

Workshop on regulatory issues

ROMANIA ELECTRICITY TARIFF EXPERIENCE

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ANRE Romania**

1-3 March, 2004, BAKU, AZERBAIJAN

ROMANIA ELECTRICITY TARIFF EXPERIENCE

SITUATION BEFORE 1999

- **Low level of electricity tariffs;**
- **All types of cross subsidies:**
 - **Electricity ^ Heat;**
 - **Industrial ^ Residential;**
 - **High Voltage ^ Low Voltage;**
 - **Tariffs structure not reflecting the costs induced in the system**
- **Lack regulatory authority.**

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SITUATION AFTER 1999

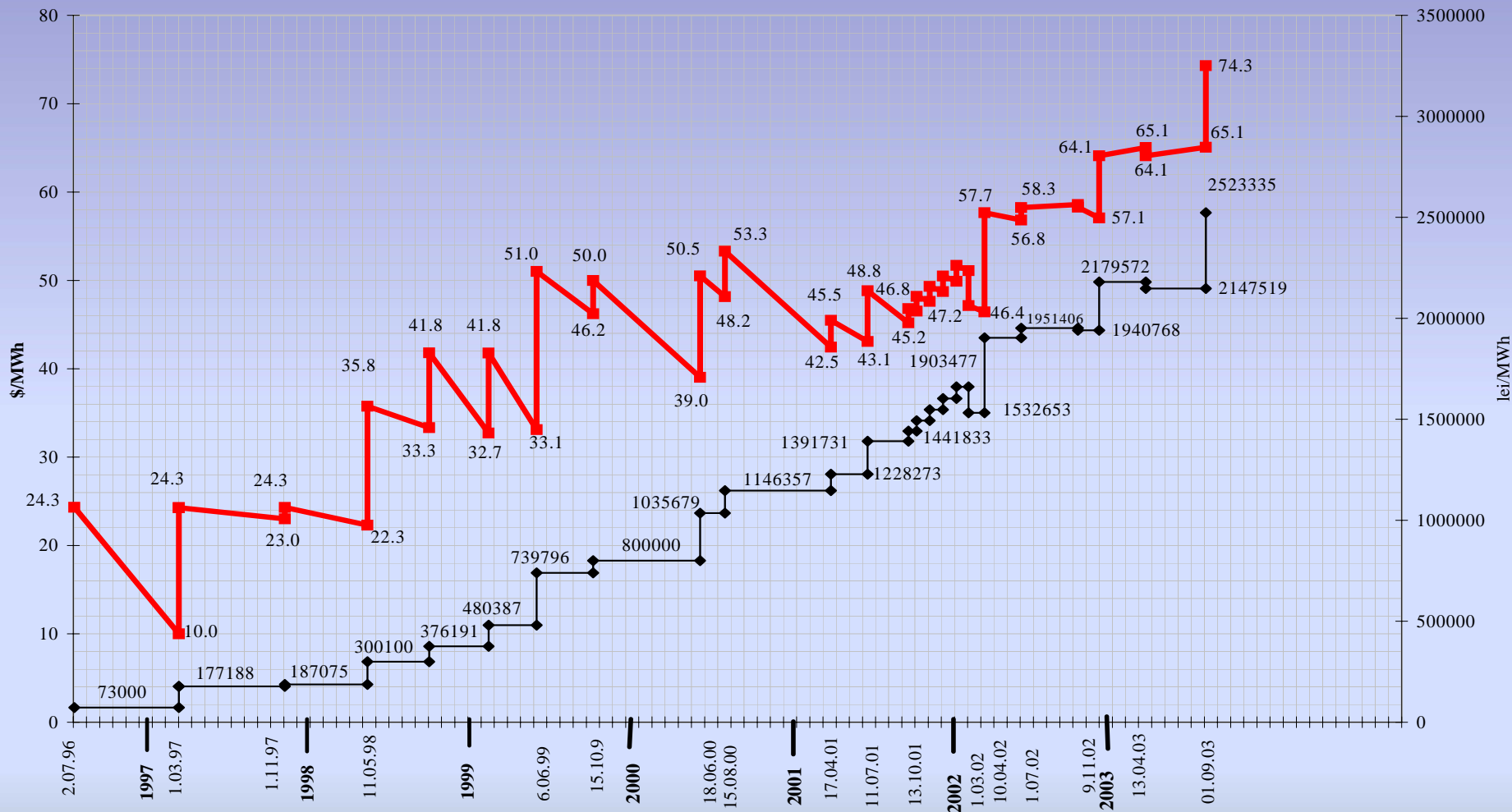
All mentioned problems were solved:

- **Regulatory authority was established;**
- **Price levels were rise to cover costs;**
- **Cost allocation methodology for cogen units;**
- **Cross subsidies between Industrial and Residential was removed;**
- **The LV tariffs were increased significantly;**
- **Tariffs system was differentiated on time zones and load factors.**

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Appendix 1.3.

EVOLUTION OF THE AVERAGE PRICE FOR ELECTRICITY DELIVERED TO RESIDENTIAL CUSTOMERS DURING 1997 - 2003



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INNOVATIVE TARIFFS FOR RESIDENTIAL

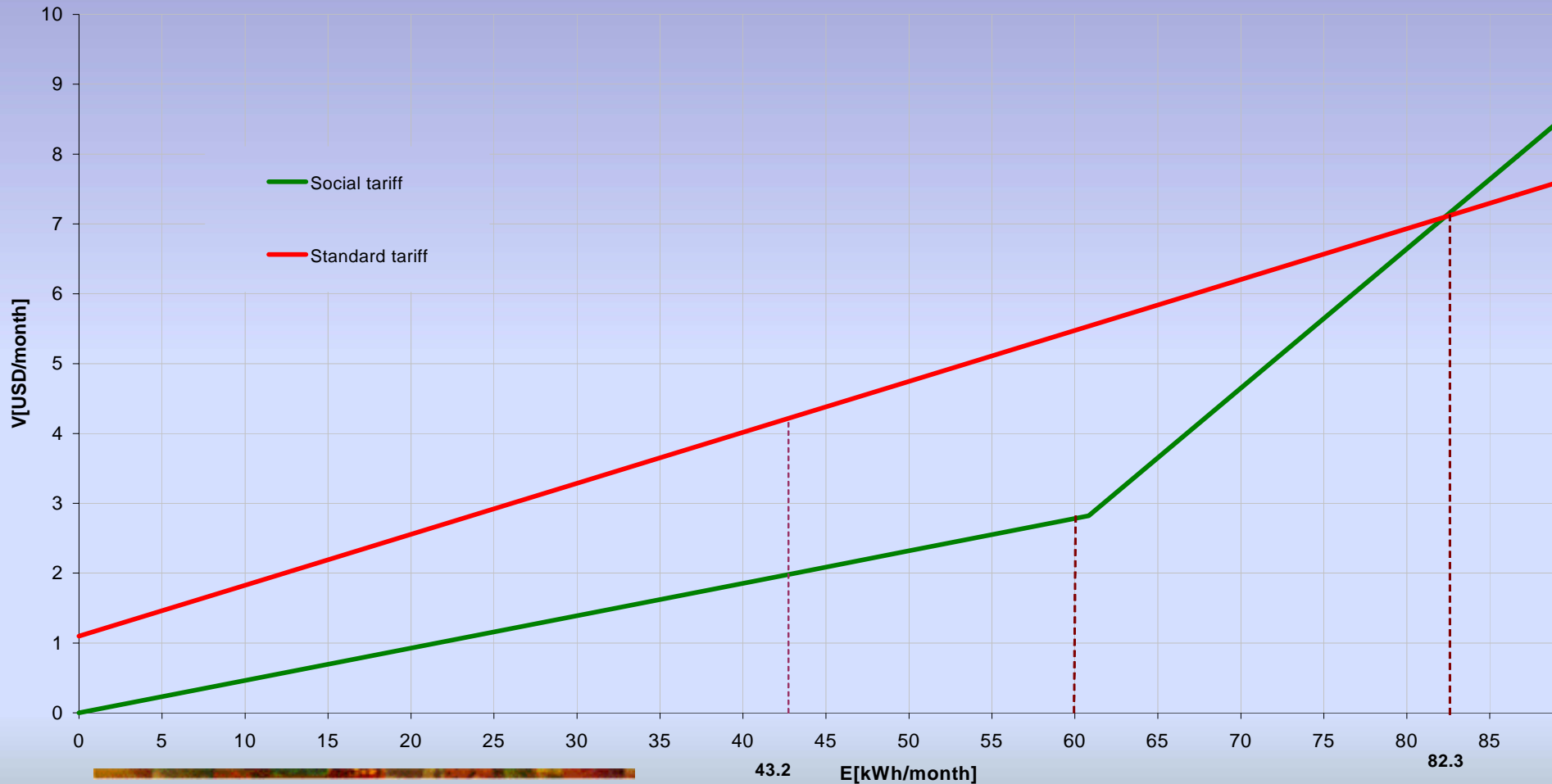
Issues to be addressed:

- The need for a SOCIAL TARIFF;
- Who should qualify for SOCIAL TARIFF?
- Avoid birocracy;
- Encourage electricity consumption

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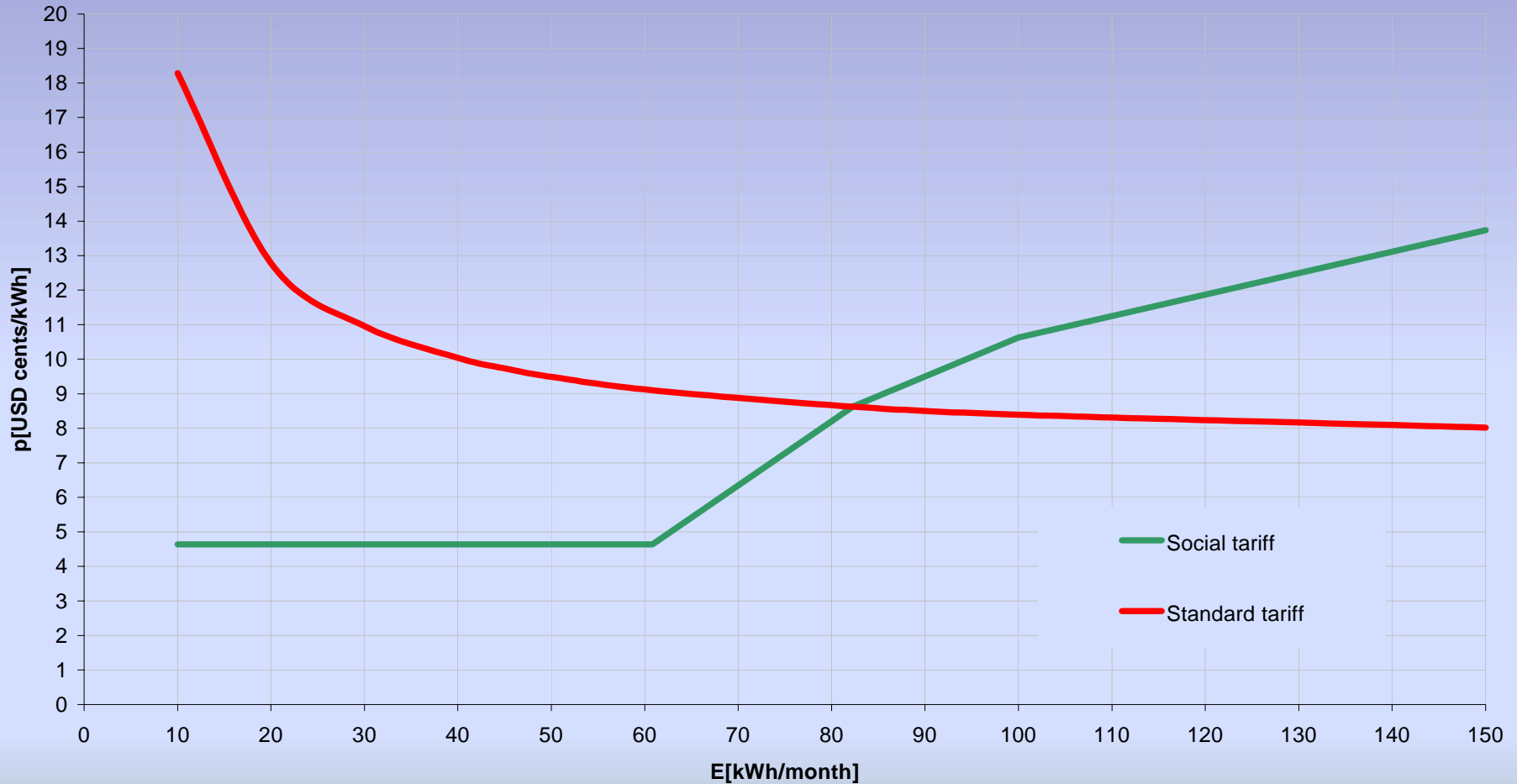
ELECTRICITY MONTHLY BILL FOR RESIDENTIAL CUSTOMERS - SEPTEMBER 2003 -



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VARIATION OF THE ELECTRICITY AVERAGE PRICE FOR RESIDENTIAL CUSTOMERS - SEPTEMBER 2003



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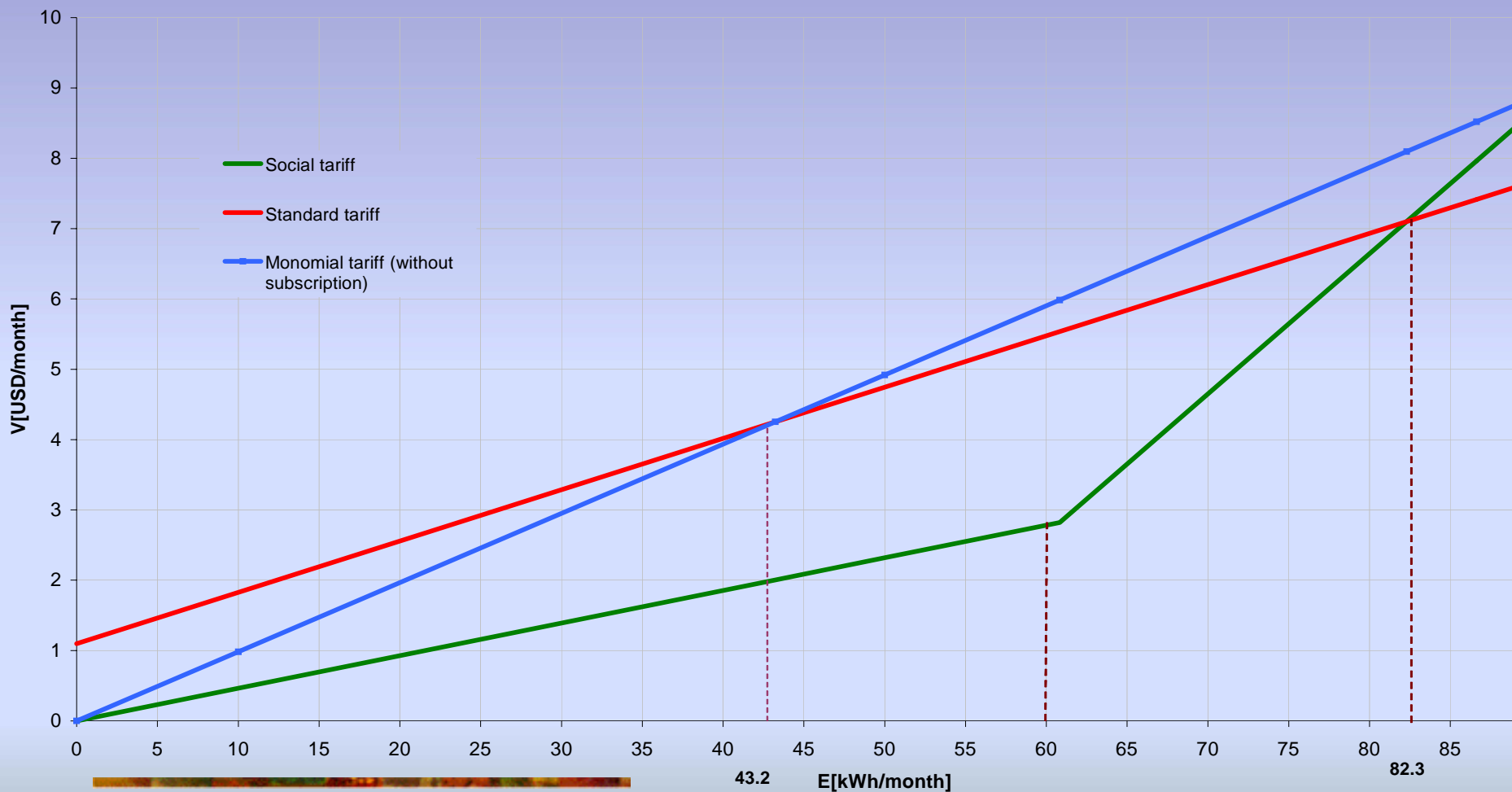
REQUESTS FOR A FLAT RATE

- Lack of tariff culture;
- Consumers should learn by themselves the effects of each tariff;
- Most of the residential consumers prefer certainty although it costs more.

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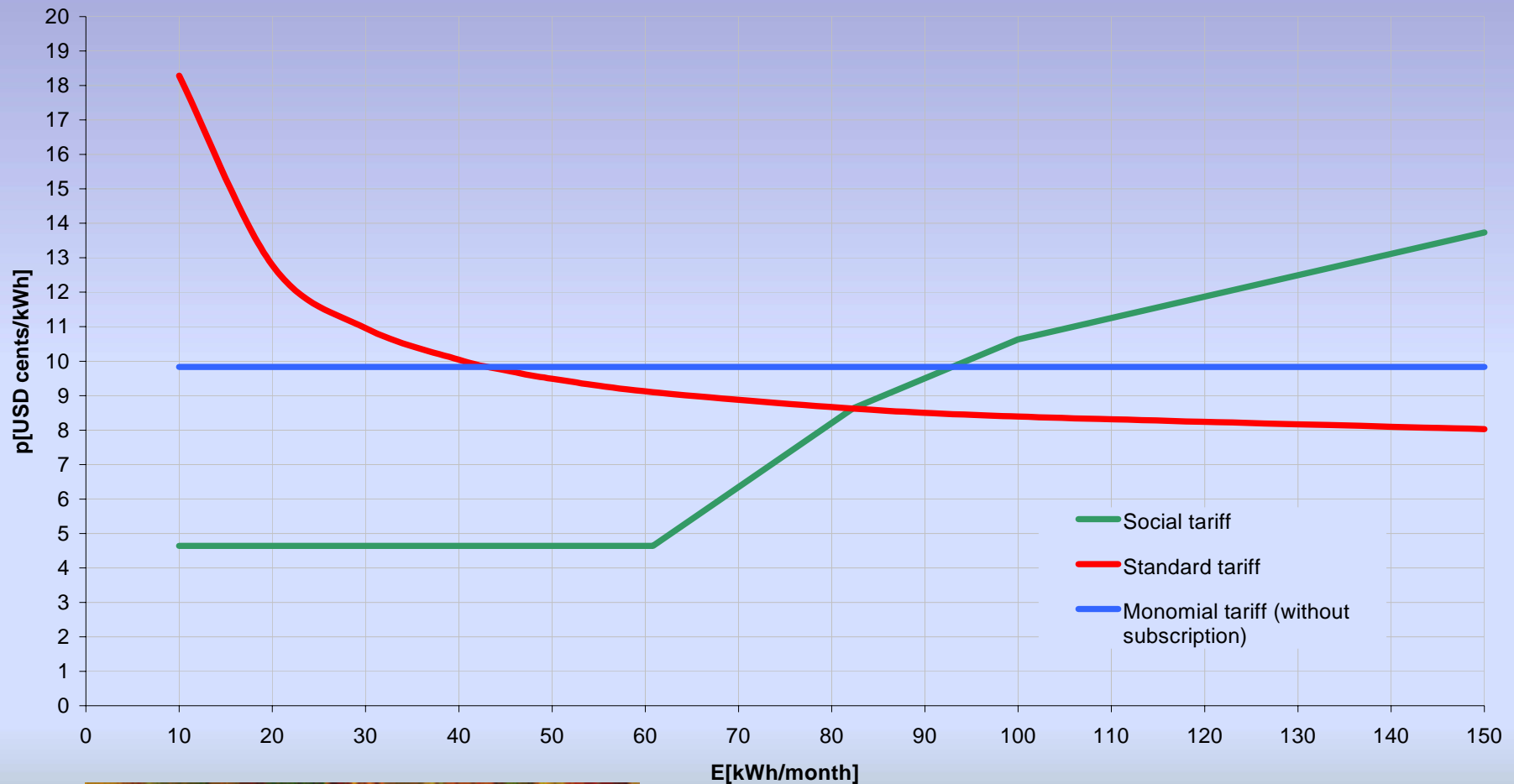
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CONCLUSIONS

- **Utility sector and its regulatory institutions are not ideally suited to address this difficult problem;**
- **Regulatory involvement should be gradually reduced over time;**
- **Innovative tariffs represent a key solution;**



**THANK YOU
FOR YOUR ATTENTION!**