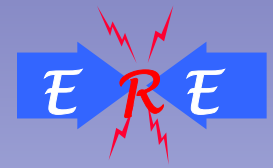


Tariffs and Prices

Kastriot Sulka – Tariffs and Pricing Department

ERE- Albania

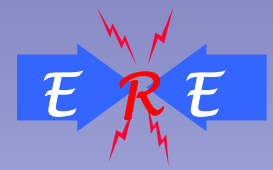
July 8, 2002



- **No one can argue that a monopolist is impelled “by an invisible hand” to serve to the public interest.**

R. H. Tawney, 1921

The basis of building up the tariffs and pricing system

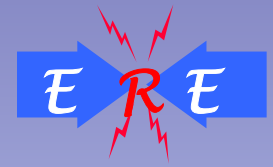


I. Legal Basis

- The Law for the regulation of the electrical power energy sector
- The Law for the electrical power

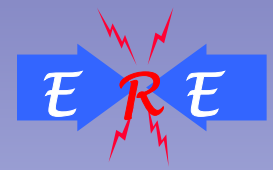
II. The procedures for establishing and reviewing of prices (approved by the Steering Council)

Goals

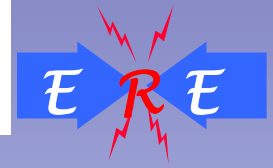


- Support
- Distribution efficiency
- Production efficiency

Methodology and the system pursued so far



- Request from the Utility Company and the cap (ceiling) price established by the Government
- Methodology:
 - Based in: Cost + Relevant Stimulators
- Cost:
 - Efficiency stimulators
 - Energy import cost (and local production) subject to be reviewed
 - Financial losses
 - Technical and market losses



- The current tariffs:
 - Domestic (household) consumers: 4 lek and 8 lek
 - The main economical sectors:
 - Other economical activities:
 - Services, hotels, business, etc:
- In the future:
 - Reasoned and justified cost
 - Exchange rate
 - Energy import and the local production cost