

Best Practice description

REScoop: Ecopower

Country: Belgium

Name of Measure: One Tariff structure

Third party involved: -

Description of measure

Ecopower cvba is a cooperative that sells electricity to its members. Ecopower has a different cost structure as other energy suppliers in Belgium. They have a “one price per kWh-policy”.

There are no fixed costs. All taxes, grid fees and VAT are included in the price per kWh. And that price is always the same no matter when you consume (during the day or during the night). This makes the invoice very clear for the customers: 1 kWh is the same as approximately 25 cent.

This tariff structure supports the growth of photovoltaic installations on customers’ homes and supports energy savings. Due to the variable costs it is very beneficial for small energy users. When you have fixed cost and you consume a small amount of energy, fixed costs are relatively high.

Description of actions

Members of Ecopower get a yearly invoice of the cooperative. The tariffs are set every year by the cooperative depending on tax, transportation costs and energy prices.

On terms of communication, understanding and explanation of the bill and rational energy-use, many cooperative members like to keep the simple and clear bill.

Cost of implementation:

In Flanders there are several grid operators (with a natural monopoly) with different tariffs. Ecopower calculates an average of all grid operator costs and uses that average to compose the price. The cost of the implementation in the systems in Ecopower is unknown. For Ecopower it was the way the company was set up and structured from the beginning. Because the system is simple, the cost will be low. There is a payback, because it reduces costs for explaining how it works or explaining bills.

This original price-system came under pressure. Until a few years the spreading over the different grid operators was more or less equal. Unfortunately there was one grid operator who became significant more expensive than the others. The difference was so big that a disparity had developed. The inflow of new members from the expensive grid area became too big. Actions needed to be taken to rebalance this disparity.

Ecopower therefore had to make a choice: raise the price (for everyone) or implement a separate price for that one area. The first choice will have the consequence of members leaving. The second one would mean a change of tariff structure (internally – for the customer it stays one price per kWh).

Since januari the 1st of 2017 Ecopower uses a one price per kWh-policy depending on the grid area where you live. Prices variate from 0,22 euro per kWh in the cheapest grid area till 0,29 euro per kWh in the most expensive grid area.

Criteria	Ecopower: One Tariff	Score	Explanation of Score
<i>Effectiveness:</i> The effectiveness of energy saving measures exists of different parts			
	<i>Impact:</i> Is there a clear impact on the energy savings of households where the measures were targeted or implemented. The researchers aim to find meaningful correlations between the measures and the variables that determine energy saving in households.	++++	The impact of the one tariff structure is very high. It is clear to consumers what they save if they save energy. After becoming a member there was an energy reduction of 22.85%. The structure is also beneficial for prosumers it let to more people producing energy themselves and thus an energy reduction of average 45.84%.
	<i>Outreach efficiency:</i> This criterion looks at the reach in relation to impact. How easy is it to reach a large group of consumers and have an impact on energy saving in that group. Or the other way around, when the measure was implemented in a small group did it had a substantial impact to justify this reach.	+++	The invoice reaches all members of Ecopower.
	<i>Time Efficiency:</i> This criterion looks at how much time does it takes to implement the measure and the duration between implementation and first results. An example of a best practice would be a short time span (months rather than years) between the implementation of a measure and the first measurable results.		
<i>Pre-investments and share of costs:</i> Who bears the pre-investments of implementing the measures and who benefits? How long does it take to cover the pre-investments?		-/+	To cost of the implement a tariff structure is unknown at Ecopower since it was part of setting up the whole company. When the structure needs to be implemented in a new organisation this will also be part of the overall cost of setting up the energy supplying company. When an existing company needs to restructure it tariff structure this can be a costly endeavour since it may involve IT adjustments and it needs a lot of communication. Due to all these uncertainties we could not score this criteria.
<i>Implementation:</i> This criterion looks at the complexity of implementing the measure. This includes the above criteria of cost, but also administrative burdens, training of employees or volunteers and integration into existing systems.			
	<i>Administrative burdens:</i> Here we will look at the administrative burden that is created with the implementation of the measures, and if it is possible to reduce them with automatization, for example with a basic administrative system. This criterion will always be applied in relation to the impact and reach.	++	Having a one tariff structure makes administration immensely easy.

	<p><i>Training of employees or volunteers:</i> Here we will look at how much time it costs to train volunteers or employees that help with implementing the measures. Also, the level of education is considered.</p>	++++	Not only makes this system the energy bill transparent for the customer, also it makes it easy for employees to understand the energy bill. More important it is easier for the customer service to explain the energy bill to their customers.
	<p><i>Integration into existing systems:</i> Here we will look at the ease by which the implementation of a measure can be transferred to another cooperative somewhere else. When adoption of a measure implies the adoption of a complex support system, this is likely to form a barrier for transfer of this practice to other cooperatives.</p>	---	This is scored - because to implement a tariff structure one needs to be able to supply energy to your members. This by itself can take a lot of time to set up. On the other hand, once the legal hurdles of getting a permit to supply are taken the tariff structure can be implemented. When a supplying permit is already acquired, and a cooperative moves to a different tariff structure, it needs to be calculated what financial implications are for the organisation. This might include IT investments.
<p><i>Market up take:</i> This criterion evaluates the possibility of replication with workable alterations in different cooperatives.</p>			
	<p>Regulatory context: Important here is to look whether the measures can only be used when certain regulatory measures are in place or that they can be implemented in any regulatory context.</p>	----	Tariff structures are heavily regulated. It depends on national regulations if this tariff structure is possible.
	<p>Organisational context: Another important aspect is to analyse whether the measures are linked to any specific organisational structures of the cooperative. For example, when a measure only works when the cooperative is the owner of the electrical grid it will get a low score on the market up take criteria.</p>	--	To use this measure one needs to be an energy supplier that controls the structure of the tariffs and the invoicing to the members.
<p><i>Ethical performance:</i> This criterion looks at whether there are ethical procedures in place concerning control of end-user, transparency and data management.</p>	<p>Degree of control by end-user: In what terms can end users exercise control of the measures or organisation that implement the measures.</p>	+++	The members control Ecopower and in the end they determine the tariff structures. It thus depends on its governance structure.
	<p>Transparency: Is it clear how governance structures or cash flows are organised</p>	++	In case of Ecopower the governance structure and cash flows are very transparent. All is explained in their financial yearly statements.
	<p>Data management: How is data of the tools managed. Is there for example a privacy policy in place?</p>	0/-	National data privacy regulations are in place.

Expert involved:

Jim Williame is chairman of the board of Ecopower since 1999. He is an industrial engineer for elektromechanica and has a special MBA certificate. He has been responsible for the tariff structure of Ecopower and the structuring of the invoice IT system of Ecopower. Jim can help starting REScoops to implement a one tariff structure into their company and share knowledge of setting up the internal invoice systems. He can also explain the details of the regulatory system in Belgium to give a better context for your organisation.

