



Towards new distribution tariffs in Ukraine

Energy Transparency Week

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КИЇВГАЗ

РАХУНОК НА СПЛАТУ ЗА ГАЗ

Ат
Контактний...

П.І.Б.

Тариф

Нара

Площа	Кількість мешканців

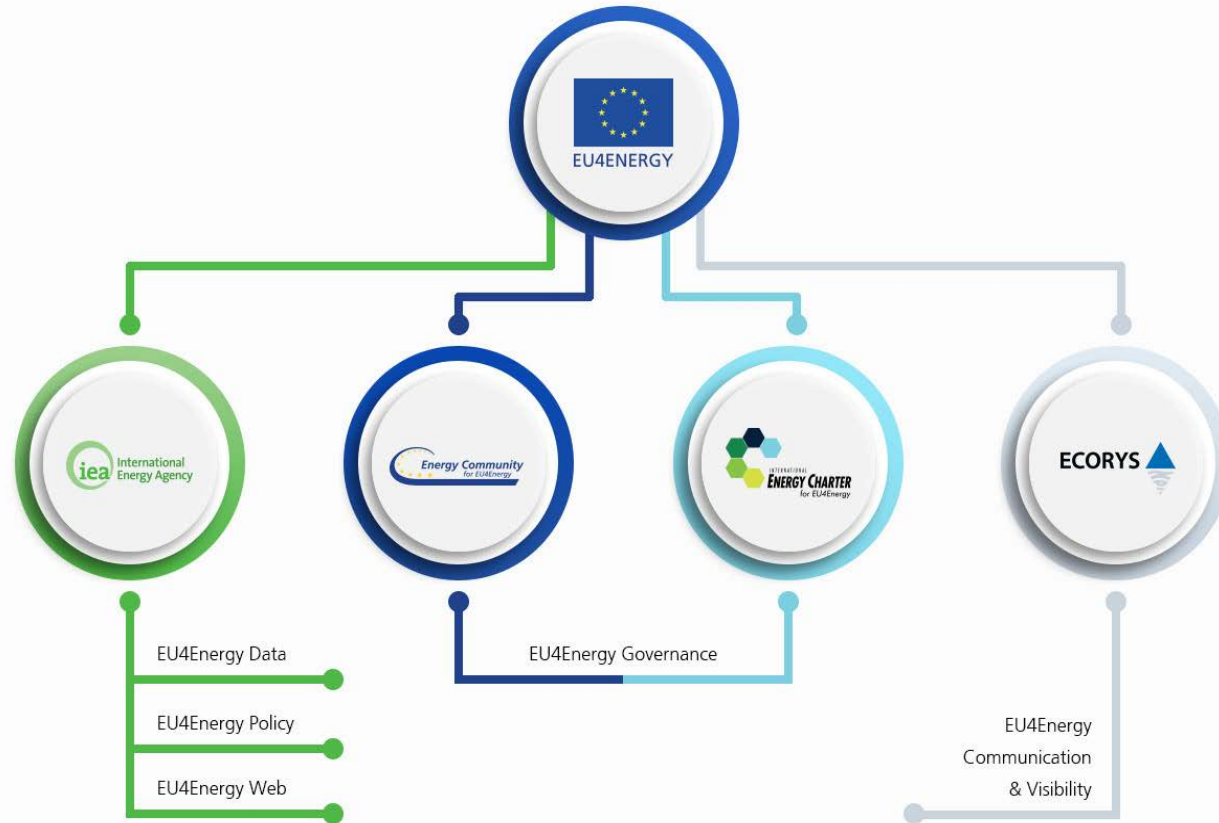
Нарахування за тарифом (без лічильника)

Борг:

Увага! Не використовуйте для оплати ксерокопії

центру з технічних питань: **495-04-04**, з питань розра
збіжностей в нарахуванні та відсутності пи
«Київгаз», Вам необхідно зверну
www.energy.kyivgaz.ua т
вєструватися в

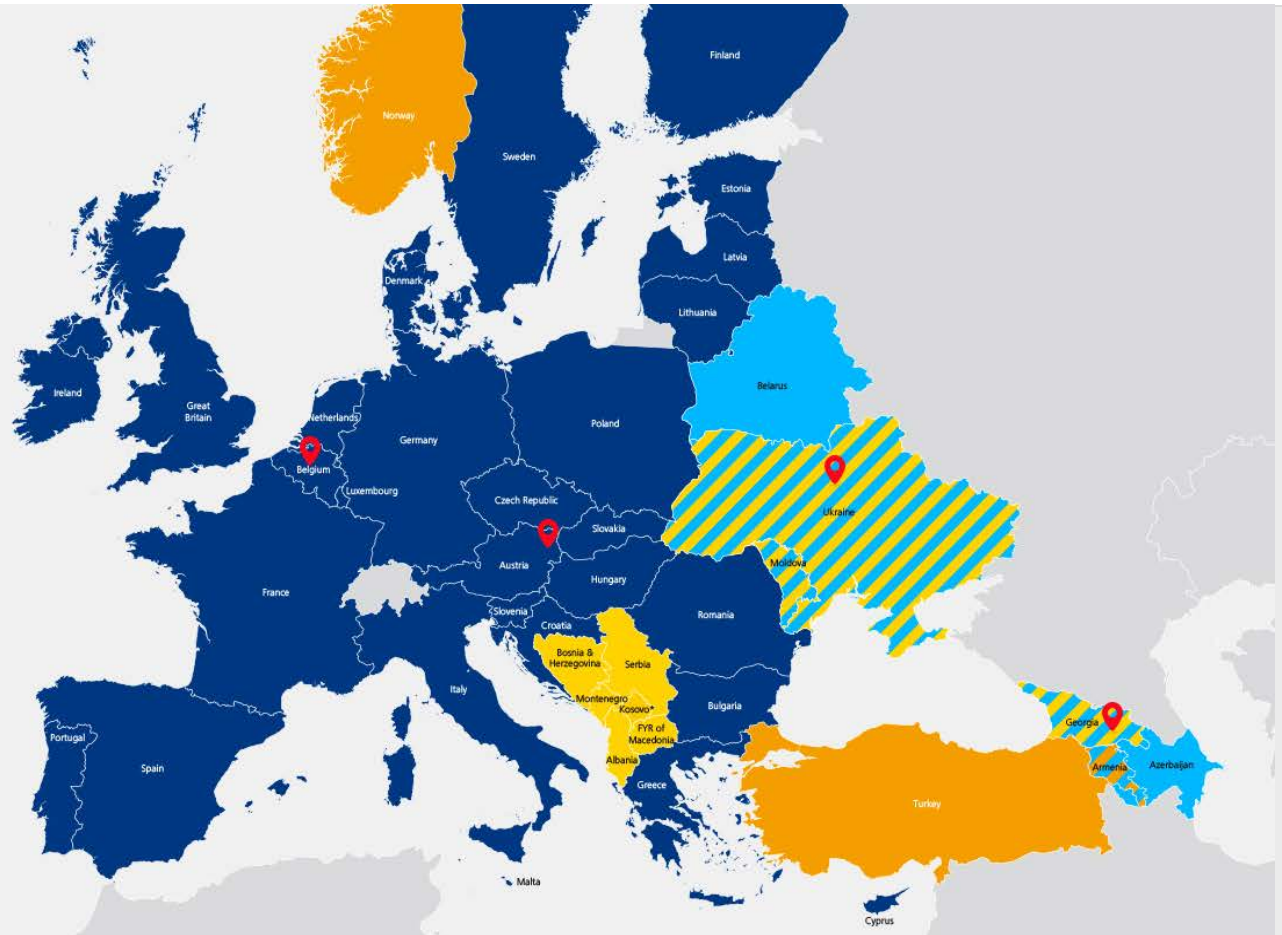
The EU4ENERGY Programme



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-  EU4Energy Governance Offices
-  Energy Community Contracting Parties
-  Energy Community Observers
-  European Union



Support for Improvement of Methodology for Gas
Distribution Grid Tariffs in Ukraine



The EU4ENERGY Programme



Specific Objectives

Preparation and adoption of the relevant **legislation**

**Energy efficiency,
Electricity, Gas, Energy
Related Environment,
Oil**

Regional Dimension
**Key Regional Energy
Infrastructure projects**

Greater technical, institutional and administrative **capacity** in beneficiary institutions

Working Groups to follow up on reforms

Improvement of the institutional framework of the entire policy cycle and **increase in the pace of adoption**

High Level Policy Talks

The current methodology

- Currently in force: NEURC Resolution No. 236 (25.02.2016.)
- NEURC Resolution No. 389 (14.06.2018) – temporary until 31.12.2019 – BUT! not yet in force
- ECS comments on the temporary methodology:
 - ✓ Users should have separate information on the distribution and gas costs on their bills;
 - ✓ Cost elements to be flexible enough to cover all core activities;
 - ✓ Clearer provisions for the determination of profit in the AR are needed (based on value of RAB and using WACC?);
 - ✓ Combination of booked/used capacity + energy based element recommended.

Project objectives

1. **Improved methodology** for the determination of tariffs for natural gas distribution → technical assistance to NEURC in developing an improved methodology compliant with provisions of Directive 2009/73/EC and aligned with national legislation;
2. **Excel** based **model** illustrating its application i.e. the model shall allow for calculation of final distribution tariffs in line with the methodology;
3. **Identify** legal and **technical obstacles** for implementation of proposed draft methodology and recommend **actions** towards their removal.



Main elements of the future methodology

1. Rules for calculation of the **allowed revenue** for distribution service;
2. Definition of **tariff elements** for which the tariffs shall be calculated;
3. Rules for **allocation of allowed revenue** to tariff elements;
4. Rules for **calculation and application** of final distribution tariffs and distribution charges;
5. Rules for **data collection** by NEURC and data submission by DSOs;
6. Rules for **reconciliation / adjustment of revenue** across the regulatory periods.

Issues to consider in the future methodology

- Technical **characteristics of the distribution networks** in Ukraine (e.g. length, pressure, age) and metering opportunities for DSOs;
- Typical distribution **network use** i.e. behavior of network users (continuity, peaks, categories of users etc.);
- Status of accounting **unbundling** (eligible & non-eligible costs);
- **Efficiency of costs** for providing distribution service, including levels of distribution losses;
- **Investment needs** of DSOs in Ukraine
- Definition of key **regulatory principles** (regulatory period, tariff period, incentive mechanism, profit sharing)

Working method



Screening the current legislations & methodology;



Examining financial data (costs, net book value of assets, amortization, depreciation, planned investments) and technical data (consumer categories, load profiles etc.);



Developing the proposed methodology, excel tool and action plan;



Finalization, approval and communication to NEURC (end 2018).



EU4Energy



Thank you for your attention!

www.energy-community.org/regionalinitiatives/EU4Energy.html

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