

Position Paper: Surcharges on electricity: situation in 2024

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Introduction

This position paper focusses on the issue of federal and regional surcharges on the electricity cost. We call “surcharge” the costs resulting from a specific policy and that are paid directly or indirectly by the electricity consumers. We thus talk about surcharge on the electricity cost when the authorities choose to finance a specific objective by means of an extra cost per unit electricity consumed instead of drawing on for instance general taxes’ revenues. Let us also note that certain services or surcharges are directly passed on in the tariffs of the grid operators. These costs are therefore not detailed in this position paper because they vary from one operator to the other.

The price that companies pay for electricity in Belgium consists of several components, that is:

- basic price of the commodity (price for the production of electricity, including possible windfall profits);
- transport tariff: price for the transmission of electricity on the Elia grid;
- distribution grid tariff: price for the distribution of electricity on the distribution grids (optional);
- federal surcharges and levies and their possible exemptions;
- regional surcharges and levies and their possible exemptions.

A simple definition is: all costs that boost the electricity price but that are not directly linked to the production of electricity.

Existing surcharges

In Belgium, there are surcharges resulting from a public service obligation that are passed through at national or regional level, there are surcharges issued from federal or regional levies and finally, there are surcharges required to finance the green certificates’ mechanisms.

As from January 1, 2022 all existing federal surcharges on electricity (federal surcharge, offshore levy, strategic reserve, cost of the offshore wind energy connection) and on natural gas (federal surcharge) were transposed into a special excise¹. This reform was necessary to offer legal certainty to companies, as the exemption mechanism of the offshore levy was subject to debate due to a possible incompatibility with European state aid guidelines. Furthermore, the reform offers the advantage to allow federal authorities to adapt in a smoother way the federal surcharges on electricity, and it protects in principle the electricity consumers from the impact of possible additional costs subsequent to choosing the capacity remuneration mechanism (CRM), which enters into force as from 2025.

Febeliec distinguishes following surcharges:

The federal surcharges:

1. The energy levy (excise on electricity). This levy is only due on the low tension (<1kV) and is therefore not taken up nor commented in this document.
2. A special excise on electricity has entered into course on 1st January 2022. The tariff of this excise applies per consumption segment for professional (or non-professional) customers.

The regional surcharges:

1. The financing of the regional policy of renewable energy by means of green certificates and cogeneration certificates (in Wallonia, the cogeneration support is included in the green certificates) (see position paper ‘Green certificates/cogeneration in Flanders’ and ‘Green certificates in Wallonia’);
2. The surcharge for financing support mechanisms for renewable energy in Flanders (levy RES) and in Wallonia (Elia PSO² tariff). This surcharge was introduced in 2011 in Flanders and in 2012 in Wallonia. In 2024 this surcharge was also introduced in the Brussels Capital Region and applies to all users connected to the distribution grid;

¹ See the Program Law of 27 December 2021 (<https://www.ejustice.just.fgov.be/eli/wet/2021/12/27/2021043625/staatsblad>) and the Royal Decree of 27 December 2021 “tot wijziging van het koninklijk besluit van 28 juni 2015 betreffende de belasting van energieproducten en elektriciteit” (<https://www.ejustice.just.fgov.be/eli/besluit/2021/12/27/2021022817/staatsblad>) .

² PSO: public service obligation.

3. The REG tax (rational energy use – only in the Flemish region), that is the tax for financing measures in order to improve rational energy use;
4. The tax for using the public domain in Wallonia and in Brussels (“road-tax”), which compensates for the loss of immaterial dividend of the municipalities;
5. The surcharge for connection to the electricity grid in Wallonia.
6. The VREG tax (only in the Flemish region). This flat-rate tax is new since 2015 and is only applicable per offtake point and per voltage level;
7. The levy for “pylons” and “trenches” in Flanders. This levy is applicable since 01/01/2016 and applies to all tension levels.

Table tariffs surcharges

The table below shows the tariffs invoiced by the TSO and the DSOs and the quotas applied in view of calculating surcharges. In some cases, for clients on the distribution grid, these surcharges are passed through by the distribution grid operators and can thus vary from the TSO tariff. For the new special excise³, the tariff varies in function of the professional consumption segment between 14,21€/MWh and 0,5€/MWh for consumptions above 100.000 MWh/year.

<u>Surcharges (€/MWh)/Quota</u>	2020	2021	2022	2023	2024	2024 vs 2023
Federal						
Federal levy	3,1774	3,5082				
Offshore certificates	9,0141	11,6852				
Offshore connexion	0,1188	0,0840				
Strategic reserve	0	0,0510				
Special excise			14,21 à 0,5	14,21 à 0,5	14,21 à 0,5	
Flanders						
REG tax	0	0,0628	0,0254	0,0392	0,0430	10%
RES levy	0,1609	0,5530	2,2331	1,4655	0,3722	-75%
Energieheffing	MT: 1852,32€ HT: 10805,76€	MT: 1806,2 HT: 10.886,16	MT: 1943,76 HT: 11.338,92	MT: 2182 HT : 12.730	MT: 2190,12€ HT: 12775,68€	
Tax "pylons and trenches"	0,1441	0,4445	0,3719	0,4162	0,5429	30%
Green certificates quota	21,50%	21,5%	21,5%	18,0%	11,0%	-39%
Cogeneration certificates quota	11,20%	11,2%	11,2%	11,2%	14,0%	25%
Wallonia						
Public domain	0,3378	0,3338	0,3074	0,4018	0,3980	-1%
Support mechanism for RES Elia PSO - 1st component	13,8159	13,8159	13,8159	10,3761	5,9249	-43%
Support mechanism for RES Elia PSO - 2nd component	0	-	-	-	-	
Levy for connexion to the grid	0,3000	0,3000	0,3000	0,3000	0,3000	0%
Quota Certificats Verts	38,40%	38,85%	39,33%	39,80%	40,28%	1%
Brussels						
Levy for occupying road network	3,5084	3,5248	3,6035	4,0837	4,1778	2%
					0,5949	
Quota CV	10,00%	10,8%	14,7%	18,5%	26,7%	44%

³ For the tariffs per consumption segment and other details on the special excise, please consult the position paper “Special excises”.

Tariff of the surcharges in 2024

At the federal level:

No changes are noted for 2024 in the tariff of the special excise, which was introduced in 2022 in replacement of the various federal surcharges.

At the Walloon level:

In Wallonia, the quota of *certificats verts* (CV) follow the increase foreseen in the decree "Electricity". The surcharge Elia PSO again decreases by 43% given the equilibrium that has been reached in the market for green certificates.

At the Flemish level:

The communal tax 'pylons and trenches' again increases slightly this year after the slight decrease in 2022 and is applicable to all users without any degressivity or ceiling. Febeliec wonders again about this way of communal financing by means of a PSO on the electricity bill.

For the first time, we observe a strong decrease of the tariff of public service obligations, of the financing of support mechanisms for renewable energy and cogeneration (RES levy) and a strong decrease of the green certificates quota, while the cogeneration certificates quota increase.

At the level of the Brussels Capital Region

In 2024 there is a new public service obligation for the financing of support mechanisms for renewable energy. In order to safeguard the balance between supply and demand of green certificates, the government again increased the quota of green certificates.

Cost of the surcharges in the 3 regions

How much surcharges a company pays for its electricity consumption varies in function of several factors specific to the company. The decisive factors are the volume of the yearly energy consumption, the subscription or not of a company to a voluntary energy covenant (covenant in the Flemish region / *convention carbone* in the Walloon region), its connection voltage to the grid.

Febeliec makes the hypothesis that a consumer of 100 GWh/year can be connected either to the distribution/local transport grid, either to the transmission grid. The consumer of 250 GWh/year or more is considered to be connected to the transmission grid. Moreover, the cases mentioned above do not benefit from a specific exemption of the special excise according to the program-law of 27 December 2004, nor from the supercap in Flanders for green/cogeneration certificates.

The charts below show, as an example, the amount of the various surcharges for yearly electricity consumption of respectively 10.000 MWh, 50.000 MWh, 100.000 MWh, 250.000 MWh and 500.000 MWh in 2024. Chart 1 represents the Flemish situation, chart 2 the Walloon situation and chart 3 the Brussels situation. For more information on the surcharges separately, please refer to the individual position papers of Febeliec.

Flanders

	Yearly consumption (MWh/year)					
	Connected to the distribution grid			Connected to the transmission grid		
	10.000	50.000	100.000	100.000	250.000	500.000
Surcharge (€/MWh)						
Special excise	10,7677	6,7255	4,7278	4,7278	2,1911	1,3456
GSC **	5,3950	3,1921	2,5310	2,5310	2,1344	1,1607
WKC **	2,6092	2,3578	1,8475	1,8475	1,4664	1,0723
REG-tax *	0,0430	0,0430	0,0430	0,0000	0,0000	0,0000
Supporting mechanisms for renewable energy *	0,2148	0,1271	0,1008	0,0000	0,0000	0,0000
Tax energy ***	0,2190	0,0438	0,0219			
Taxe "pylons" and "trenches"	0,5429	0,5429	0,5429	0,5429	0,5429	0,5429
Minimum surcharge (€/MWh)	19,7916	13,0322	9,8149	9,6492	6,3348	4,1215

*Note 1: surcharge only of application if connected to the distribution grid

**Note 2: the estimation of the surcharge owed to renewable energy (green certificates and cogeneration) is dependent on the applied factor of passing through. In this simulation, it is fixed at 85%.

***Note 3: Only one offtake point is taken into account per consumer

Wallonia

	Yearly consumption (MWh/year)					
	Connected to the distribution grid			Connected to the transmission grid		
	10.000	50.000	100.000	100.000	250.000	500.000
Surcharge (€/MWh)						
Special excise	10,7677	6,7255	4,7278	4,7278	2,1911	1,3456
Green certificates						
No convention carbone	26,1812	26,1812	26,1812	26,1812	26,1812	26,1812
Convention carbone	19,6365	15,7092	14,4001	14,4001	8,1164	5,4982
Public domain*	0,3980	0,3980	0,3980	0,0000	0,0000	0,0000
Support mechanisms for renewable energy (Elia PSO-tax)*						
Nominal tariff	5,9249	5,9249	5,9249	0,0000	0,0000	0,0000
Partial exemption	0,8887	0,8887	0,8887	0,0000	0,0000	0,0000
Surcharge connexion to the grid	0,3000	0,3000	0,3000	0,3000	0,3000	0,3000
Minimum surcharge	31,9909	24,0214	20,7146	19,4279	10,6075	7,1438
Maximum surcharge	43,5718	39,5296	37,5319	31,2090	28,6723	27,8268

*Note 1: surcharge only of application if connected to the distribution grid or local transport grid

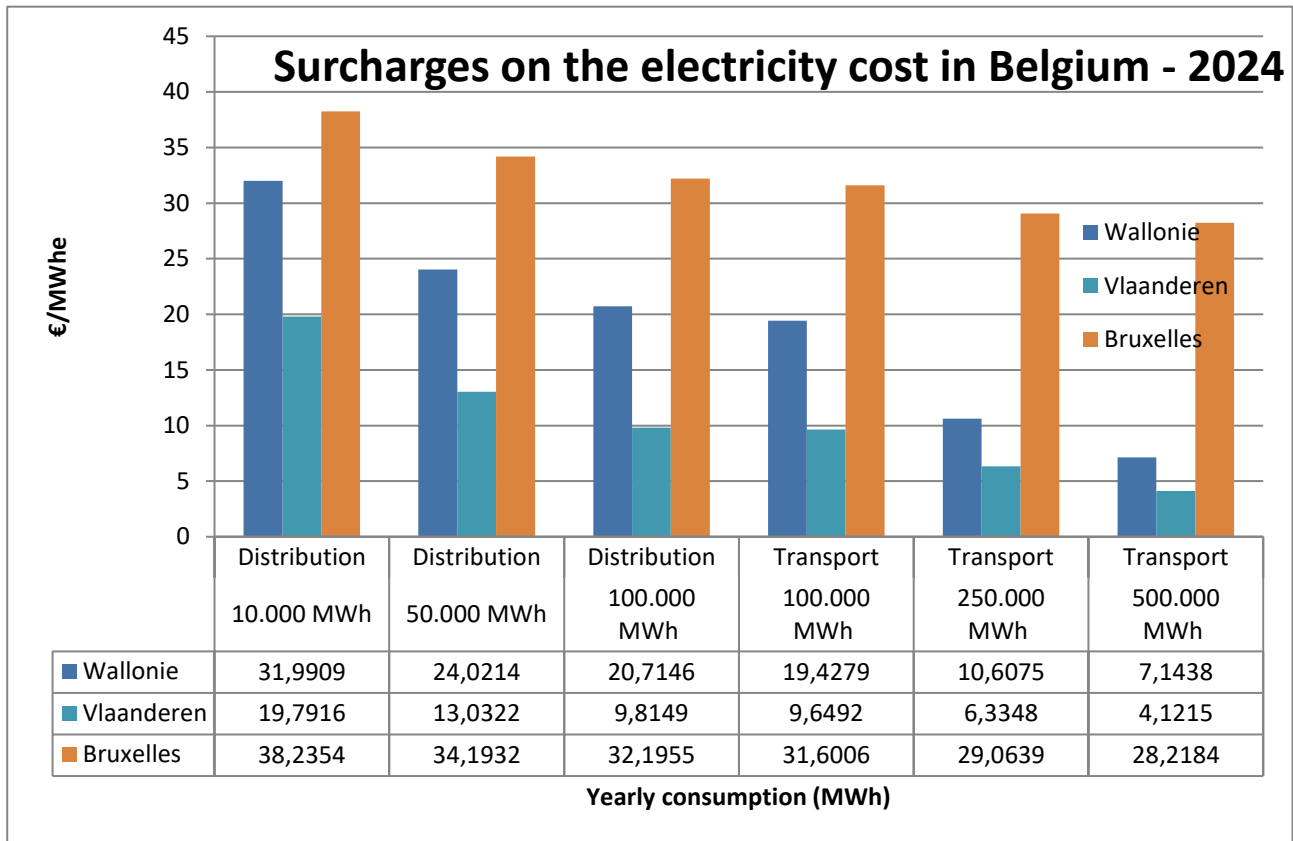
**Note 2: the estimation of the surcharge owed to renewable energy is based on an estimation of the passing through of the green certificate of 65€/green certificate.

Brussels

	Yearly consumption (MWh/year)					
	Connected to the distribution grid			Connected to the transmission grid		
	10.000	50.000	100.000	100.000	250.000	500.000
Surcharge (€/MWh)						
Special excise	10,7677	6,7255	4,7278	4,7278	2,1911	1,3456
Road network	4,1778	4,1778	4,1778	4,1778	4,1778	4,1778
Support mechanisms for renewable energy	0,5949	0,5949	0,5949	0,0000	0,0000	0,0000
Green certificates *	22,6950	22,6950	22,6950	22,6950	22,6950	22,6950
Surcharge	38,2354	34,1932	32,1955	31,6006	29,0639	28,2184

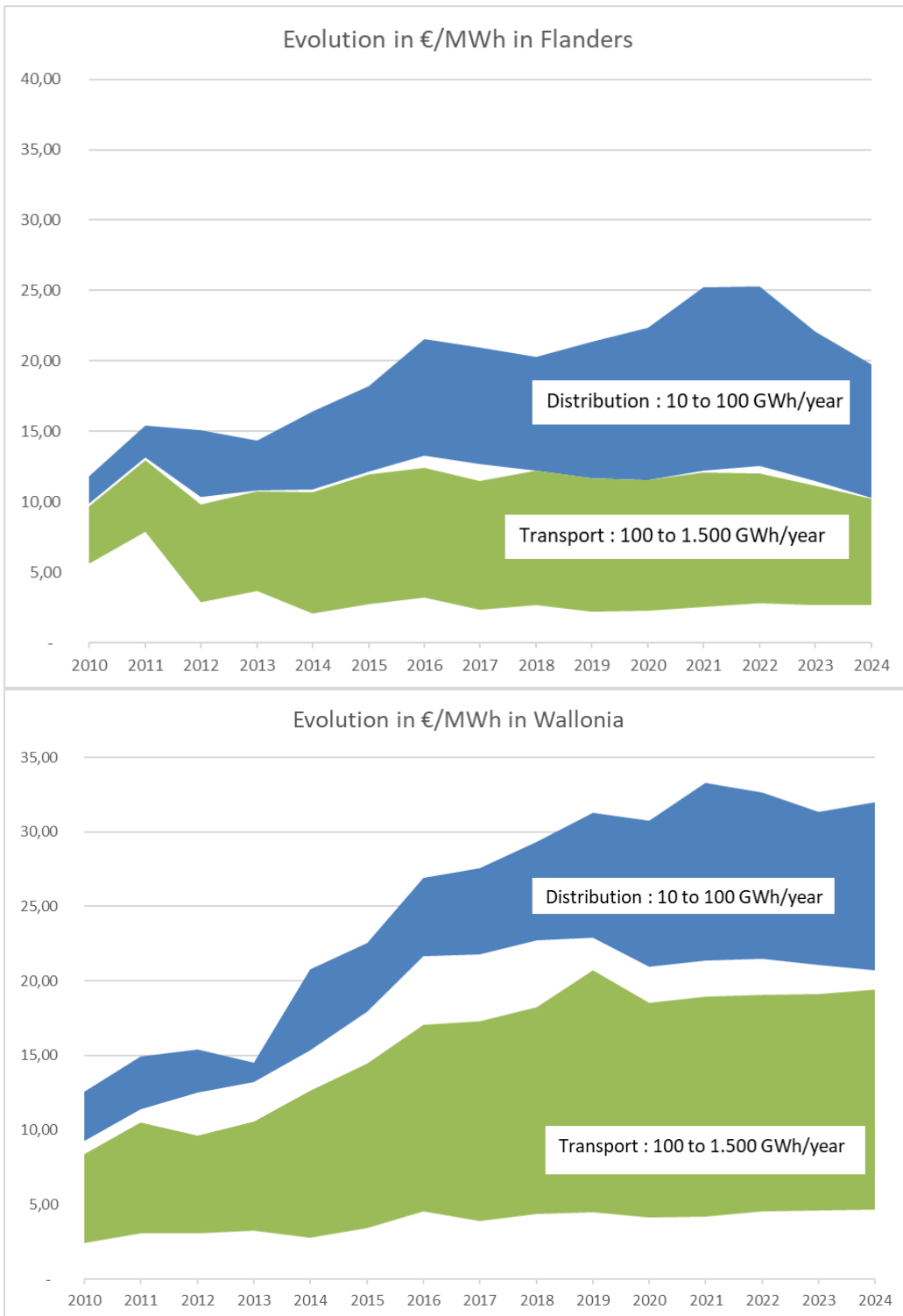
* Note 1: the cost of the green certificate is of 85€/green certificate, as mentioned on the website of Brugel.

The chart below shows the surcharges on the electricity cost in 2022 in function of the yearly electricity consumption (MWh/year) for companies in Wallonia, Flanders and Brussels, that subscribe to a voluntary energy agreement.



On the basis of this graph, we can conclude that the cost of the entire surcharges diminishes in function of the consumption volume and that it is considerably lower in Flanders than in the other Belgian regions. This is due to the exemption level that is more advantageous for the large consumption trenches for companies that subscribed a voluntary energy covenant. We also note that despite the fact that the advantage is more important in Flanders, these are an indispensable tool to preserve companies' competitiveness in Belgium.

Evolution of the surcharges since 2010



The graphs below reflect the evolution of the surcharges on the electricity cost for various consumption profiles since 2010 until today. We note that despite the measures that were taken to limit the impact of certain surcharges, a quasi-constant increase is to be noted on the whole of the period and for quasi all consumers' profiles.

We can also observe an ever increasing impact of green energy policy. Although Flanders showed on several occasions the way by adapting in parallel the exemption levels and the increase of quotas of green certificates, we can observe in Wallonia that this cost still further increases, and without additional measures for industrial consumers.

In 2022, Febeliec welcomes the solution brought up by the federal government, which converts the surcharges in an excise and guarantees the absence of a cost increase as was the case in 2021. However, Febeliec will continue to pay attention to the tariffs of this excise in the next years, especially following the aid measures for investments in new production capacity, which will also have to be carried by this excise.

Conclusion and position of Febeliec

Febeliec welcomes and supports the progress made at federal level to guarantee the absence of a cost increase as was the case in 2021 and to tend towards a competitive electricity price with our neighbors. Indeed, since 2013-2014, Febeliec has been underlying the jeopardized competitiveness of our industrials, especially by means of the studies carried out by Deloitte. As a reminder, this study, which has been realized yearly since 2013 and is updated each year, again shows that in 2023, electricity prices are between 18 and 23% higher for Belgian “baseload” industrial consumers than in our neighboring countries. Moreover, since 2017, the CREG has also ordered a similar study from PwC. These two studies clearly show that Belgian industrial consumers still pay more for their electricity price (market price, transport costs, taxes and levies) than their foreign competitors, and this mainly due to governmental actions in the countries at stake.

Taking up the concept of Energy Norm in the law is a step forward. Let’s see which corrective measures will be proposed by the 4 regulators to guarantee our companies’ competitiveness and the residential consumers’ purchasing power.

Febeliec also asks the federal authorities to urgently revise their policy as regards surcharges:

- The core tasks of the authorities must be financed by fiscal revenues, not by levies on energy consumption;
- Surcharges for green electricity must be limited by balanced aid measures and a coherent policy;
- Evaluate the impact on the electricity cost of the national objectives set in terms of renewable energy;
- Not to introduce new surcharges on consumption, for example to support investments in new generation capacity;
- Appropriate measures in order to limit the impact of the passing through of the cost of the strategic reserve or of any other capacity remuneration mechanism.