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Tariff Design and Allocation of Allowed Revenues to Customer Categories

Roundtable input by LATVIA

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TSO Tariff Design & Cost Allocation



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TSO tariffs are set according to NC TAR.

- *All entry tariffs are the same – common natural gas market (FIN-EST-LV).*
- *Exit tariffs are set by each country – LV only one exit to LT. Tariff the same as entry tariff:*
 - *Standart products:*
 - *Yearly - MWh/day/year*
 - *Quarter - MWh/day/quarter*
 - *Month - MWh/day/month*
 - *Day – MWh/day*
- *Exit to LV (DSO)- all expenses which is not covered by common market (ITC) and exit are allocated to LV Exit.*

- ***DSO develop allocation principles and Regulator approve this principles. Operator with new tariff proposal send all necessary information to Regulator.***

«The distribution system operator shall use a cost attribution model coordinated with the Regulator, the basic principles of which, including the method for the attribution of capital costs, shall be submitted to the Regulator at least three months before the submission of the new tariff proposal. The distribution system operator shall establish, in accordance with the distribution system services provided, a record of costs and their attribution, which gives a clear and unambiguous picture of changes in costs.»

Consumer Groups DSO 1/3

DSO tariff:

- 1. Tariff variable part EUR/MWh.*
- 2. Sezonal tariff – only variable part EUR/MWh.*

Tariff can be chosen by users whose natural gas consumption from May to November is more than 85% of the object's annual consumption;

- 3. Fixed charge – per connection or EUR per cubic meter per hour per year.*

Consumer Groups 2/3

Tariff variable part:

		Tariff	Sezonal tariff	
1.	till 2 635 kWh	22,9503	-	EUR/MWh
2.	from 2 635,1 till 263 450 kWh	8,9199	34,0287	EUR/MWh
3.	from 263 450,1 till 1 327 788 kWh	8,5700	15,9742	EUR/MWh
4.	from 1 327 788,1 till 13 277 880 kWh	5,8542	7,0386	EUR/MWh
5.	from 13 277 880,1 till 132 778 800 kWh	3,9134	5,4977	EUR/MWh
6.	from 132 778 800,1 till 210 760 000 kWh	1,4665	3,7378	EUR/MWh
7.	from 210 760 000,1 till 1 353 800 000 kWh	1,9771	2,4579	EUR/MWh
8.	above 1 353 800 000 kWh	0,4006	1,1781	EUR/MWh

Consumer Groups 3/3

Tariff fixed part (allowed loads)

till 6 m ³ /h	39,63	EUR/year
till 6,1 from 10 m ³ /h	109,05	EUR/year
till 10,1 from 16 m ³ /h	174,21	EUR/year
till 16,1 from 25 m ³ /h	265,79	EUR/year
till 25,1 from 40 m ³ /h	394,80	EUR/year
till 40,1 from 65 m ³ /h	653,54	EUR/year
above 65 m ³ /h	8,6200	EUR/m ³ /h/year

Allocating CAPEX (DSO)



Capex allocation:

depreciation - *the proportion of low, medium and high pressure gas pipelines in the total system, multiplied by the proportion of low, medium and high-pressure gas pipelines in consumption groups.*

return on capital - *Given the actual object, connected to low, medium and high-pressure gas pipelines, distribution of consumption by tariff groups, applying the proportion of consumption of the relevant pressure in the overall system.*

Allocating OPEX (DSO)



Personal - *The number of hours of employees, which is divided by tariff groups, taking into account the number of gasified objects and the actual distribution of operational work by types of operational work.*

material and service costs - *is attributed taking into account the proportion of the permitted maximum load of the objects*

other expensis - *according to the proportion of costs of materials and services.*

natural gas technical consumption (system loses) – *consumption proportion in the object proportion*

Another supports costs - *with an individual cost allocation approach*



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**THANK YOU
FOR YOUR ATTENTION!**

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