

**THE REGULATORY COMMISSION FOR ENERGY OF THE REPUBLIC OF SRPSKA
TREBINJE**

**THE RULE BOOK ON AMENDMENTS TO THE RULE BOOK ON TARIFF METHODOLOGY AND TARIFF
PROCEEDING FOR ELECTRICITY**

Trebinje, February 2015

Pursuant to Article 23 line 2 of the Law on electricity (Official Gazette of the Republic of Srpska, number 8/08, 34/09, 92/09 and 1/11), Article 10 paragraph (1) point 2 and Article 18 paragraph (1) of the Statute of the Regulatory Commission for Energy of the Republic of Srpska – Cleaned text (Official Gazette of the Republic of Srpska, number 6/10) and Article 45 paragraph (2) of the Procedural Rules of the Regulatory Commission for Energy of the Republic of Srpska (Official Gazette of the Republic of Srpska, number 59/10), the Regulatory Commission for Energy of the Republic of Srpska in its 102nd regular session held on 27th February 2015 in Trebinje made

RULE BOOK ON AMENDMENTS TO THE RULE BOOK ON TARIFF METHODOLOGY AND TARIFF PROCEEDING FOR ELECTRICITY

Article 1

In the Rule book on tariff methodology and tariff proceeding for electricity (Official Gazette of the Republic of Srpska, number 96/12) in Article 2, definition of “Regulated electric power activity” is changed and says:

“Electric power activity which the public service obligation is prescribed for (generation of electricity for supply of tariff customers, namely for public supply, distribution of electricity, supply of tariff customers with electricity, namely public supply) and for which the Regulatory Commission determines the prices and tariff rates”.

Paragraph (2) is added which says:

“Apart from the terms stated in the paragraph (1) of this Article, the terms encompassed by the Law and secondary legislation of the Regulatory Commission are used in this Rule book”.

Article 2

Paragraph (3) in Article 37 is being deleted.

Article 3

Paragraph (2), line 2 in Article 38 is changed and it says:

“determination of costs of electricity generation for determination of tariff rates for public supply of eligible customers with electricity pursuant to the Rule book on supply of eligible customers and switching procedure and other regulations which regulate the public service obligation”;

Article 4

Article 40 is being deleted.

Article 5

In Article 43 (Generation in the public service obligation system), in paragraph (1) the words of “Rule book on eligible customer” are being replaced with the words of “Rule book on supply of eligible customers and switching procedure” and in the last sentence of this paragraph, after the words of “(tariff) customers”, the words: “and eligible customers supplied by the public supplier (supplier of last resort)” are replaced by the words “namely eligible customers supplied in the public service system”.

Article 6

Article 44 is being changed and it says:

“(The price of electricity at the plant outlet for supply of eligible customers, namely public supply):

- (1) The average price of electricity at the plant outlet which is used while determining tariff rates for supply of tariff customers, namely for public supply of customers in the Republic of Srpska is determined as the quotient of the approved revenue requirement of such a plant reduced for the revenues achieved from sale of the generated electricity to customers that are not tariff ones, namely that are not supplied by the public supplier and planned consumption of electricity of tariff customers, namely the customers that are supplied at the public supplier.
- (2) The average weighted price of electricity of generates that operate in the public service system and which is used for calculation of tariff rates for supply of tariff customers, namely public supply, is determined as the weighted average of the approved prices at the outlet of the plants that operate in the public service system, determined for consumption of tariff customers, namely consumption of customers that se supplied at the public supplier pursuant to the paragraph (1) of this Article”.

Article 7

Article 45 is changed and it says:

“(Allocation of costs of generation for suppliers of tariff customers, namely public supply)

Costs of generation of electricity are allocated to the suppliers of tariff customers and tariff customers, namely public suppliers and their customers in the same way, according to the average weighted price of electricity generation for supply of tariff customers, namely for public supply and their realized consumption of electricity which may be differentiated depending on the season and part of the day”.

Article 8

In Article 47, in paragraph (4) after words of “supply of non-eligible (tariff) customers, comma is added and words “namely public supply”.

Article 9

In Article 50, at the end of the text, comma is added and words: “as well as public supply and supply of last resort”.

Article 10

In Article 59, in paragraph (4) before the words of “invoiced realization”, the word of “planned” is added.

Article 11

In the Annex to the Rule book on tariff methodology and tariff proceeding for electricity in the “Guidelines for application of tariff methodology and tariff proceeding for electricity”, chapter 2 “Determination of the electricity price at the plant outlet” is changed and it says:

“The electricity price at the plant outlet is determined for each regulated electric power company based on the approved revenue requirement, determined pursuant to the tariff methodology, based on the realized results of the test year, approved revenue requirement in the last tariff period and plan of electricity generation in tariff period.

The approved revenue requirement equals to the sum of costs from the business activity (costs of operation and maintenance – operational costs and depreciation) approved return on the invested means and tax, reduced for other revenues (such as sale of assets, realization of the donated assets, revenue from the effects’ activating and similar). The average price of electricity at the plant outlet which is used while determining the tariff rates for supply of non-eligible (tariff) customers, namely public supply in the Republic of Srpska, is determined as the quotient of the approved revenue requirement of such a plant reduced for revenues of sale of the generated electricity to customers that are not tariff ones, namely customers that are not supplied by the public supplier and planned consumption of electricity of tariff customers, namely the customers that are supplied at the public supplier.

The price of electricity at the plant outlet is determined for each regulated generator in one component (BAM/kWh) and/or two components: (BAM/kW) and (BAM/kWh).

While determining the electricity price at the plant outlet, the following procedure is conducted:

- determination of the fixed and variable costs of business of the test year,
- determination of the justified costs of business for the tariff period by harmonizing to the given parameters of the electric power balance,
- determination of other elements of the revenue requirement for the tariff period to carry out the generation activity,
- determination of total planned generation of electricity at the plant outlet, planned generation of electricity for tariff customers, namely the customers that are supplied at the public supplier, generation of electricity for the supply of last resort and generation for supply of other customers,
- determination of the revenue of the supply of last resort and supply of other customers,
- calculation of the unit electricity price, such as:

A. The electricity price in one component (BAM/kWh):

$$AP_G = RR/W$$

where,

AP_G Average price of generation (BAM/kWh),
 RR Revenue requirement (BAM),
 W Planned amount of the electricity generation (kWh)

B. The electricity price in two components (BAM/kW) and (BAM/kWh):

1. Calculation of the fixed costs per the capacity unit which represents the price of the generation capacity (BAM/kW):

$$AFC_G = (RR-VC)/P \quad (23)$$

where,

AFC_G Average fixed cost per the unit of available generation capacity (BAM/kW),
 VC Variable costs (BAM),
 P Planned available capacity (kW);

2. calculation of the variable cost per the unit of the generated electricity (BAM/kWh):

$$AVC_G = VC/W \quad (24)$$

where,

AVC_G Average variable cost per the unit of the generated electricity (BAM/kWh),
 VC Variable costs (BAM);

• Calculation of the unit price of electricity for tariff customers, namely for public supply:

A. price of electricity (BAM/kWh):

$$APTC_G = (RR-RAC-RLRS)/W \quad (25)$$

Where,

$APTC_G$ Average price of generation for tariff customers, namely public supply (BAM/kWh),
 RR Revenue requirement (BAM),
 RAC Revenue of other customers (that are not supplied in the public service system, namely at the public supplier or supplier of last resort),
 $RLRS$ Revenue from the supply of last resort,
 W Planned generation of electricity for tariff customers, namely for customers, that are supplied at the public supplier (kWh).

The average weighted price of electricity of generators that operate in the public service system and which are used for calculation of tariff rates for supply of tariff customers, namely public supply, is determined as the weighted average of the approved prices at the plants' outlet, that operate in the

public service system, determined for consumption of tariff customers, namely the customers that are supplied at the public supplier.

The costs of electricity generation are allocated on the suppliers of tariff customers and tariff customers, namely on the public suppliers and their customers in the same way, according to the average weighted price of generation of electricity for supply of tariff customers, namely public supply and their realized consumption of electricity which may be differentiated depending on the season and part of the day.

Article 12

In the Annex to the Rule book on tariff methodology and tariff proceeding for electricity and Guidelines for application of tariff methodology and tariff proceeding for electricity, chapter 4 "Determination of the price of supply of non-eligible (tariff) customers", the first paragraph is changed in a way that after the word of "supply of tariff customers", the words of "namely public service" are added, and before the words of "invoiced realization", the word of "planned" is added.

Article 13

In the Guidelines for application of tariff methodology and tariff proceeding for electricity and "Index of designations for the used terms", the following new designations are added according to alphabetic order which are as follows:

APTCCG - Average price of generated electricity for tariff customers/public supply",
RAC - Revenue of other customers;
RLRS - Revenue of the last resort supply

Article 14

This Rule book becomes effective on the eighth day of its publication in the Official Gazette of the Republic of Srpska.

President
Milenko Cokorilo

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Trebinje, 27 February 2015