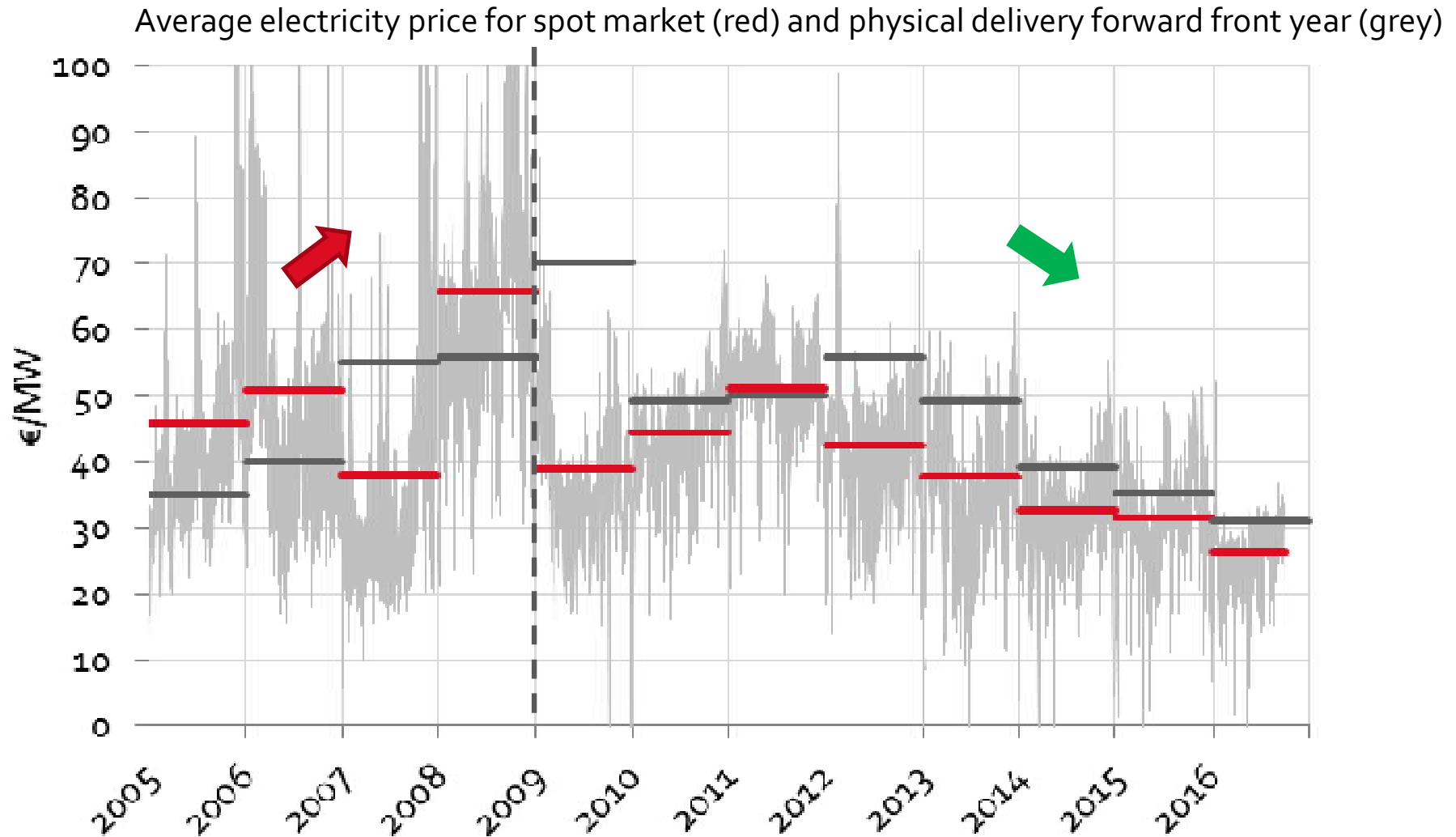
European Parliament:

- Under which circumstances shall DSOs be entitled to storage operation
- In case of phase-out: How is cost recovery possible?



Current problems in Germany

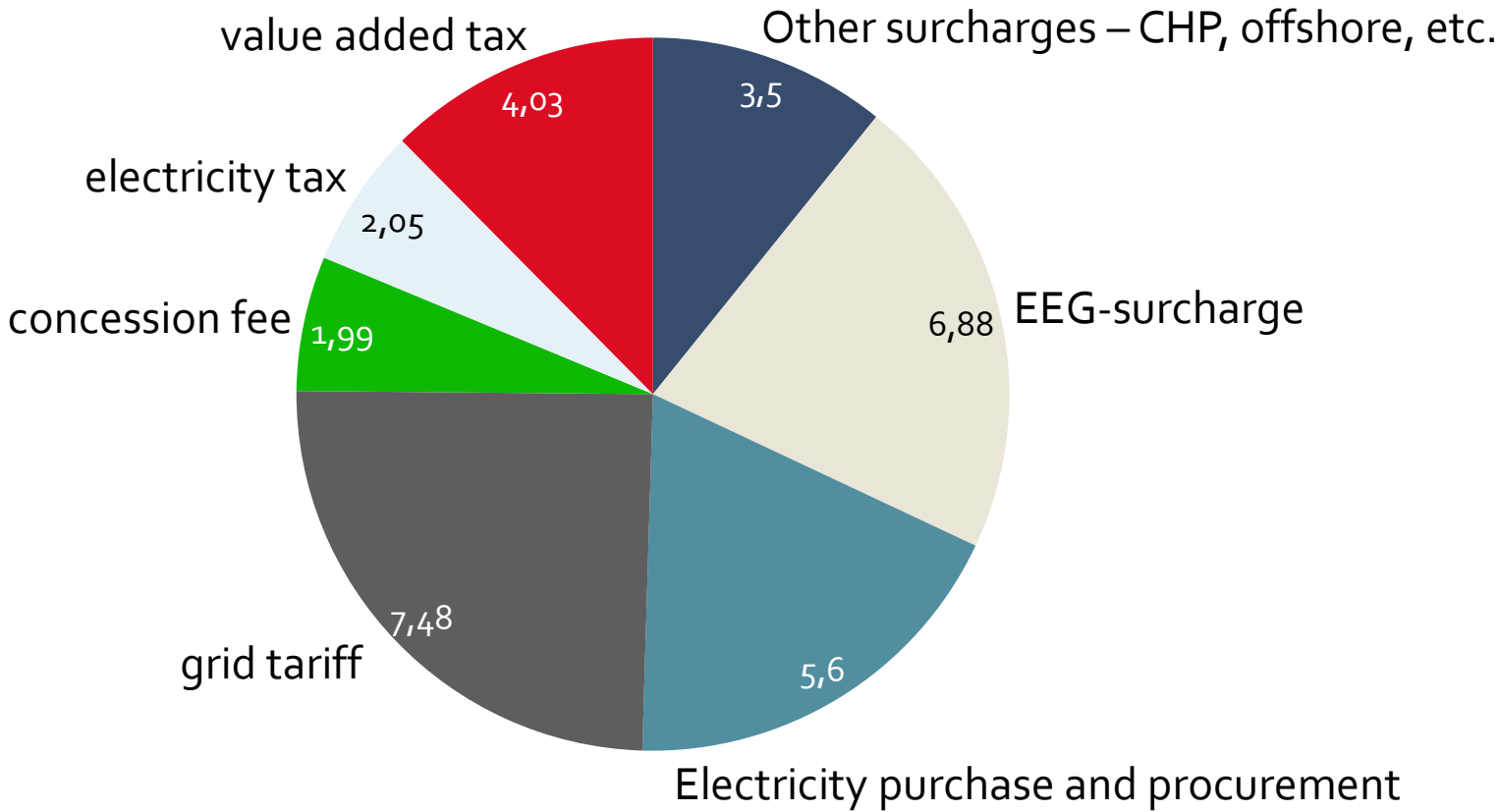
Wholesale electricity prices in Germany



Electricity price for household consumers – Germany (2017)



cent / kWh



Exemptions from grid fees & EEG surcharge



- ▶ In principle: Grid fees due for purchase because storage = end consumer within the meaning of EnWG
 - **Exemption from grid tariffs for electricity storage** according to § 118 Abs. 6 EnWG

- ▶ Exemption from EEG surcharge according to **§ 61 k EEG:**
 - “In the case of electricity delivered or directed to an electrical, chemical, mechanical or physical electricity storage facility for the purpose of temporary storage, the transmission network operators shall not be entitled to payment of the EEG apportionment in accordance with (1) or (2) if the electricity storage is used exclusively for refeeding the electricity into the network.”
 - Exemption applies **exclusively in case that electricity is fed back into the grid**

Balancing market participation

- ▶ 5MW Li-Ion battery storage pioneer -project by Younicos and WEMAG (DSO) – (start: 16th of September 2014)
- ▶ Electrical power: 5 MW_{el} - based on 25.000 Lithium-Ion-Accumulator batteries
- ▶ On a short term time frame differences on up to 0,2 Hertz could be compensated
- ▶ Invest costs: approximately 6 million EUR (based on information from WEMAG), - 1.2 Mio. EUR due to subsidies for the project
- ▶ Project should refinance itself by supply of primary balancing

WEMAG

Source: Younicos, Wemag



© dpa

Conclusions

- The current status of the regulatory framework in the EU and EU Member States is far from being “storage-friendly”
 - No clear position on EU level, no coherency of MS frameworks = no legal certainty for investors
- Creation of a progressive framework through simple amendments
 - New & consistent market role for energy storage
 - No discriminatory fees or charges
 - Acknowledgement of contribution to system security/flexibility
- Open question: Are the EU & Member States on the right track?

Thank you very much
for your attention.

Dr. Jan Ole Voss, BBH Brussels
Tel +32 220 444 30
janole.voss@bbh-online.de
www.bbh-online.de