

Benchmarking report on Principles for calculating tariffs for access to gas transmission networks - results

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Revenue Setting Methodologies

Calculation of Unit Charges

Revenue Setting Methodologies

Regulated Asset Base

$$RAB_i = RAB_{i-1} + I_i - D_i$$

where,

- **RAB** denotes **regulated asset base**, which aims to assess the net value of the company's regulated assets;
- **I** denotes the value of future investments;
- **D** denotes depreciation, which is the loss of value of tangible assets as a result of wear and obsolescence;
- **i** denotes the year.

Revenue Setting Methodologies

Fair Rate of Return - WACC

$$WACC = g \cdot r_d + (1 - g) \cdot r_e$$

Where,

g gearing ratio (calculated as $d/(d+e)$)

r_d return on debt

r_e return on equity

Revenue Setting Methodologies

Fair Rate of Return – WACC – Cost of Equity

$$r_e = r_f + \beta \cdot (ERP)$$

Where,

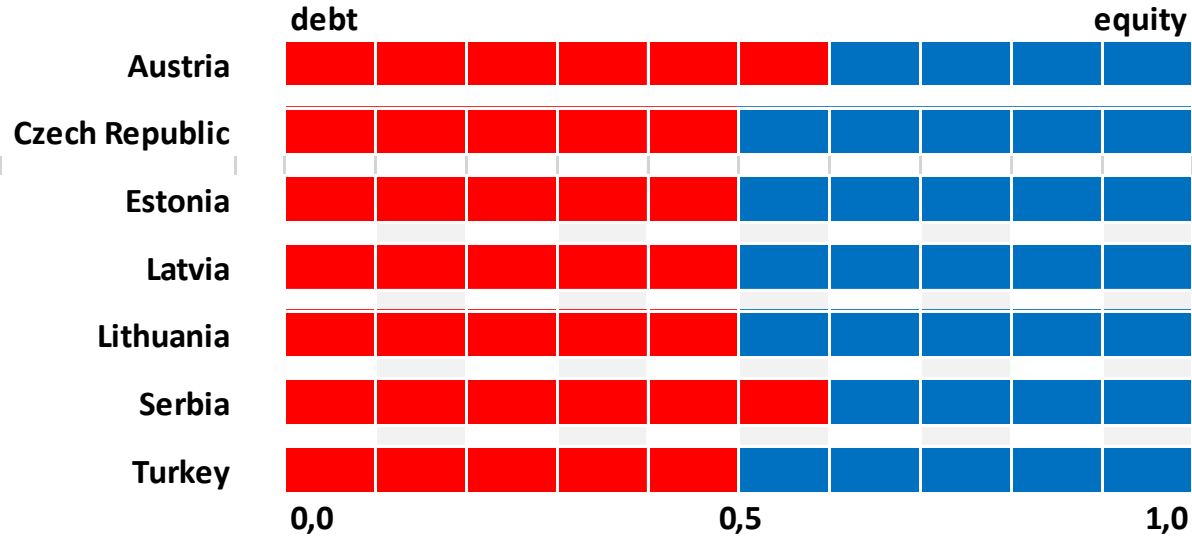
r_f is the risk-free rate

β is the covariance between the return of the individual stock of the company with the return of the market

ERP is the equity risk premium which represents the additional risk investors face in holding equity shares

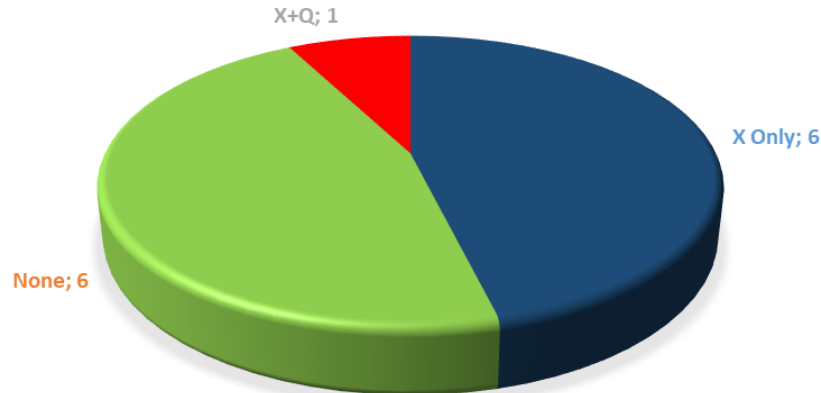
Revenue Setting Methodologies

Fair Rate of Return – WACC – Gearing Ratio



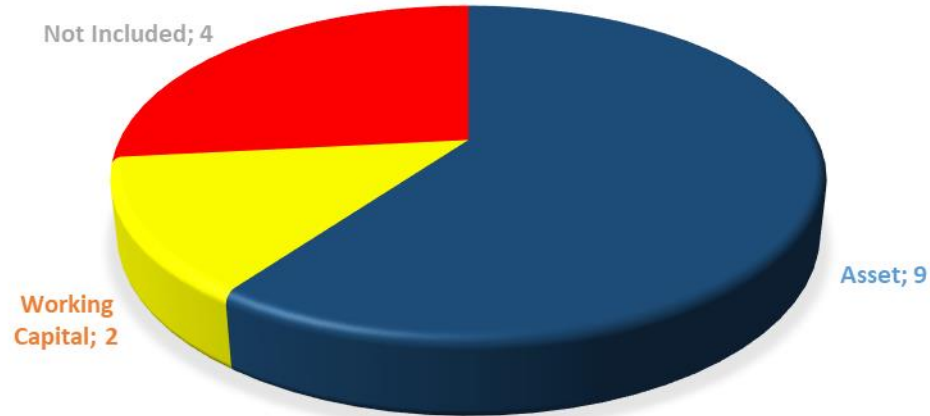
Revenue Setting Methodologies

- Deprecation periods vary among members.
- In case of investment deferral, correction element is calculated.
- OPEX is generally estimated based on past data. Indexation is also used.
- Efficiency (X) and quality (Q) factors are implemented partly.



Revenue Setting Methodologies

Cost of Line Pack

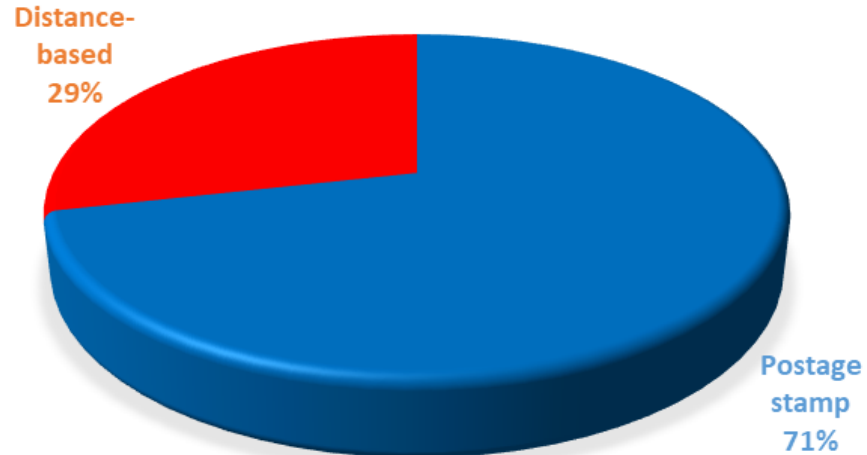


Unit Charges

Charges in Effect

COUNTRY	<u>Capacity</u>	Service
<u>Austria</u>	√	
<u>Croatia</u>	√	
<u>Czech Republic</u>	√	√
<u>Egypt</u>		√
<u>Estonia</u>	√	
<u>Hungary</u>	√	√
<u>Latvia</u>	√	
<u>Lithuania</u>	√	√
<u>North Macedonia</u>		√
<u>Peru</u>	√	√
<u>Poland</u>	√	
<u>Serbia</u>	√	√
<u>Thailand</u>	√	√
<u>Turkey</u>	√	√

Calculation Method - Pricing Model



Calculation Method – Parameters Referred

COUNTRY	Parameters
Austria	Capacity and distance
Croatia	Capacity
Czech Republic	Distance, capacity, flow direction and gas quantity
Egypt	Gas quantity
Estonia	Capacity
Hungary	Capacity and gas quantity
Latvia	Capacity
North Macedonia	Pressure
Peru	Capacity, distance and gas quantity
Poland	Capacity
Serbia	Capacity and gas quantity
Thailand	Capacity and gas quantity
Turkey	Capacity and gas quantity

Unit Charges

Additional Charges

COUNTRY	Parameters
Peru	FAT: a factor that is applied to the tariff of the users of the gas transmission pipeline, applying to the tariffs of the firm and interruptible transmission services. FISE: a surcharge to the firm and interruptible transmission service tariffs.
Poland	Excess capacity fee Auxiliary services fee Gas balancing charges
Thailand	Imbalance charge Capacity overuse charge
Turkey	System Balancing Participation Fee Interruption Balancing Charges Service Interruption Fee Pressure Loss Fee Amount Change Cost



**THANK YOU
FOR YOUR ATTENTION!**

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