

# Dynamic tariff design

Main barriers and solution pathways

## Implementation map

Please find detailed information on the policy approach in the ENEFIRST report [“Priority areas for implementing Efficiency First”](#)

<https://enefirst.eu/reports-findings/>



# Short introduction to the policy approach

## Dynamic tariff design

Network and retail tariffs incentivising the smart use of existing networks by consumer and hence reducing the need for investment into the grid.

Business as usual	E1st scenario
The energy and network tariff paid by the consumers is <b>independent</b> from market and system conditions.	Consumers pay less in case of abundant generation and network supply and more in scarcity periods.
Load is considered to be <b>inelastic</b> .	Consumers <b>do respond</b> to prices.

# Overcoming the main barriers to the design and implementation of E1st

## Dynamic tariff design

### I. Policy design

*Main barriers to policy design*

Stakeholders  
required to act

*Solutions to overcome the barrier*

Main barriers

Possible legislative or other changes

Regulated retail pricing

Contradictory EU legislation on network tariff design

Limited dynamic tariff offers

National authorities

National authorities

National authorities

National political decision

Network tariff design aligning tariff with scarcity

National regulation requiring such offers from retailers

Phase out of 'eligible consumer' status as indicated by EU Electricity Directive

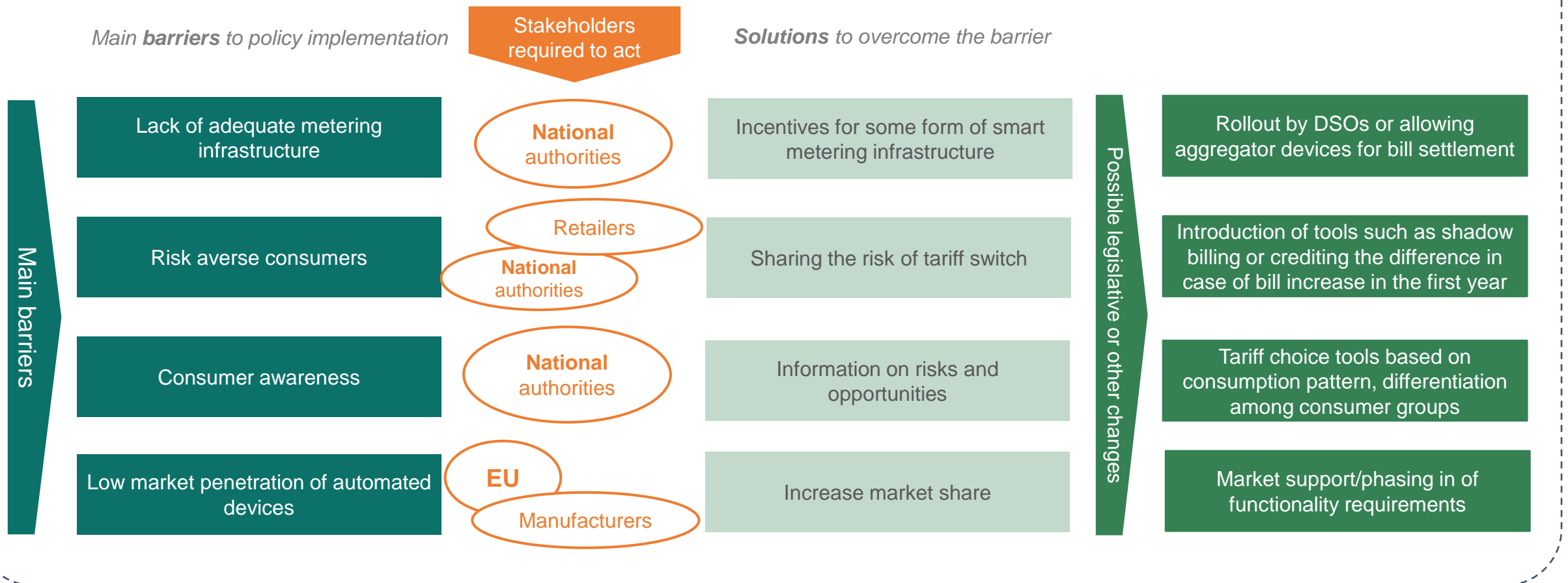
Distribution network tariff reform by the regulator

National implementation of Electricity Directive

# Overcoming the main barriers to the design and implementation of E1st

## Dynamic tariff design

### II. Policy implementation



# Further reading

- ENEFIRST report [“Priority areas for implementing Efficiency First”](#)
  - Chapter 3.2.3 Identified policy approaches in the power sector
- Weston, Frederick (2000). [Charging for Distribution Utility Services: Issues in Rate Design](#). RAP
- LeBel, Marc and Frederick, Weston (2020). [Demand Charges: What Are They Good For?](#) RAP. November 2020
- IRENA (2019), [Innovation landscape brief: Time-of-use tariffs](#), International Renewable Energy Agency, Abu Dhabi.