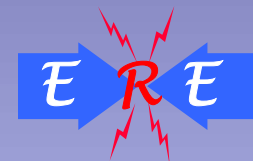


Partnership between IURC and ERE



Revenue Requirements and Rate Design

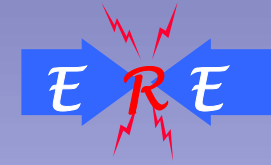
Mr. Kastriot Sulka
Head of Pricing & Tariff Department

ERA - Albania

22-26 November 2004

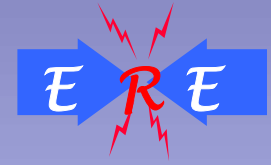
Tirana, Albania

Cost allocation according to the consumer categories



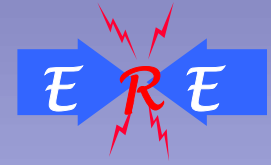
- Consumers separated according to the voltage levels (TL, TM & TU)
- Consumers within the same voltage level
 - Dispatch within the same voltage for different consumers
- Principals
 - Economic development
 - Strategic sector
 - Socio-economic level

How tariffs change

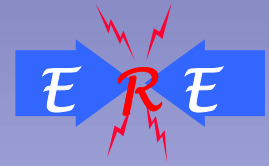


- **While changing the tariffs, several items are taken in consideration:**
 - Legislation
 - National Strategy & Sector Development
 - Government Policies (reviewed annually)
 - Cost & Pricing Analysis
 - Analyses and opinions of the other parties, mainly consumers
- **Tariffs are reviewed annually according to the Law** (not more than once a year excluding the cases provided by the Law)

Price Signals



- The price is provided with a 2nd tier segment for the Domestic Consumers (comparison with the open-market countries)
- Change Effect of the 1st tier compared with the previous year
- Preferred Prices and the social effect



Thank you !