

Pursuant to Article 15, and in connection with Article 36 of the Energy Law (*Official Gazette of the Republic of Serbia*, No. 84/04) and Article 12 of the Statute of the Energy Agency of the Republic of Serbia (*Official Gazette of the Republic of Serbia*, No. 52/05),

The Council of the Energy Agency of the Republic of Serbia, at the 35th Council Session held on 2 February 2007, passed the following

**DECISION**  
**ON AMENDMENTS TO THE DECISION**  
**ON DETERMINING METHODOLOGY FOR SETTING TARIFF ELEMENTS FOR**  
**CALCULATING ELECTRICITY PRICES FOR TARIFF CUSTOMERS**

*(This Decision was published in the Official Gazette of the Republic of Serbia No. 18 dated 14 February 2007)*

1. In the Decision on Methodology for setting tariff elements for calculating electricity prices for tariff customers (*Official Gazette of the Republic of Serbia*, No. 68/06), in the Methodology for calculating electricity prices for tariff customers, in the Sub-section IV.2.1. *Operating costs*", Paragraph 4 is amended and reads:

“Variable operating costs represent justified costs that depend on the generation volume, such as: costs of coal, other fuels, costs of electricity purchase for electricity generation (delivery via transformers of the general group, supply of pump-reservoir plants and pump-storage of HPPs in the pump operating regime), costs of chemicals and materials procurement, costs of liabilities for use in properties of common interest, contributions and other charges related to electricity generation (liabilities towards the state) as well as other variable operating costs. These costs are set for the regulatory period based on energy-technical parameters of the generation unit and expenditure standards and according to estimated market prices for purchase of goods, according to the stipulated amounts for liabilities towards the state and based on regulated prices for electricity purchased for electricity generation.“

2. In the Sub-section “IV.2.6. *Other revenues*“, in paragraph 1. words: “revenues from heat and industrial steam (except in electricity and heat generation in the CHP)“, shall be removed.

3. In the Sub-section “IV.4. *Wholesale Trade*“, Paragraphs. 1. and 2. are amended and read:

“Maximum allowed revenue of an energy entity for carrying out the activity of wholesale trade shall be calculated according to the following formula:

$$MOP_t = OT_t + A_t + NEE_t + TP_t + KE_t$$

where

t – regulatory period,

MOP<sub>t</sub> – maximum allowed revenue of the energy entity for carrying out the activity of wholesale trade in the period t (in dinars),

OT<sub>t</sub> – operating costs in period t (in dinars),

A<sub>t</sub> – depreciation costs in period t (in dinars),

NEE<sub>t</sub> – costs of electricity procurement in period t (in dinars),

TP<sub>t</sub> – use of transmission system costs in period t (in dinars),

KE<sub>t</sub> – Correction element in period t (in dinars).

The costs included in the maximum allowed revenue shall be set based on planned electricity sales from the annual balance for the supply of tariff customers and Energy Balance of the Republic of Serbia, or based on data used for the approval of these. Analytical data that are not included in the annual balance for the supply of tariff customers and Energy Balance of the Republic of Serbia shall be estimated according to the revenues from the previous period, as well as according to other objective criteria.“

4. In the Sub-section “IV.4.3. *Costs of electricity procurement*, after Paragraph 1., a new Paragraph is added and reads:

“Costs of electricity procurement under special agreements, according to which the energy entity has the right to use certain generation capacity for the supply of tariff customers, and liabilities for that electricity which are settled from the quantities determined by the annual balance for the supply of tariff customers, shall be included in the costs of electricity procurement from the electricity generators that are obligated to generate for the supply of tariff customers.”

5. In the Sub-section IV.4.3. *Costs of electricity procurement*, the following paragraph is added to read:

“IV. 4.3 a) *Use of transmission system costs*

These costs represent the costs of the use of the transmission system for the needs of electric haulage in railway transportation and for the needs of electricity generation (delivery via transformers of the general group and the supply of pump-reservoir plants, except pump storage HPPs in the full operating regime), and are calculated based on the planned sales data to those tariff customers and regulated prices for electricity transmission.“

6. In the Sub-section “IV.5. Retail“, Para 1 and 2 are amended and read:

“Calculation of maximum allowed revenue of an energy entity carrying out the energy activity retailing shall be calculated according to the following formula:

$$MOP_t = OT_t + A_t + NEE_t + TP_t + TD_t + NRP_t + KE_t$$

where:

t – regulatory period,

MOP<sub>t</sub> – maximum allowed revenue for carrying out of the activity of electricity retailing in the period t (dinars),

OT<sub>t</sub> – operating costs in the period t (dinars),

A<sub>t</sub> – depreciation costs in the period t (dinars),

NEE<sub>t</sub> – costs of electricity procurement in the period t (dinars),

TP<sub>t</sub> – costs of use of the transmission system in the period t (dinars),

TD<sub>t</sub> – costs of use of the distribution system in the period t (dinars),

NRP<sub>t</sub> – charge for the collection risk in the period t (dinars),

KE<sub>t</sub> – correction factor in the period t (dinars).

Costs that are included in calculating maximum allowed revenue of an energy entity carrying out the activity of retailing shall be determined according to data on

planned sales from the annual balance of the tariff customers demands and the Energy Balance of the Republic of Serbia, i.e , based on the data used for the Balance approval. Analytical data that are not included in the annual balance of tariff customers demand and in the Energy Balance of the Republic of Serbia are estimated based on the revenues earned in the previous period, as well as based on other objective criteria.”

7. After the Sub-section “IV. 5.3. *Costs of electricity purchase*“, a new sub-section is added and reads:

“IV. 5.3 a) *Use of transmission system costs*

These costs represent use of electricity transmission system costs for tariff customers whose facilities are connected to the transmission system and are calculated based on the data on planned electricity sales to those tariff customers and regulated prices for electricity transmission.”

8. Sub-section “IV. 5.4. *Use of distribution system costs*“, is amended and reads:

“ These costs represent use of electricity distribution system costs for tariff customers whose facilities are connected to the distribution system and are calculated based on the data on planned electricity sales to those tariff customers and regulated prices for electricity distribution.”

9. Sub-section “V.3. Wholesale“ and “V. 4. Retail“, are amended and read:

„V.3. Wholesale

Part of maximum allowed revenue of the energy entity for carrying out the energy activity of wholesale which is reimbursed from the sales to tariff customers ( $MOP_{tk_t}$ ) shall be calculated as the difference between maximum allowed revenue of the energy entity for carrying out the activity of wholesale ( $MOP_t$ ) and the revenues earned by electricity sale for reimbursing the losses in the transmission and distribution systems ( $PG_t$ ), and according to the formula:

$$MOP_{tk_t} = MOP_t - PG_t$$

where:

$PG_t$  –revenues earned from electricity sales for covering losses in the transmission and distribution systems calculated according to the quantities of active energy needed for covering losses and average selling price of electricity of the energy entity carrying out the activity of wholesale in period t (in dinars). Average selling price of electricity of the energy entity carrying out the activity of wholesale is calculated as the quotient of maximum allowed revenue ( $MOP_t$ ) subtracted from use of transmission system costs ( $TP_t$ ) calculated in accordance with the item IV. .3.a) of this Methodology, and the sum of active energy planned for covering losses in the distribution and transmission system. The quantity of the electricity planned for sale to other tariff customers is the sum of active energy planned for sale to the energy entities carrying out the energy activity of electricity retail and of the active energy planned for sale to other tariff customers. Other tariff customers are customers to whom the electricity is sold for the needs of electric haulage in railway transport and for the needs of electricity generation (delivery via

transformers of the general group, supply of pump-reservoir plants and pump-storage HPPS in the full pump regime).

Part of the maximum allowed revenue of the energy activity of wholesale which is reimbursed from the electricity sale to other tariff customers ( $MOP_{tvm_t}$ ) is calculated according to the quantity of electricity planned for sale to those tariff customers and regulated prices of electricity for sale to those tariff customers.

Part of the maximum allowed revenue of the energy activity of wholesale which is reimbursed from the electricity sale to the energy entities carrying out the activity of retail ( $MOP_{tm_t}$ ) is calculated according to the following formula

$$MOP_{tm_t} = MOP_{tk_t} - MOP_{tvm_t}$$

The energy entity carrying out the activity of electricity wholesale sells the electricity to the energy entities carrying out the activity of retail at the prices that enable electricity to be sold to all tariff customers at equal tariff positions on the whole territory of the Republic of Serbia, taking into account the costs calculated in accordance with Item IV. 5. of this Methodology.

Prices at which the energy entity for carrying out the activity of wholesale sells the electricity to the energy entities carrying out the activity of electricity retail, are calculated as the quotient of adjusted costs of electricity purchase of each energy entity carrying out retail ( $KNEE_{tv_t}$ ) and quantity of active energy for sale to that energy entity.

Adjusted costs of electricity purchase for each energy entity ( $KNEE_{tv_t}$ ) are calculated according to the following formula:

$$KNEE_{tv_t} = NEE_{tv_t} + PP_{tm_t} - MOP_t$$

where:

$NEE_{tv_t}$  – costs of electricity purchase from the energy entity carrying out the activity of electricity wholesale calculated at average price of electricity for the sale to the energy entities carrying out the activity of electricity retail in period t (in dinars).

Average electricity price for sale to the energy entities carrying out electricity retail shall be calculated as the quotient of a part of the maximum allowed revenue for the activity of electricity wholesale, reimbursed from the electricity sale to the energy entities carrying out electricity retail ( $MOP_{tm_t}$ ) and quantities of active energy for the sale to those energy entities,

$PP_{tm_t}$  – planned revenue of the energy entity carrying out the activity of retail of electricity to tariff customers at regulated prices, in period t (in dinars),

$MOP_t$  - maximum allowed revenue of the energy entity carrying out the activity of electricity retail shall be set in accordance with Item IV.5 of this Methodology, according to which the costs of electricity purchase from the energy entity carrying out the activity of electricity wholesale ( $NEE_{tv_t}$ ) shall be calculated as average price for the electricity sale to the energy entities carrying out the activity of electricity retail in period t (in dinars).

#### V. 4. Retail

Maximum allowed revenue for electricity sales to tariff customers shall be set as the sum of maximum allowed revenues of the energy entities for electricity retail ( $MOP_t$ ) calculated in accordance with the Item IV. 5 of this Methodology and part of maximum allowed revenue for electricity wholesale which is reimbursed from the electricity sale to other tariff customers ( $MOP_{vm_t}$ ) which is calculated in accordance with the item V. 3. of this Methodology and shall be allocated to tariff elements:

- power, in kW,
- active energy, in kWh,
- reactive energy, in kVarh and
- metering point, in number of metering points.

The tariff element 'power' is the annual sum of monthly maximum active powers of tariff customer in the Republic of Serbia. Monthly maximum active power of a tariff customer shall be set in accordance with the Tariff System for setting electricity tariff rate for tariff customers (hereinafter: Tariff System) .

The tariff element 'active energy' is the total active energy sold annually to the tariff customers in the Republic of Serbia.

The tariff element 'reactive energy' is the total reactive energy sold annually to the tariff customers supplied from the transmission and distribution system in the Republic of Serbia.

The tariff element 'metering point' is the total number of metering points in the Republic of Serbia at which the energy sold to customers is metered.

Allocation of maximum allowed revenue to tariff elements shall be determined by categories and groups of tariff customers in accordance with the Tariff System. The allocation of maximum allowed revenue shall be done according to the share of variable and fixed costs in the total costs, the analyses of use of transmission and distribution system costs, analyses of use of electricity distribution and transmissions system costs, analyses of the Energy Balance, seasonal and daily diagrams of consumption and the consumption by categories and groups of tariff customers realised in the previous regulatory period, or forecasted for the following regulatory period and according to other objective technical and economical parameters."

10. This Decision shall be published in the *Official Gazette of the Republic of Serbia*“.

Ref No: 33-3/2007-D-I  
In Belgrade, 2 February 2007

**Council of the Energy Agency of the Republic of Serbia**

President of the Council

Ljubo Macic

