



***New York State Public Service Commission (NYS PSC) and  
Croatian Energy Regulatory Agency (HERA)***

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# **Tariff system for Natural Gas Transport in Croatia**

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# Tariff system for Natural Gas Transport



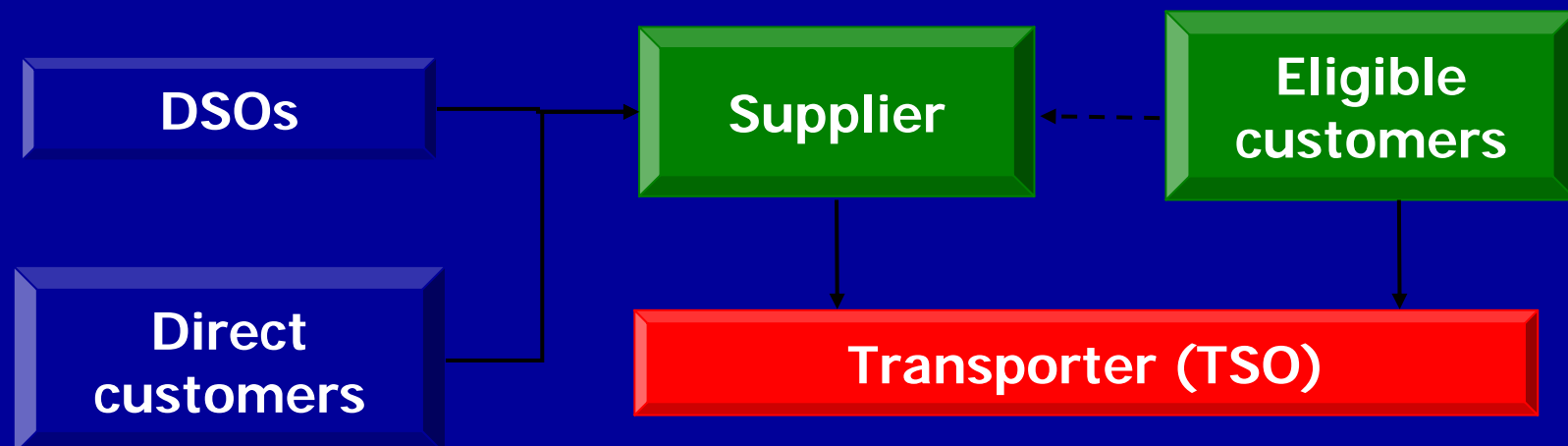
- **TARIFF SYSTEM deals with issues of** ➡ setting of tariff items for usage of transport system ➡ principles of determination of charge for usage of TS ➡ actions of TSO and users of TS regarding settlement of charge for usage of TS ➡ obligation for measurement of daily loads ➡ procedure for carrying out final settlement
- **REGULATION METHOD** ➡ based on revenue cap regulation of TSO
- **TARIFF ITEMS** ➡ equal for all TS users ➡ determined by “post stamp” principle ➡ charge for each user depends on reserved capacity

# Tariff system for Natural Gas Transport

## – contracts for usage of transport system



- **Contract for usage of TS** ➡ between TSO and a wholesale supplier on behalf of DSOs and direct customers ➡ between TSO and a eligible customer OR between TSO and a wholesale supplier on behalf of eligible customer
- User of TS can transpose it's rights to another person with approval of TSO



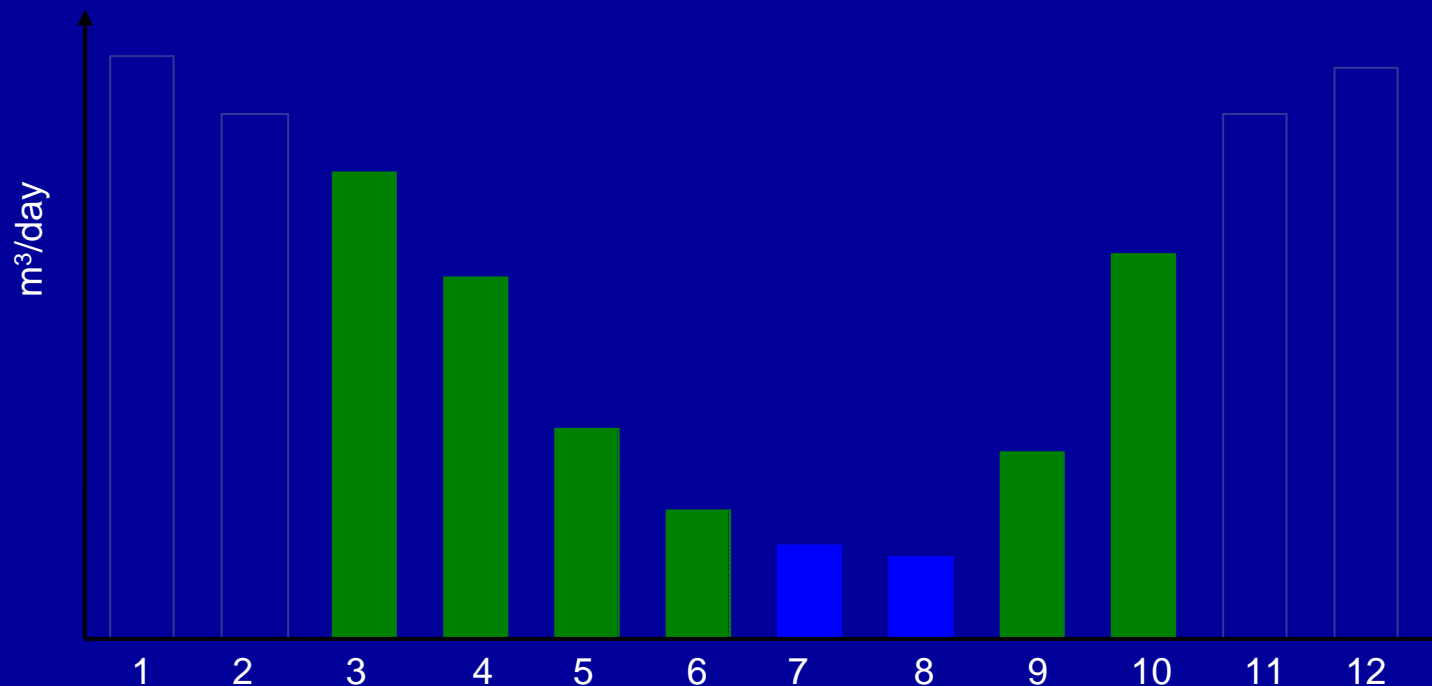
# Tariff system for Natural Gas Transport

## –settlement year for usage of gas transport system



### ➤ Settlement year :

- **peak load months** (January, February, November, December)
- **medium load months** (March, April, May, June, September, October)
- **basic load months** (July, August)



# Tariff system for Natural Gas Transport

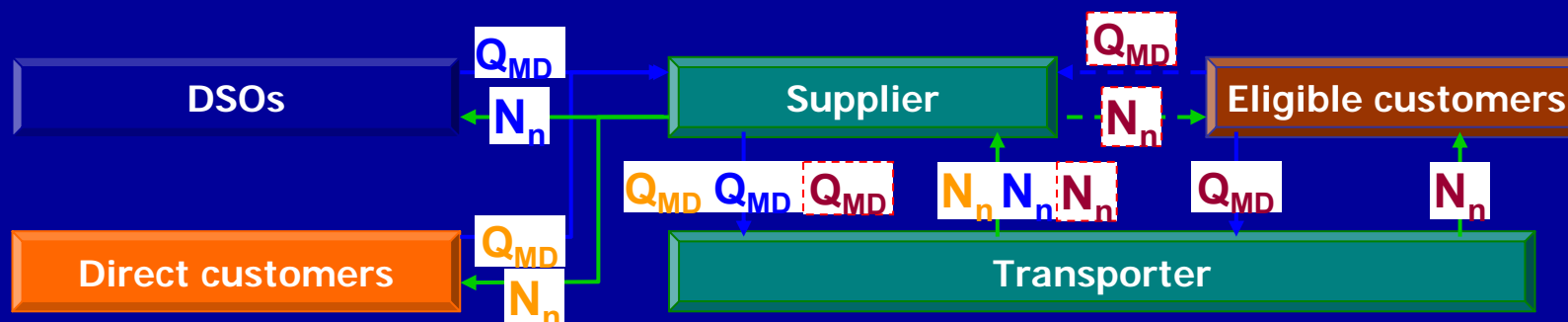
## - charge for transport system usage



### ➤ Determination of charge – $N$ (kune):

- ➔  $\Sigma Q_{MD}$  ( $m^3/day$ ) – sum of reserved max. daily load for appropriate months (peak, medium, basic)
- ➔  $T$  (kune/ $m^3/day$ ) – tariff item amount for transport for appropriate months (peak, medium, basic)

$$N_n = (\Sigma Q_{MDp} \times T_p) + (\Sigma Q_{MDm} \times T_m) + (\Sigma Q_{MDb} \times T_b)$$



# Tariff system for Natural Gas Transport

## - tariff items transport system usage



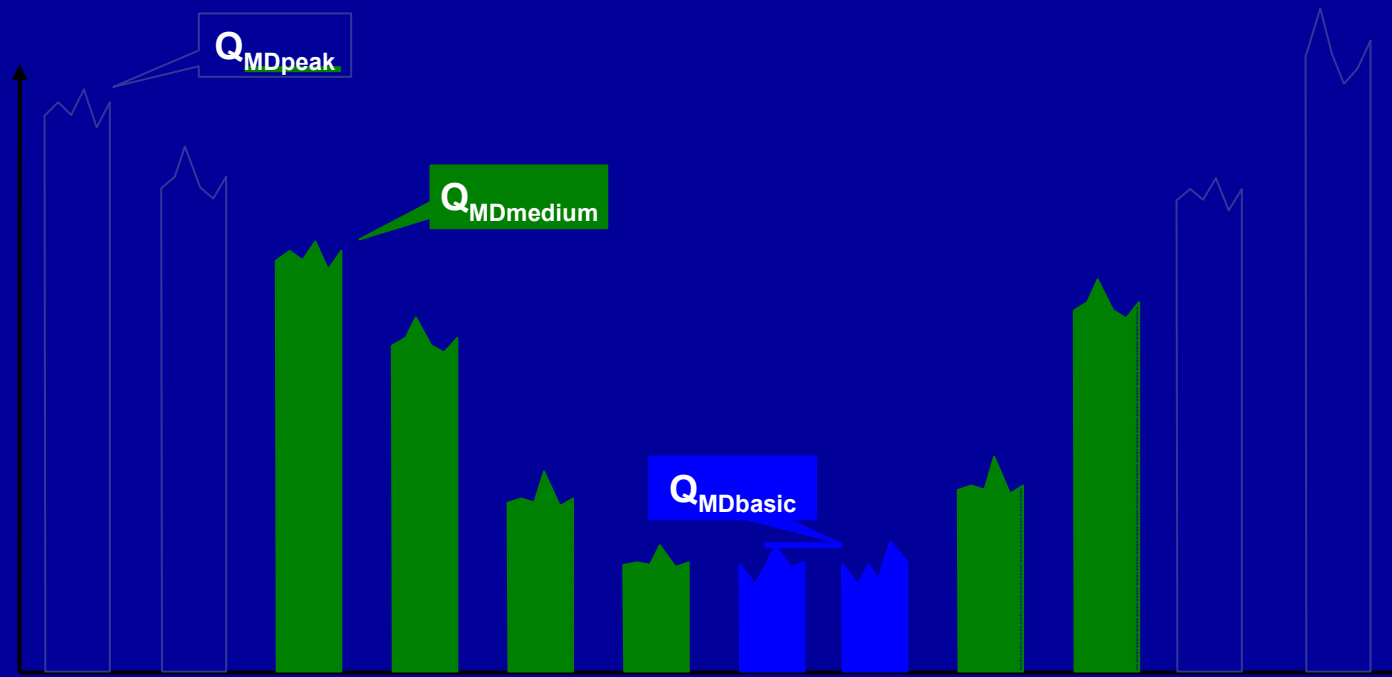
- AMOUNTS OF TARIFF ITEMS are proposed to the Ministry by TSO after users apply with reserved capacities and planned quantity of natural gas for the following year
- HERA gives opinion on proposed tariff items based on ➡ incentives for efficiency ➡ appropriate financial capabilities (adequate ROR) ➡ avoiding discrimination (between users, encouraging of competition)
- HERA regulates TSO by implementing Revenue Cap methodology
- The Government determines amounts of tariff items upon Ministry's proposal and HERA's opinion
- Tariff items for 2008:
  - ➡ **peak load months** (January, February, November, December)  
 $T_{\text{peak}} = 4,99 \text{ kuna/m}^3/\text{day}$
  - ➡ **medium load months** (March, April, May, June, September, October)  
 $T_{\text{medium}} = 4,16 \text{ kuna/m}^3/\text{day}$
  - ➡ **basic load months** (July, August)  
 $T_{\text{basic}} = 2,49 \text{ kuna/m}^3/\text{day}$

# Tariff system for Natural Gas Transport



- measurement of daily loads and final settlement of charge for TS usage

- TSO performs measurements at all delivery points and issues a report on max. daily load and daily loads of each day (every 3 months) ➔ TSO issues the report to wholesale supplier for each DSO, direct customer and eligible customer
- TSO carries out the final settlement of accounts for each user by 31<sup>st</sup> of January of the next year at the latest



# Tariff system for Natural Gas Transport

## - a new tariff system (specific issues)



- Act on Gas Market (NN 40/07) ➡ prescribes a new tariff system for natural gas transport
- incentive based regulatory approach
- methodology for transmission tariffs ➡ postage stamp ➡ entry-exit (physical delivery points or zonal exit points)
- tariff structure ➡ consistent with allowed revenue for the transportation levels
- overheads cost allocation and choice of capacity/commodity split
- periodically fluctuating demand ➡ peak load pricing principle
- capacity ➡ daily or hourly load, UIOLI principle
- no final settlement





**Thank you for your attention!**

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