

# Regulation of losses

**Branka Tubin**  
**Senior Gas Expert**

# Tariff systems application

- There is no tariff system in place
- The only source of income was connection charge and commodity charge
- Tariff systems introduced three sources of income- connection charge, capacity charge and commodity charge
- New approach to definition of energy related activities was introduced

# Regulation of losses



- Regulation of losses is carried out for the activities of:
- Transportation of natural gas
  - Distribution of natural gas

Responsible energy undertaking to provide for losses is the operator of the transportation system or operator of a distribution system.



# Responsibility and justification

- No profit is allowed based on the quantities that are going to be provided in order to overcome the losses.
- Just justified costs for the purchase of ``lost`` gas are allowed
- The question was how to determine the justified losses and therefore the justified related costs

# Problems

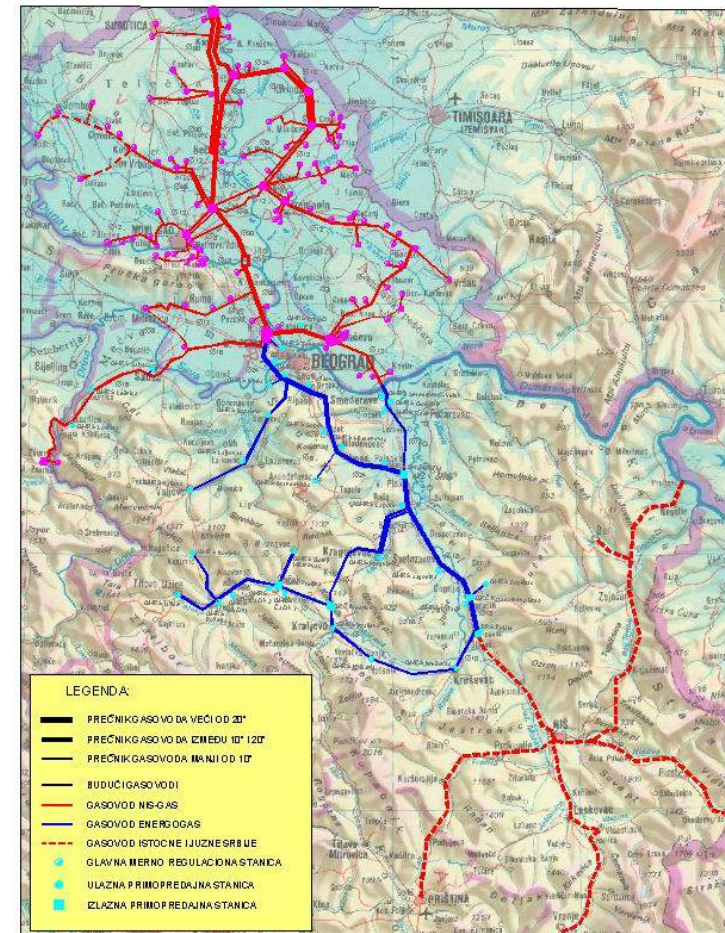
- There is no legislation in place regarding this issue
- There are no specific rights of the Agency to prepare any kind of legislation about the losses
- The information about the losses on different (34) distribution networks varied a lot, from 1% to over 20%. Networks also have very different life stage and technical characteristics (some are old and made of steel, some are new and made of polyethylene)
- The information on transportation losses is also not accurate and relates to only one transportation system although there are two transportation companies

# Problems (1)

- The problem with losses on transportation system is inadequate or omitted meter at the overtaking station even between the two transportation companies
- Another problem was the introduction of two activities transportation and distribution in comparison to three categories of the existing pipelines – high pressure, medium pressure and low pressure
- The activity of dedicating these three categories of pipelines to two energy related activities was complicated and resulted in separation between the transportation and distribution network even without the meter- so the losses were impossible to be determined

# Problems (1)

- The problem with losses on transportation system is inadequate or omitted meter at the overtaking station even between the two transportation companies
- Another problem was the introduction of two activities transportation and distribution in comparison to three categories of the existing pipelines – high pressure, medium pressure and low pressure
- The activity of dedicating these three categories of pipelines to two energy related activities was complicated and resulted in separation between the transportation and distribution network even without the meter- so the losses were impossible to be determined



## Problems (2)

- For the time being technological consumption is included in the losses with the intention to separate it since it cannot be reduced
- For the first time the losses are to be calculated and not estimated
- No previous experience in determination of losses

## Problems (3)

- Previous practice was to calculate both commercial and technical losses together
- Another issue is the conversion of metered units in relation to temperature and pressure
- Metering at overtaking points is not conducted simultaneously thus distorting the results and resulting in some losses in quantities

# Conclusions

- Metering and workable energy payments system are critical
- Know-how and adoption of new principles in performing energy related activities is at rather low levels- need for education
- Tariff systems are still to be applied giving the possibility to generate the sources for significant investments for losses reduction
- Due to the actual situation we decided not to define maximum allowed losses for everyone
- Each company is to define the losses for their own network and prove it reasonable and justify the intention to reduce the losses in the future (plan for losses reduction envisaged in the Methodology)

***Thank you for your attention!***

**Contact details:**

**Branka Tubin**

**Energy Agency of the Republic of Serbia, Terazije 5/V , 11000 Belgrade**

**Tel: + 381 11 3033829; Fax: + 381 11 3225780**

**e-mail: [branka.tubin@aers.org.yu](mailto:branka.tubin@aers.org.yu) , URL: [www.aers.org.yu](http://www.aers.org.yu)**