

The background is a dark blue globe with glowing yellow and white energy lines and nodes, suggesting a global energy network.

***Gas Distribution Tariffs in the Energy
Community Contracting Parties***
*-preliminary results of the ECRB CRM WG
survey*

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- **Increasing interest in distribution tariff design → ECRB Work Program 2018 included survey of electricity and gas distribution tariffs focusing on:**
 - *allowed revenue determination*
 - *allocation of allowed revenue to tariff elements i.e. tariff design*
- **Scope:**
 - *Energy Community Contracting Parties with functional gas markets: BIH (RS entity), GEO, MKD, MDA, SRB, UKR*
 - *ALB - methodology in place*
 - *Greece*

Cost plus

- Albania
- Bosnia and Herzegovina
- Georgia
- Serbia
- Ukraine

1 year
regulatory
period

Revenue cap

- Greece (2 years r.p.)
- FYR of Macedonia (5 years r.p.)
- Moldova (5 years r.p.)

No
efficiency
factor
applied

Has the regulator the right to request re-evaluation of assets if deems necessary?

Yes- BIH, GEO, GRE, MKD

No- in ALB, SRB, MDA

No RAB regulation in Ukraine

Have assets been re- evaluated in the process of tariff regulation?

Yes- BIH, GEO, SRB, MDA

No- GRE, MKD

Majority of NRAs approve investment plans of DSOs (but not in BIH and GEO)

All NRAs monitor implementation of investment plans

Assets under construction are included in RAB in majority of analyzed countries (but not in GEO and MDA)

- ***Straight- line depreciation used in all analyzed cases***
- ***In majority of case the NRA defines the asset lives for regulatory purpose (but not in BIH, MKD and UKR)***
- ***Capital contributions are not included in RAB***
 - *in GEO they are included only in case actual costs are higher than capital contribution, in the value of difference between these two*
- ***Depreciation of assets funded by capital contributions is included in the allowed revenue in majority of cases, but not in GRE and MDA***

- **Calculated as weighted average cost of capital (WACC) in all countries, except UKR**

Calculated and proposed by DSOs, approved by NRA

- ALB,
- BIH
- GRE (9,23% nominal, pre tax)
- SRB (7,77% real, pre tax)
- MDA

Calculated by NRA

- GEO
- MKD (6,8% real, pre tax)
- MDA

- ***Beside WACC, there are usually no specific regulatory incentives for investing in distribution networks. Nevertheless the following cases were reported:***
 - *ALB: certain RAB prepayments envisaged;*
 - *GRE: WACC premium;*
 - *MKD: allowing investments to be included ex-ante*

Percentages of losses in distribution network currently recognized in the allowed revenue:

- BIH: 3% and 2,5%
- MKD: 0,7%
- SRB: 2%
- MDA: 3,4%

How is the price for allowed losses determined?

- ALB: estimated procurement price
- GEO: gas for losses bought under separate contract
- MKD: tendering procedure
- SRB: weighted average justified purchase price
- UKR: actual price for non- household customers
- MDA: purchase price including transmission and supply costs

Tariff elements

	Energy/commodity	Capacity	Fixed charge
ALB	30%	70% (unit: ALL/kW)	
BIH	79%		21%
GEO	100%		
GRE	80%	20% (unit: EUR/MWh/year)	
MKD	100%		
SRB	70%	30% (unit: RSD/m3/day/year)	
UKR	100%		
MDA	100%		

Types of system users

	Types of system users
ALB	-
BIH	Households, commercial customers, industrial customers and district heating
GEO	-
GRE	Households, commercial customers, industry
MKD	Producers of thermal energy with public service obligation, Combined cycle power producers, Households, Other gas consumers
SRB	Category $p < 6$ bar: small, out-of-peak, even and uneven Category $6 \leq p \leq 16$ bar: out-of-peak, even and uneven
UKR	Without differentiation
MDA	Low, medium and high pressure

Some preliminary conclusions

- *Tariff regulation approaches reflect different stages of gas distribution network development*
- *Incentive based regulation is used only by 3 NRAs, although no efficiency factor is applied*
- *Except WACC, in most cases additional incentives for new investments are not applied*
- *Capacity- based distribution tariffs currently applied only in Serbia and Greece*



*Thank you
for your attention!*

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