

SINTEG Ordinance – An introduction

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Introduction

Within the context of the funding programme "Smart Energy Showcases – Digital Agenda for the Energy Transition (SINTEG)", over 300 research institutes and companies are developing model solutions for the energy supply of the future. To allow companies to test new technologies and procedures under real-world conditions, the Federal Government has adopted the "Ordinance creating a legal framework for collection practical experience in the SINTEG programme" (SINTEG ordinance).

Aims of SINTEG ordinance

The ordinance allows participants of the SINTEG programme to test out new technologies and procedures, for example in the areas of digitalisation as well as the coupling of the electricity and heat sectors. It does so by compensating them for the economic disadvantages that result from these demonstration activities under the current legal framework. The aim is to generate insights on how the future legal framework needs to be developed.

The rules set out under the SINTEG ordinance are not intended to prejudge any future regulation, but rather make it possible to learn from practical tests so that the existing legal framework can be updated.

Content of the SINTEG ordinance

The core element of the SINTEG ordinance is an option for reimbursement of economic disadvantages that arise from project activities. Only participants of the SINTEG programme are eligible to apply for compensation. When calculating the economic disadvantages, all monetary benefits resulting from the project activity need to be accounted for. The ordinance defines a set of eligible project activities and details for each case which economic disadvantages can be grounds for compensation (see table). The aim is to enable participants to test grid-friendly processes and technologies that are not economically feasible under the existing legal framework.

Table: Overview of eligible project activities

§§	Type of project participant	How to quantify the economic disadvantage?
§ 7	Electricity consumers who shift electrical loads to contribute to grid stability	<p>Participants first pay regular network charges (which can be higher when companies rapidly increase their load).</p> <p>The economic disadvantage is the difference between the regular and a fictitious network charge.</p> <p>The fictitious network charge does not include:</p> <ul style="list-style-type: none"> • Higher charges due to an increase in annual peak load due to the project activity, • Higher charges, if an individual grid charge is not possible due to the project activity.
§ 8	Electricity storage, sector coupling plants	<p>Participants first pay the regularly calculated network fee and levies.</p> <p>Surcharges on network charges that arise from project activity and 60% of the renewable energy surcharge (EEG levy) are considered an economic disadvantage and will be reimbursed.</p>
§ 9	Operators of renewable energy plants	<p>In cases of feed-in management (renewable generation being curtailed due to congestion in the grid), renewable energy plant operators may reduce the power they feed into the grid by using a switchable load (instead of shutting down the plant).</p> <p>When doing so, operators will forego the compensation for curtailment that they are eligible to according to the Renewable Energy Sources Act (EEG). This is considered to be an economic advantage.</p>

Process for claiming reimbursement of economic disadvantages

The process for claiming compensation according to the SINTEG ordinance is administered by the Federal Network Agency (Bundesnetzagentur). The first step in the process is a notification. Only project participants who have notified the Federal Network Agency in advance of their project activity are eligible for claiming compensation. The purpose of the notification procedure is to inform the Federal Network Agency as best as possible about the scope, characteristics and activities of the SINTEG participants.

In the calendar year following the project activities, participants can submit an application for reimbursement to the Federal Network Agency. The agency's ruling chamber 4 is in charge of evaluating and determining the participant's claims. In the application, participants must list the economic advantages that they have endured due to activities under the SINTEG programme. They

need to subtract any benefits that have resulted from the activities. The accuracy of the information provided needs to be confirmed by an auditor.

Once the Federal Network Agency has determined the level of compensation, the issued decision must then be presented to the network operator, who will reimburse the participants for the amount determined. Grid operators can add the paid out amount when calculating its annual network fee.

Development of the SINTEG ordinance

The Federal Ministry for Economic Affairs and Energy (BMWi) announced the SINTEG programme in 2015. The call for proposals mentioned the prospect of an experimental legal clause (“Experimentierklausel”). Once the consortia were chosen, BMWi and the Federal Network Agency organised a workshop with the model regions to identify the concrete needs to be addressed in an experimentation scheme. On this basis, the Federal Government designed the scope of the ordinance, the legal implementation and, together with the Federal Network Agency, the administrative process for its implementation.

In February 2017, the Federal Government submitted the draft of the SINTEG ordinance for consultation to the SINTEG model regions and other stakeholders. The Federal Cabinet adopted the ordinance on 10 May 2017. It entered into force on June 15, 2017 and will expire on June 30, 2022.

The Federal Government is obliged to issue a report on the experiences with the SINTEG ordinance and lessons learnt.