Electricity self-consumption

December 2015

Royal Decree 900/2015, dated 9 October, which regulates the administrative, technical and economic modalities for electricity supply with self-consumption and generation with self-consumption (hereinafter, the Royal Decree) was published in the State Journal on the date 10 October.

The Royal Decree establishes fundamentally the following measures:

- With regards to the **scope of application**, it applies to any facility which is covered by a self-consumption modality, with the exception of isolated facilities (i.e. not connected to the grid) and energy generation units used exclusively in the event of power failure. These facilities therefore will not contribute to paying for the costs of the system.

- Two self-consumption modality **classifications** are established:
  - **Type 1**: supply with self-consumption modality. This refers to a consumer in a single facility or supply point, with a contracted power not above 100 Kw, with an interior grid equipped with one or several generation facilities for internal consumption which have not been duly registered as a production facility.
  - **Type 2**: generation with self-consumption and generation with self-consumption connected directly to a production facility modalities. This refers to a consumer in a single facility or supply point, which is associated to one or several production facilities (duly registered in the administrative register of production facilities) connected within its grid, or which share connection infrastructure with it or connected via a direct line.

- Consumers wishing to be covered by of the self-consumption modalities must either request a new **connection** or modify the existing connection, and sign an **access agreement** or modify an existing one. Moreover, all consumers covered by any of the self-consumption modalities must apply for registration in the
**Electricity Self-Consumption Administrative Register.**
Consumers already operating self-consumption facilities will have a period of **6 months** to do this.

- **Under no circumstances may a generator** be connected to an interior grid comprising **several consumers**. The use of a power generation facility by different consumers is therefore forbidden.

- Consumers covered by any self-consumption modality will be subject to distribution and transport grid **access fees, charges associated to system costs** and **charges for other services** of the system envisaged in the Royal Decree. These charges are divided into fixed and variable charges. The economic scheme envisaged in transitory provision one of the Royal Decree shall apply until these fees and charges are approved.

- The Royal Decree envisages the following exceptions for payment of the aforementioned charges and fees:
  - **Consumers covered by self-consumption modality type 1 with a low voltage connection and contracted power equal to or less than 10 kW** will be exempt from the transitory variable charges. Notwithstanding, this exemption may be modified once the definitive charges are approved.
  - **Electricity systems outside of the mainland**, namely Canary Islands, Ceuta, Melilla, Ibiza and Formentera, are exempt from payment of the transitory variable charges. These charges are reduced in Mallorca and Menorca. Such charges may be modified by ministerial order.
  - **Cogeneration facilities** which are definitively registered in the Electricity Production Facilities Administrative Register when Law 24/2013 comes into force shall, in line with the requirements set out in Royal Decree 661/2007, be exempt from payment of the charges associated to the electricity system costs and from the charge for other services of the system for self-consumed energy up to the date 31 December 2019.

- With respect to **remuneration**, type 2 self-consumers shall be entitled to payment for power supplied to the grid. Type 1 consumers shall not be entitled to such payment.

- **Accumulators** (batteries) may be installed whenever certain reading and industrial safety technical conditions are met.

- **A fine system** with large penalties is envisaged. Any breach of the obligation to register or any self-consumption which does not
comply with the requirements of the envisaged modalities shall be considered a very serious breach and may be subject to the imposition of a fine of between €6,000,001 and €60,000,000.

Please feel free to contact us to discuss or clarify any details.

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