Price determinations
for electricity

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Tariff and Eligible customers

- From 2008. all customers, except residential, are eligible customers.
- From 2015. all customers will be eligible customers.

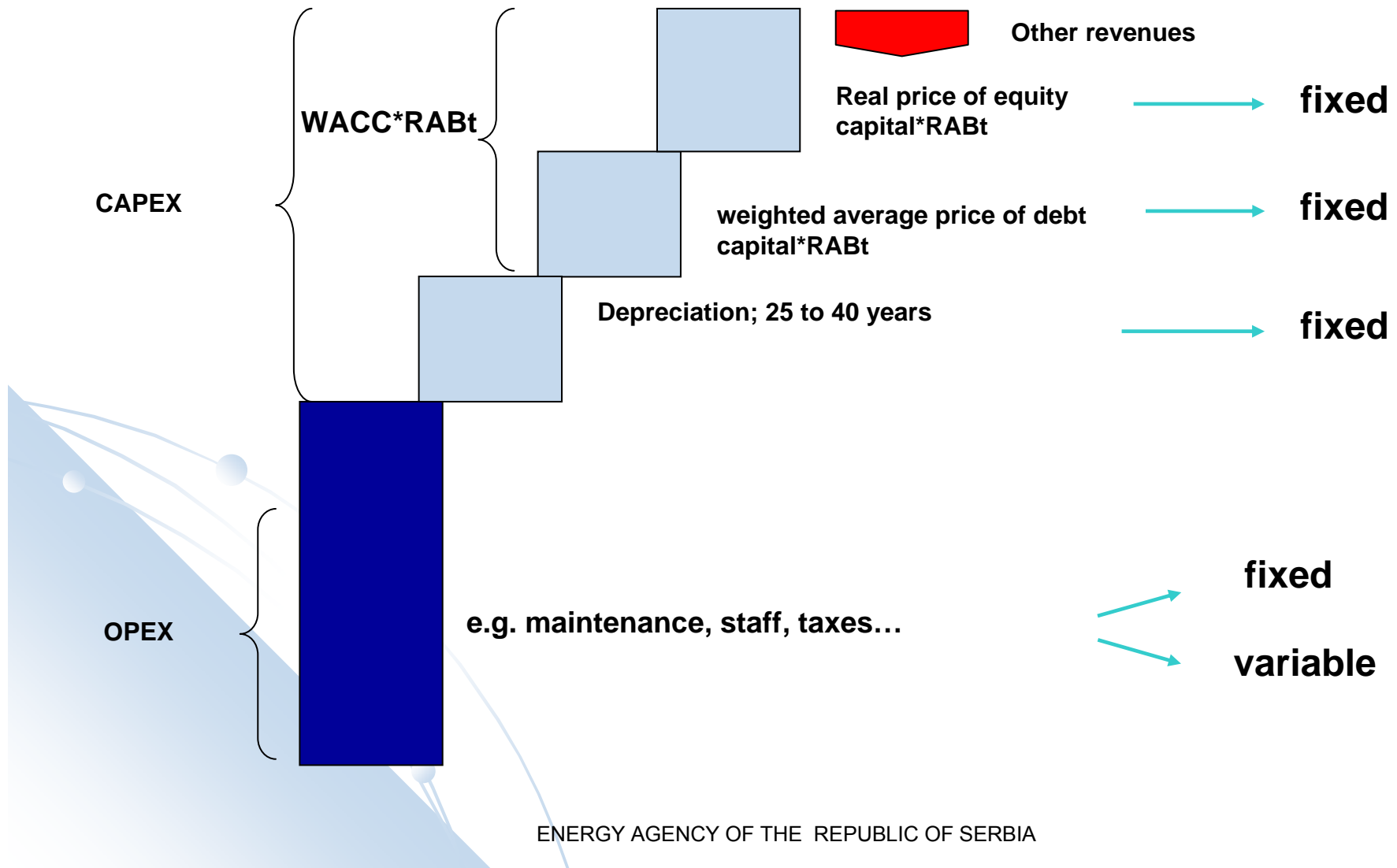ENERGY AGENCY OF THE REPUBLIC OF SERBIA

Process of calculating prices

- Setting of Maximum allowed revenue of an energy entity (based on Methodologies...)
- Allocation of Maximum allowed revenue to tariff elements, tariff rates and category and groups of consumers (based on Tariff systems)

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Adopted methodologies

Methodologies for:

- use of system for electricity transmission

- use of system for electricity distribution

- calculating electricity prices for tariff customers

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MAR – Building blocks approach

CAPEX

WACC*RABt

Other revenues

Real price of equity capital*RABt → **fixed**

weighted average price of debt capital*RABt → **fixed**

Depreciation; 25 to 40 years → **fixed**

OPEX

e.g. maintenance, staff, taxes… → **fixed** / **variable**

Maximum allowed revenue-MAR

$$MAR_t = OPEX_t + D_t + WACC * RAB_t - OR_t + KE_t$$

where:

- t – regulatory period,
- MAR_t – maximum allowed revenue for the performance of the regulated activity in the period t (dinars),
- $OPEX_t$ – operational costs in the period t (dinars),
- D_t – depreciation costs in the period t (dinars),
- $WACC$ – the rate of return on regulated assets (%),
- RAB_t – regulated asset base in the period t (dinars),
- OR_t – other revenues in the period t (dinars),
- KE_t – adjustment factor in the period t (dinars).

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Criteria for cost allocation

Allocation depends on:

- Cost structure

- Structure of generation, transmission and distribution capacities

- Electricity generation and consumption

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Adopted tariff systems

- for electricity transmission system access and utilisation – in use from January 2008.

- for electricity distribution system access and utilisation – it will be in use from August 2008

- for electricity settlement for tariff buyers – in use from March 2008.

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Main principles for tariff systems

- Each consumer pays for electricity proportionally to costs incurred in system:

1. According to volume and manner of electricity consumption

2. According to power used and point of connection to the system

- Non-discrimination which implies lack of social component in tariff system

Tariff rates - electricity

Tariff rates for delivered power to the same category of tariff customers are equal on the whole territory of the Republic of Serbia.

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Electricity prices in Serbia

	$c/kWh
Category of consumption	Average price levels
1	2
High voltage (110 kV)	5,48
Medium voltage (35,20,10 kV)	7,13
Total HV + MV	*6,56*
Low voltage (0,4 kV I level)	10,31
Total HV + MV + LV	*7,60*
Wide consumption - total	7,54
- 0,4 kV II level	9,66
- domestics	7,26
Public lighting	7,38
Total - Serbia	7,56

1$=55 dinars

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Monthly electricity bills in US$

Ordinal num.	Monthly consumption kWh	Remark	Monthly charge for different contracted power				
			5,75 kW	6,90 kW	11,04 kW	17,25 kW	22,08 kW
1	150 monotariff	small consumers and weekend cottages	15,00	15,59			
2 HT+LT	300 240+60		24,59	25,18	27,29		
3 HT+LT	350 275+75		27,59	28,18	30,29		
4 HT+LT	450 340+110		36,47	37,06	39,17		
5 HT+LT	600 410+190				50,37	53,53	
6 HT+LT	1000 750+250	support of heating by using electric heater			90,96	94,12	
7 HT+LT	1600 550+1050	one room apartment cumulative heating				98,26	100,72
8 HT+LT	1600 1200+400	one room apartment heating with boiler 12kW				150,79	153,25
9 HT+LT	2400 800+1600	two room apartment cumulative heating				189,90	192,37
10 HT+LT	2400 1900+500	two room apartment heating with boiler 18kW					315,56

THANK YOU!

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