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# Regulation on electricity self-consumption

Legal flash: public law

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**Royal Decree 244/2019, of April 5, regulating the administrative, technical and economic terms for electricity self-consumption, has been approved.**

Royal Decree [244/2019](#) (the "Regulation on Electricity Self-Consumption"), which came into force on April 8, 2019, completes the regulatory framework for electricity self-consumption in Spain promoted by Royal Decree Law 15/2018, introducing new developments of interest for companies and facilitating the promotion of electricity self-consumption.



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## Main developments

- > It regulates the concept of “collective self-consumption,” allowing several consumers (e.g., condominium associations and industrial parks) to connect to the same generation plant.
- > It regulates **two types of self-consumption**: “self-consumption without surplus energy” and “self-consumption with surplus energy,” based on the possibility of feeding energy to the distribution and transmission grids. Under the “self-consumption without surplus energy” type, there are several economic regimes, depending on whether the self-consumption generators receive compensation.
- > It establishes a **simplified mechanism for compensating surplus energy** for self-produced renewable energy that is not immediately consumed, applicable to facilities no larger than 100 kW that do not have a specific compensation system.
- > It simplifies **administrative procedures**: administrative procedures are reduced, particularly for self-consumption facilities “without surplus energy.”
- > It establishes the **Electricity Self-Consumption Registry**: it regulates how items are entered, amended and canceled.



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## Range and scope of application

- **Range:** The Regulation on Electricity Self-Consumption implements the provisions of [Royal Decree Law 15/2018 of October 5, on urgent measures for energy transition and consumer protection](#), concerning the self-consumption of electricity from renewable sources, and incorporates part of article 21 of [Directive \(EU\) 2018/2001](#) of the European Parliament and of the Council of December 11, 2018, on the promotion of the use of energy from renewable sources.
- **Scope of application:** The regulation applies to facilities and subjects under any of the self-consumption types defined in article 9 of the [Spanish Electricity Sector Act](#) that are connected to transmission or distribution grids, i.e., types of supply (i) with self-consumption without surplus energy, and (ii) with self-consumption and surplus energy. This does not apply to isolated facilities and to generation groups used in the event of power interruptions to the grid.

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## Types of self-consumption

The regulation establishes two types of self-consumption:

- **Self-consumption without surplus energy:** The installed physical terminals prevent injections of surplus power to the transmission or distribution grid. This requires the installation of an anti-discharge mechanism. Self-consumers will be considered “consumer subjects.”
- **Self-consumption with surplus energy:** The generation facilities, any nearby production facilities and those associated with the consumption facilities may, in addition to supplying energy for self-consumption, inject surplus energy into the transmission and distribution grids. This includes two types of subjects: (i) “consumer subject” and (ii) “producer subject.” This type is subdivided into:
  - **Type with surplus energy and compensation:** cases in which the consumer and producer voluntarily choose to benefit from a surplus compensation mechanism and all of the following criteria are met: (i) the primary energy source is renewable; (ii) the total power of the associated facilities is not greater than 100 kW; (iii) if necessary, the consumer will have signed a single supply contract for consumption and ancillary services with a retail company; (iv) a surplus compensation contract is signed; and (v) the facility does not have a specific compensation system.



- **Type with surplus energy without compensation:** cases in which the above requirements are not met or when the consumer and producer voluntarily choose this format.

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## Collective self-consumption

- > In addition to individual self-consumption, the Regulation on Electricity Self-Consumption introduces **collective self-consumption**, under which several consumers agree to use electricity from the same generation facility.
- > Collective self-consumption can be carried out under any of the types of self-consumption: with or without surplus energy. However, all self-consumers associated with the same generation facility should share the same type of self-consumption, and if there is a change, all self-consumers associated with the same generation facility should implement it simultaneously.
- > The **agreement containing the criteria for distribution** among the collective self-consumers should be individually notified by each of the participating consumers directly, or indirectly through the retail company, to the distribution or, where appropriate, transmission company.

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## Legal system for types of self-consumption

The Regulation on Electricity Self-Consumption regulates the general requirements for opting for a type of self-consumption, some of which are the following:

- > **Technical requirements:** The associated generation facilities and supply points must meet the requirements of the legislation applicable to the electricity sector, including quality and industrial safety requirements. Distribution and transmission companies will have no legal obligations on any grid connection facilities that do not belong to them.
- > **Ownership:** The consumer and the owner of the generation facility can be individuals or legal entities.
- > **Access and connection permits for generation facilities:** The following are exempt: (i) self-consumption facilities without surplus energy, and (ii) self-consumption facilities with surplus energy less than or equal to 15 kW that are located on developed land.



- **Access contracts under self-consumption:** To opt for any type of regulated self-consumption or to subsequently change the power, consumers with an access contract must notify the distribution or, where appropriate, transmission company directly, or indirectly through the retailer, so the distribution or transmission company can amend the existing contract within 10 days. The consumer will have 10 days from its receipt in which to notify any non-conformance. However, for consumer subjects with a low-voltage generation facility and an installed generation capacity of less than 100 kW, the distribution company will amend the access contract based on the documents the autonomous regions submit in line with the Low-Voltage Electronic Regulation.
- **Energy supply contracts under the self-consumption types:** Under the self-consumption type with surplus energy, the consumer opting for the self-consumption type with surplus energy and the associated producer (for ancillary production services) can acquire the energy as direct consumers on the production market or indirectly through a retailer. In the latter case, the supply contract can be free market or in any of the formats established in [Royal Decree 216/2014](#).
- **Meters:** Consumers opting for any form of self-consumption should have a bidirectional meter at the border or, where appropriate, at each one of the border points. Generation facilities should also have a meter to record net generation. However, subjects adopting individual self-consumption with surplus energy without compensation, and that meet certain requirements, will be able to apply a simplified configuration.

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## Economic regime

- The producer opting for the self-consumption type without surplus energy and without compensation will receive the corresponding payment for surplus hourly energy discharged in line with the applicable legislation. For facilities with a specific compensation system opting for self-consumption with surplus energy and without compensation, the compensation system will be applied, as appropriate, on the surplus hourly energy discharged.
- **Simplified compensation mechanism:** A simplified compensation mechanism is established, aside from the bidding system, applicable to consumer subjects with surplus energy and with compensation, or to consumers carrying out collective self-consumption without surplus energy that voluntarily opt for the mechanism. This consists of an economic balance between the energy consumed during the billing period with the following characteristics: (i) in the case of a supply contract with a free-market retailer, the hourly energy consumed from the grid and the surplus hourly energy will be assessed at the price agreed between the parties; (ii) if there is a supply contract at the voluntary



price for the small consumer with a reference retailer, the hourly energy consumed will be assessed at the hourly cost of energy at the voluntary price for the small consumer each hour, and the surplus hourly energy will be assessed at the average hourly price; and (iii) in no case, can the price of the surplus hourly energy be greater than the energy consumed during the billing period, which may not exceed one month. To apply this mechanism, consumers should send the contract or agreement for surplus compensation directly to the distribution company, or indirectly through the retailer, requesting its application.

- **Tolls and charges:** The Regulation on Electricity Self-Consumption regulates the application of access tools to transmission and distribution grids and charges to the self-consumption types, under the premise that (i) in the self-consumption type with surplus energy but without compensation, the owners of the production facilities should pay the access tolls established in [Royal Decree 1544/2011](#); and (ii) self-consumed energy generated from renewable, cogeneration and waste sources will be exempt from all tolls and charges. The surplus hourly energy of consumers opting for the simplified compensation mechanism will not be considered energy injected to the system and will, therefore, be exempt from paying the access tolls established in [Royal Decree 1544/2011](#), although the retailer will be responsible for the balance of that energy.

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## Electricity Self-Consumption Registry

- Royal Decree 244/2019 regulates the Electricity Self-Consumption Registry, which will be available online, declaratory and freely accessible.
- Registration: Registration will be mandatory for the autonomous regions for consumer subjects carrying out low-voltage self-consumption with installed power of less than 100 kW.
- Submitting information: Before March 31 of each year, transmission and distribution system operators will provide the Directorate General of Energy Policy and Mining with aggregate information on self-consumption facilities.
- Audits: The administration can audit the economic terms of the supplies under self-consumption types and energy sold to the system.



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