

Implementation of the cap on market revenues by country

The instrument of the cap on market revenues showed several flaws

Created a patchwork of rules

Different levels of the cap, different technologies affected, different markets considered: the Member States were allowed to stretch the measure as they wished

Fragmented the European electricity market

The proposal left the door open for the Member States to implement the measure in very heterogeneous ways across Europe



Breached investors' confidence

The uncertainty created by the measure undermined investments in much-needed renewable and low-carbon infrastructure.

→ The following data confirmed the patchwork approach followed by the European Member States



1. Markets considered

Among the different electricity markets, there are differences between member states on the markets exposed to the tax

MARKETS CONSIDERED BY COUNTRY


























 INCLUDED  NOT INCLUDED

COUNTRY	FORWARD	DAY-AHEAD	INTRA-DAY	IMBALANCE	CONGESTION	CAPACITY MECHANISM	RETAIL
AUSTRIA							
BELGIUM							
BULGARIA							
CZECH REPUBLIC							
DENMARK							
FRANCE	 (1)	 (1)	 (1)	 (2)	 (2)		
GERMANY	 (9)	 (9)					
GREECE							
IRELAND							
ITALY	 (5)						 (6)



MARKETS CONSIDERED BY COUNTRY

 INCLUDED  NOT INCLUDED

COUNTRY	FORWARD	DAY-AHEAD	INTRA-DAY	IMBALANCE	CONGESTION	CAPACITY MECHANISM	RETAIL
NETHERLANDS							
POLAND	 (8)						
ROMANIA							
SPAIN	 (3)	 (4)	 (4)	 (4)	 (4)		
UK							 (7)

No measures were taken in Finland and Portugal
 We have no data for the following countries : Cyprus, Estonia, Latvia, Lithuania, Luxembourg, Malta, Slovakia, Switzerland



Appendix (Markets considered)

- (1) For integrated producers, the revenue is calculated based on the energy component of retail prices, with a deduction of the cost of purchases on wholesale markets to cover the difference between quantities produced and supplied, if any. The revenue from the production sold on wholesale markets (all of it for non-integrated producers, only the one in excess of supplied quantities for integrated producers) is valued at the average price of sales for the considered period, taking into account all market timeframes. Revenues are allocated pro rata between taxable and non-taxable generation.
- (2) May be included (tbd by decree) if their exclusion is likely to lower the efficiency of balancing and congestion management actions
- (3) There is an exemption for the energy already hedged with a fixed price (before 31 March). If the energy is hedged later, the generator pays back the income over 67 €/MWh. In case of intragroup hedging, the underlying reference price is the final consumer price and the payment obligation lies on the supplier of the group.
- (4) Obligation payment is calculated with the impact in electricity wholesale market of a gas price over 20 €/MWh
- (5) excluded contracts stipulated at fixed price lower than the reference zonal price + 10% and: signed before 27.01.2022 for generation Feb-Dec 2022 or signed before 5.08.2022 for generation Jan-Jun 2023.
- (6) Included if the operator is vertically integrated and the contracts to be considered are those with third parties
- (7) Domestic price cap in place funded by taxpayers
- (8) Physical PPAs considered, financial ones with limitations
- (9) The implementation caps all volumes generated by the targeted technologies and injected into the grid. The Day-Ahead provides the reference price regardless of the actual market place. Long-term contracts (such as PPA and forward) can be used to correct the reference price up to a certain extent (i.e. admissible contracts and volumes).

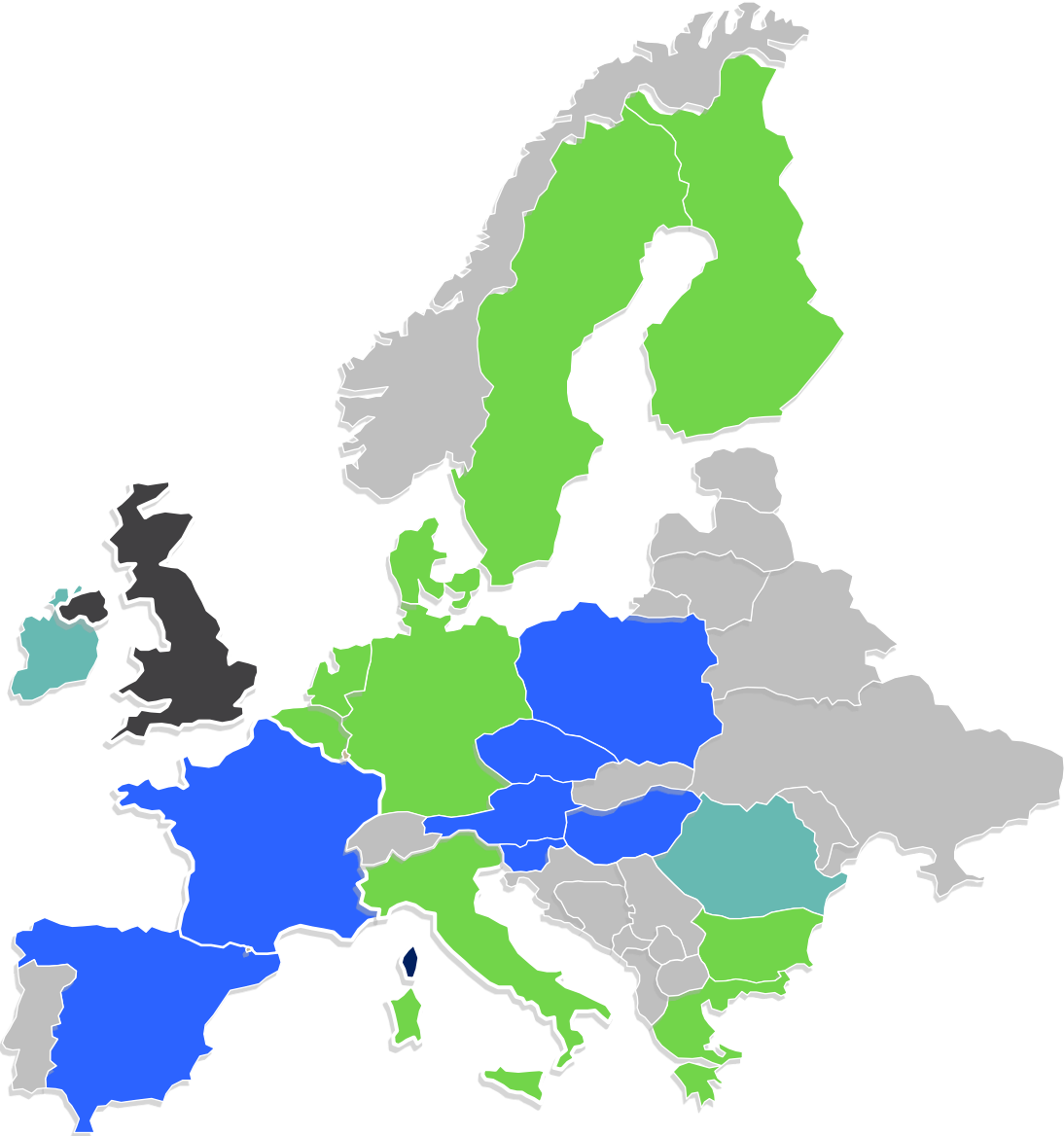




2. Reference period

The Council of the European Union adopted a regulation on an emergency intervention to address high energy prices, including the application of an inframarginal rent cap, enforceable by all Member States from 1 December 2022 until 30 June 2023, with a potential extension

REFERENCE PERIOD



REFERENCE PERIOD

COUNTRY	REFERENCE
AUSTRIA	31.12.2023
BELGIUM	30.06.2023
BULGARIA	30.06.2023
CZECH REPUBLIC	31.12.23
DENMARK	30.06.2023
FINLAND	31.12.2023
FRANCE	31.12.23
GERMANY	30.06.2023
GREECE	30.06.2023

COUNTRY	REFERENCE
HUNGARY	31.12.23
IRELAND	30.06.2023
ITALY	30.06.2023
NETHERLANDS	31.12.2023
POLAND	31.12.2023
ROMANIA	March 2025
SLOVENIA	31.12.2023
SPAIN	31.12.2023
SWEDEN	30.06.2023
UK	2028

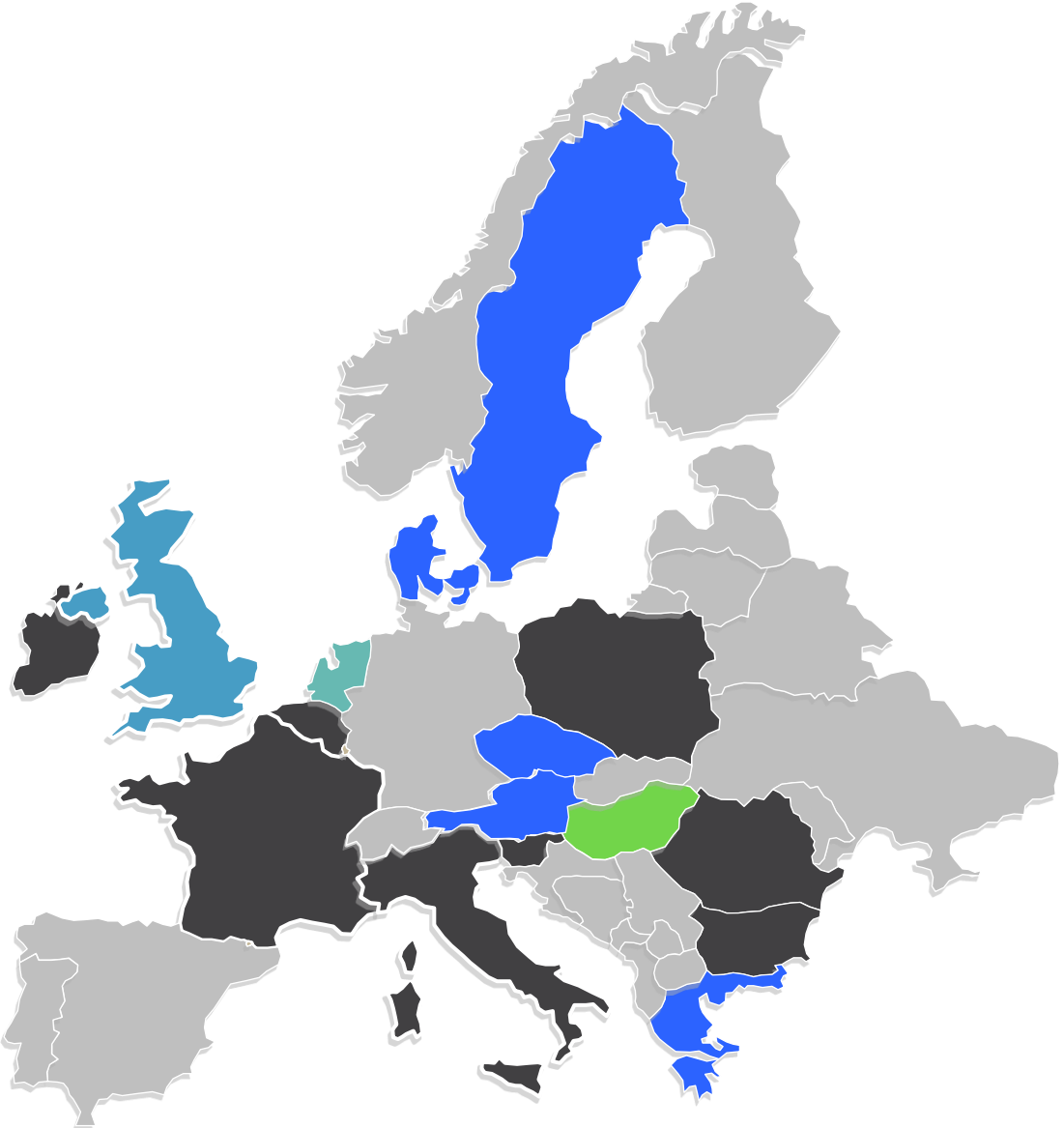
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3. Taxable basis

TAXABLE BASIS



- 58.75%
- 65%
- 90%
- 95%
- 100%
- No information



TAXABLE BASIS

COUNTRY	BASIS
AUSTRIA	90%
BELGIUM	100%
BULGARIA	100% (3)
CZECH REPUBLIC	90%
DENMARK	90%
FINLAND	30% (2)
FRANCE	100%
GREECE	90%

COUNTRY	BASIS
HUNGARY	65%
IRELAND	100%
ITALY	100%
NETHERLANDS	95%
POLAND	100%
ROMANIA	100%
SLOVENIA	100%
SPAIN	(1)
SWEDEN	90%
UK	58.75%

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Appendix (Taxable basis)

- 1) Generators market revenues. Eligible plants must pay back for the “extraprofits” coming from the effect on the electricity wholesale market of a gas price higher than these 20€/MWh .
- 2) The government will tax 30 % of the profits that exceed 10 percent of return on capital (equity)
- 3) For Bulgaria:
 - 100%-nuclear, coal
 - 100% for RES and CHP generators (>1MW) with feed in premium contract where the size of the premium is different from zero
 - 90% for RES and CHP generators (>1MW) with feed in premium contract where the size of the premium is equal to zero
 - Public provider: the amount of the targeted contribution from each transaction shall be calculated as the positive difference between the market revenue net of value added tax and the purchase price for the quantity of electricity sold, increased by 18 %.
 - Electricity traders: The amount of the targeted contribution shall be calculated as the positive difference between the revenues net of value added tax and all costs related to the purchase and sale of the quantities of electricity, increased by 10% for transactions concluded with wholesale customers and 15% for transactions concluded with final customers





4. Technologies considered

TECHNOLOGIES CONSIDERED BY COUNTRY



























 INCLUDED  NOT INCLUDED

COUNTRY	WIND	SOLAR	GEOTHERMAL	HYDRO	BIOMASS FUEL	WASTE	NUCLEAR	LIGNITE	CCGT	PUMP STORAGE
AUSTRIA										
BELGIUM	 (4)	 (4)								
BULGARIA										
CZECH REPUBLIC								 (5)		
DENMARK					 (7)	 (8)				
FRANCE				 (1)	 (2)				 (3)	
GERMANY										
GREECE								 (6)	 (6)	
ITALY										
NETHERLANDS										
POLAND	 (9)	 (10)		 (11)	 (12)			 (12)	 (12)	



TECHNOLOGIES CONSIDERED BY COUNTRY

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COUNTRY	WIND	SOLAR	GEOTHERMAL	HYDRO	BIOMASS FUEL	WASTE	NUCLEAL	LIGNITE	CCGT	PUMP STORAGE
SLOVENIA										
SPAIN	 (13)	 (13)								
SWEDEN										

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3/3 Appendix (Technologies considered)

1) variable threshold depending of the installed capacity of the plant :

- < 0,5 MW: 140EUR
- between 0,5 and 2,5 MW: 100 EUR
- > 2,5 MW: 80 EUR

2) - 175 EUR for biogas (including CHP)

- 130 EUR for solid biomass, excluding CHP
- variable threshold depending on the installed capacity of the plant for CHP using solid biomass:
 - < 12 MW: 110 EUR
 - between 12 and 100 MW: 85 EUR
 - > 100 MW: 60 EUR

3)CCGT/OCGT: 40 EUR

40 EUR/MWh is not an absolute level, but the margin allowed above fuel & emission costs (if my recollection is correct).

- variable threshold depending on the installed capacity of the plant for CHP using natural gas:
 - < 12 MW: 110 EUR
 - between 12 and 100 MW: 85 EUR
 - > 100 MW: 60 EUR

In both cases, the cost of the fuel burnt for generation and of the associated ETS allowances is added to the ceiling

4) 130EUR or max (130 EUR ; LCOE + 50 EUR/MWh) for production that benefits from subsidies depending on market price offshore with CfD OUT, other to be clarified

5) - 230 EUR above 140 MW

- 170 EUR under 140 MW of installed capacity

6) According to formula taking into account fixed O&M and CO2 prices according to average price of DEC2022 EUA price of M-1, and gas prices according to average price of TTF of M-1

7) To ensure incentive to dispatch: Dynamic ceiling based on variable costs (fluctuates with fuel price), add on for fixed costs and an additional 100 EUR/MWh of "allowed profit"

8) 180 EUR/MWh - if profit goes to district heating, then it is excluded.

9) 295 PLN/MWh (~63€/MWh)

10) 355 PLN /MWh (~76€/MWh)

11) 270 PLN/MWh

12) Plant specific daily fuel price + CO2 emissions + 3% margin on daily average wholesale price + 50 PLN/MWh fixed payment

13) If they are not under any support schemes.



Eurelectric recommendations

Data show that the implementation of the cap on market revenue across the EU Member State was a patchwork of different measures



Eurelectric recommends the Commission to take that aspect into account in the Review of Chapter II Council Regulation (EU) 2022/1854



Eurelectric recommends phasing out this emergency measure by 30 June 2023, as defined in the Council Regulation (EU) 2022/1854

