

Act now: Secure your network charge exemption for battery storage projects

Dear Reader,

the Bundesnetzagentur (Federal Network Agency) has published current information on the future treatment of battery storage systems and the AgNeS determination. According to the current state of affairs, it is emerging that projects which reach Final Investment Decision (FID) before the new regulations come into force may continue to benefit from the grid fee exemption. FID is defined as committed payments amounting to just under half of the total investment volume. This opens up a limited window of opportunity for project developers and investors to secure the economic advantages of existing regulations on a long-term basis.

■ Why action is needed now

Based on our current assessment, the verifiable investment decision will be of particular importance for the recognition of an FID. The ordering of the storage system represents a key building block in this respect. However, whether the investments made for this purpose fulfil the necessary requirements should be reviewed on a case-by-case basis. Equally relevant is the question of what form of grid connection commitment will be considered sufficient. Clarification is still needed here, particularly with regard to the requirements for reservations and binding grid connection agreements. The draft of the final determination is expected to be published by the end of summer. The Bundesnetzagentur's final decision is currently anticipated towards the end of the year. Based on the current state of affairs, the new regulations are expected to come into force at the beginning of next year. This date is likely to also represent the key deadline for securing the grid fee exemption.

■ What economic impact could this have?

The Bundesnetzagentur is currently citing potential grid fees in the range of 4€ to 7€ per kilowatt of grid connection capacity per year. Usage-based (volumetric) charges are not expected to be levied. Depending on project size, these additional costs could have a significant impact on the economic viability of a storage project. Securing the grid fee exemption could therefore represent a relevant long-term competitive advantage.

■ Our recommendation

If your project can still meet the requirements for an FID this year, the next steps should be reviewed promptly. Projects with an existing grid connection commitment and an advanced stage of development in particular may still have the opportunity to permanently secure the grid fee exemption. We also recommend engaging early with the relevant grid operator and preparing for any potential documentation/evidence requirements in time. A change of the planned storage location should currently be avoided, as this could, according to our present assessment, affect the requirements relevant to the FID.

RECOMMENDATION

Assess FID readiness in the short term, coordinate grid connection and documentation requirements early with the grid operator, and avoid changing project location for now, in order not to jeopardise the grid fee exemption.

■ Setting the course now

The coming months will be decisive. Those who make the necessary project and contractual decisions this year may be able to permanently secure the benefits of the grid fee exemption.

We would be happy to review the current status of your project together with you, assess its FID readiness, and identify concrete options for action.

Please feel free to contact us for a prompt assessment of your project's situation.

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