

Distribution network tariffs: a closed question?

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Abstract-

Electricity regulators are facing new challenges to keep the pace of the liberalization process and the revision of regulatory schemes that is taking place all over the world. The pressure is also felt by regulated activities such as distribution. One of the main objectives of this process is to improve efficiency. Electricity rates and more specifically distribution network tariffs should also be adapted to these new requirements. This paper describes the main rate design approaches that are used to recover distribution costs. Drawbacks of the current methods are highlighted, and a new tariff design methodology based on cost causality is presented. Efficiency achievement as well as compliance with legal and regulatory criteria, such as cost recovery and non-discrimination, is analyzed.

Index Terms- Distribution network tariffs; Efficiency; Cost-causality function

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