

Pursuant to Article 15 and in connection with Articles 67 and 68 of the Energy Law ('Official Gazette RS' № 84/2004) and Article 12 of the Articles of Association of the Energy Agency of the Republic of Serbia ('Official Gazette RS' № 52/2005),

The Council of the Energy Agency of the Republic of Serbia, at 31st session from November 30, 2006 adopted the following

TARIFF SYSTEM FOR ELECTRICITY DISTRIBUTION SYSTEM ACCESS AND UTILISATION

(The Tariff System was adopted with the compliance of the Government – 'Official Gazette RS' № 116 from December 29, 2006 and published in the 'Official Gazette RS' № 1 from January 05, 2007)

Basic provisions

Article 1

This tariff system for electricity distribution system access and utilisation (hereinafter referred to as: the tariff system) establishes tariff elements and tariff rates for the settlement of prices for electricity distribution system access and utilisation, manner of their calculation, as well as categories and groups of distribution system users depending on the supply point, metering manner and other characteristics of supplied electricity.

Article 2

Tariff elements represent accounting values of the tariff system to which maximum approved income of the energy entity performing electricity distribution and distribution system control is distributed (hereinafter referred to as: the energy entity).

Maximum approved income, in terms of paragraph 1 hereof, covers reasonable business costs of the energy entity and the corresponding rate of return on investments, i.e. rate of return on assets engaged within the regulatory period and it is established through the application of income control method achieved by the energy entity by performing electricity distribution and distribution system control activities. Maximum approved income shall be settled and distributed to tariff elements in accordance with the Methodology for determination of tariff elements for the calculation of distribution system access and utilisation price – 'Official Gazette RS' № 68/2006 (hereinafter referred to as: the Methodology).

Article 3

Electricity distribution system access and utilisation prices are expressed according to tariff elements established by this tariff system, based on which electricity distribution and distribution system control service is settled (hereinafter referred to as: electricity distribution service) for the accounting period and established according to tariff elements for each category and group of distribution system users.

Article 4

Distribution system user (hereinafter referred to as: the system user), in terms of this tariff system is:

- 1) An eligible buyer whose facilities are connected to the distribution system;
- 2) A tariff buyer whose facilities are connected to the distribution system;
- 3) An energy entity for electricity generation, for electricity supplied from the distribution system for electricity generation needs (delivery via general group transformer).

Categories and groups of system users

Article 5

Categories of system users shall be determined depending on: the voltage at electricity supply point, type of metering devices, i.e. metering manner and other criteria established by this tariff system (hereinafter referred to as: user categories).

System user categories include:

- 1) Medium Voltage Consumption;
- 2) High Voltage Consumption;
- 3) Consumer Spending;
- 4) Public Lighting.

Article 6

The category of Medium Voltage Consumption comprises of system users whose facilities are connected to the distribution network of the voltage level above 1 kV, and lower than 110 kV.

The category of Low Voltage Consumption comprises of system users whose facilities are connected to the distribution network of voltage level by 1 kV and for whom supplied active power, active and reactive energy are established by metering.

The category Consumer Spending comprises of system users whose facilities are connected to the distribution network by 1 kV and for whom active power is established according to the approved demand of the connection, in accordance with this tariff system, supplied active energy is established by metering, while reactive energy is not metered.

The category of Public Lighting comprises of system users who use electricity for the lighting of streets, squares, tunnels, pedestrian passages, parks, roads, historical and other monuments, road signalling devices and other consumption for the lighting of public areas and public facilities, together with users using electricity for the lighting of billboards, for whom supplied active energy is established by metering or settlement according to supply duration, while active power and reactive energy are not metered.

Article 7

Within the category Consumer Spending, depending on the metering manner and active energy supply conditions, four groups of system users shall be established (hereinafter referred to as: user groups):

- 1) Single-tariff metering consumption;
- 2) Two-tariff metering consumption;

- 3) Controlled consumption, where electricity supply of boilers for the heating of premises, storage heaters and single-point water heaters are controlled by the remote control system, by way that supply may be interrupted within a certain period for two times at the most, each lasting for three hours daily, whereas between two interruptions supply lasting at least four hours shall be provided;
- 4) Controlled consumption with special metering, where electricity supply of boilers for the heating of premises, storage heaters and single-point water heater are controlled by the remote control system, while supplied active energy is metered via a special metering device. Electricity shall be supplied within the period of ten hours a day, of which eight shall be continuous, at the time determined by the energy entity, in accordance with distribution system possibilities. If daily temperature, measured at 07.00 hrs is minus 10°C or lower, in a settled area with the controlled consumption, electricity shall additionally be supplied for the period of two hours. Electricity supply in the period of additional two hours shall be provided between 12.00 hrs and 22.00 hrs.

Tariff elements

Article 8

Tariff elements include:

- 1) 'demand';
- 2) 'active energy';
- 3) 'reactive energy'.

Article 9

Tariff element 'demand' is the annual sum of monthly maximum active powers of all system users.

Monthly maximum active power of one system user from categories Medium Voltage Consumption and Low Voltage Consumption shall specially be determined for each energy facility intended for distribution or transformation of electricity – substation or switchyard, (hereinafter referred to as: distribution system facility) to which system user facility is connected. Monthly maximum active power of one system user shall be determined by metering mean fifteen-minute active power during a calendar month.

If mean fifteen-minute active power is metered on one metering point for the system user, monthly maximum active power shall be equal to the highest metered value.

If mean fifteen-minute active power is metered for one system user on several metering points within one distribution system facility or on several metering points within the facility of the system user connected to one substation, monthly maximum active power shall be the highest sum of all synchronous mean fifteen-minute active powers metered on all metering points at the same voltage level, if technical conditions for determining of such a sum are provided.

If electricity is supplied to one system user from more substations 10/0.4 kV/kV supplied from the same substation 35/10 kV/kV, monthly maximum active power shall be the highest sum of synchronous mean fifteen-minute active power metered on all metering points at substations 10/0.4 kV/kV on the same voltage level, if technical conditions for determining of such a sum are provided.

For electrical traction in public transportation, monthly maximum active power shall be the highest sum of synchronous mean fifteen-minute active powers metered on all metering

points within the distribution system of the same energy entity, if technical conditions for determining of such a sum are provided.

For system users from category Consumer Spending, active power shall be computed for a calendar month, as a rule, according to approved demand – peak load established by the approval for the connection of the user to the system, i.e. electric power compliance. If automatic fuses of lower nominal power – current than the approved one were installed to the system user from the category Consumer Spending in accordance with the regulation regulating electricity supply conditions, demand shall be settled according to the nominal current of installed automatic fuse, by multiplying nominal current with 0.23 for single-phase connection, and with 0.69 for three-phase connection.

Demand is expressed in kilowatts (kW).

Article 10

Tariff element ‘active energy’ is the total active energy supplied to system users annually.

Active energy of one system user is the sum of active energies metered on all metering points during the accounting period within the same user category and group.

Active energy is expressed in kilowatt-hours (kWh).

Article 11

Tariff element ‘reactive energy’ is the total reactive energy supplied to system users annually.

Reactive energy of one system user is the sum of reactive energies metered on all metering points during the accounting period within the same user category and group.

Reactive energy is expressed in kilovar-hours (kvarh).

Tariff rates

Article 12

Tariff rates shall be determined for each of the tariff elements from Article 8 of this tariff system.

Tariff rates shall be determined according to categories and groups of system users.

Article 13

The following two tariff rates are determined for the tariff element ‘demand’:

- 1) ‘accounting demand’;
- 2) ‘excessive demand set-up’.

Tariff rate ‘accounting demand’ for users from categories Medium Voltage Consumption and Low Voltage Consumption shall be applied to the amount of monthly maximum active power, if monthly maximum demand is lower or equal to the approved demand – peak load established by the approval for the connection of user to the distribution system, i.e. electric power compliance (hereinafter referred to as: approved demand).

If monthly maximum active power is higher than the approved demand, tariff rate ‘accounting demand’ shall be applied to the amount of approved demand, while tariff rate ‘excessive

demand set-up' shall be applied to the amount of the difference of monthly maximum and approved demand.

For users from category Consumer Spending, one tariff rate shall be established: 'accounting demand' applied to the approved demand, in accordance with Article 9 of this tariff system.

Article 14

For tariff element 'active energy', depending on the manner of metering, i.e. electricity supply time of day, the following tariff rates are established:

- 1) 'higher daily tariff rate for active energy';
- 2) 'lower daily tariff rate for active energy';
- 3) 'single-tariff metering';
- 4) 'active energy – public lighting'.

For users from categories Medium Voltage Consumption, Low Voltage Consumption, Consumer Spending – user groups Two-Tariff Metering Consumption and Controlled Consumption, two tariff rates for active energy shall be established – 'higher daily tariff rate for active energy' and 'lower daily tariff rate for active energy'.

For users from category Consumer Spending – user group Single-Tariff Metering Consumption, one tariff rate for active energy shall be established regardless of the time of day during which electricity is supplied – 'single-tariff metering'.

For users from the category Public Lighting, one tariff rate for active energy shall be established, regardless of the time of day during which electricity is supplied – 'active energy – public lighting'.

Article 15

'Higher daily tariff rate for active energy' shall be applied to the amount of active energy supplied to the system user during the accounting period, as a rule between 07.00 hrs and 23.00 hrs.

'Lower daily tariff rate for active energy' shall be applied to the amount of active energy supplied to the system user during the accounting period, as a rule between 00.00 hrs and 07.00 hrs and between 23.00 hrs and 24.00 hrs every day.

For the purpose of providing a balanced system operation and prevention of overload of devices and equipment, the time of application of tariff rates for active energy in certain parts of the distribution system may be established in some other time of day, provided that the time of day of 'lower tariff rate for active energy' application starts between 22.00 hrs and 24.00 hrs, lasting continuously for eight hours.

In the case from paragraph 3 hereof, the energy entity shall inform system users timely on all changes via mass media or in some other suitable way, 24 hours at the latest prior to the change of the time of application of tariff rates for active energy.

Article 16

For users from the category Consumer Spending – group of users Controlled Consumption with Special Metering, 'lower daily tariff rate for active energy' shall be applied to the amount of active energy supplied to system user during the accounting period for the category Consumer Spending – group of users Two-Tariff Metering Consumption.

Article 17

The following two tariff positions are established for tariff element 'reactive energy':

- 1) 'reactive energy';
- 2) 'excessively taken reactive energy'.

If the demand factor during the accounting period is higher or equal to 0.95, tariff rate 'reactive energy' shall be applied to the amount of metered reactive energy.

If the demand factor during the accounting period is lower than 0.95, tariff position 'reactive energy' shall be applied to the amount of reactive energy corresponding to the demand factor of 0.95, and tariff rate 'excessively taken reactive energy' shall be applied to the amount of excessively taken reactive energy. Excessively taken reactive energy is a positive difference of actually supplied reactive energy and reactive energy corresponding to power factor 0.95.

The manner of price calculation according to tariff rates and their relative ratios

Article 18

Prices according to tariff rates shall be equal for all system users of the same energy entity within the same user category and group, regardless of the length of distribution line.

Article 19

Prices according to tariff rates 'accounting demand' for user categories Medium Voltage Consumption, Low Voltage Consumption and Consumer Spending shall be established under the price according to the tariff rate 'accounting demand' for the category Medium Voltage Consumption, established as the price according to the base tariff rate awarded coefficient 1, according to the following relative ratios:

- | | |
|--|------|
| 1) 'accounting demand' for the category Medium Voltage Consumption | 1.00 |
| 2) 'accounting demand' for the category Low Voltage Consumption | 1.60 |
| 3) 'accounting demand' for the category Consumer Spending | 0.15 |

Prices according to tariff positions for capacity are expressed in Dinars per kW.

The basis for price determination according to the base tariff rate amounts to 26% of maximum approved income of the energy entity established in accordance with the Methodology.

Accounting value of the annual sum of planned monthly maximum active powers for the supply of system users from paragraph 1 hereof shall be calculated as the sum of multiples of planned annual sum of monthly maximum active powers by each of user categories and the number designating the relative ratio for tariff rate for the corresponding user category.

The price according to the base tariff rate shall be calculated as the quotient of the part of maximum approved income of the energy entity settled in accordance with paragraph 3 hereof and accounting value of the annual sum of planned monthly maximum active powers settled in accordance with paragraph 4 hereof.

Article 20

Relative ratios of prices under tariff rates 'accounting capacity' and 'excessive demand set-up' amount to 1 : 2.

The price under the tariff rate 'excessive demand set-up' shall be determined on the basis of the price under the tariff rate 'accounting demand' for the corresponding user category through the application of the relative ratio from paragraph 1 hereof.

Article 21

Prices under tariff rates for active energy for user categories Medium Voltage Consumption and Low Voltage Consumption shall be established under the price according to the 'lower daily tariff rate for active energy' for user category Medium Voltage Consumption, established as the price under the base tariff rate assigned coefficient 1 and in accordance with the following relative ratios:

- 1) Tariff rates for active energy for user category Medium Voltage Consumption
 - 'higher daily tariff rate for active energy' 3.0
 - 'lower daily tariff rate for active energy' 1.0
- 2) Tariff rates for active energy for the category Low Voltage Consumption
 - 'higher daily tariff rate for active energy' 7.2
 - 'lower daily tariff rate for active energy' 2.4

Prices under tariff rates for active energy are expressed in Dinars per kWh.

The basis for determination of the price under base tariff rate is 16% of maximum approved income of the energy entity established in accordance with the Methodology.

Accounting value of the annual sum of active energy planned for the supply to system users from paragraph 1 hereof shall be calculated as the sum of multiples of planned annual sum of active energy for the supply to system users during the application of each of the tariff rates and the number designating the relative ratio for the corresponding tariff rate.

The price under the base tariff rate shall be calculated as the quotient of the part of the maximum approved income of the energy entity settled in accordance with paragraph 3 hereof and accounting value of planned annual sum of active energy settled in accordance with paragraph 4 hereof.

Article 22

Prices under tariff rates for active energy for user category Consumer Spending shall be established under the price according to the tariff rate 'lower daily tariff rate for active energy', established as the price under the base tariff rate assigned coefficient 1, and in accordance with relative ratios:

- 1) 'higher daily tariff rate for active energy' 4.0
- 2) 'lower daily tariff rate for active energy' 1.0
- 3) 'single-tariff metering' 3.5

The basis for determination of the price under the base tariff rate is 53% of maximum approved income of the energy entity established in accordance with the Methodology.

Accounting value of the annual sum of active energy planned for the supply to system users from paragraph 1 hereof shall be calculated as the sum of multiples of planned annual sum of active energy for the supply to system users during the application of each of the tariff rates and the number designating the relative ratio for the corresponding tariff position.

The price under the base tariff rate shall be calculated as the quotient of the part of the maximum approved income of the energy entity settled in accordance with paragraph 2 hereof and accounting value of planned annual sum of active energy settled in accordance with paragraph 3 hereof.

Article 23

Relative ratios of prices under tariff rates 'higher daily tariff rate for active energy' for user group Two-Tariff Metering Consumption and 'higher daily tariff rate for active energy' for user group Controlled Consumption, i.e. 'lower daily tariff rate for active energy' for user group Two-Tariff Metering Consumption and 'lower daily tariff rate for active energy' for user group Controlled Consumption are 1.00 : 0.85.

Prices under tariff rates 'higher daily tariff rate for active energy' and 'lower daily tariff rate for active energy' for user group Controlled Consumption shall be determined on the basis of prices under tariff rate 'higher daily tariff rate for active energy' and 'lower daily tariff rate for active energy' for user group Two-Tariff Metering Consumption, respectively, through the application of the relative ratio from paragraph 1 hereof.

Article 24

The basis for establishment of the price under the tariff rate for active energy for users from the category Public Lighting – 'active energy – public lighting' is 1.5% of the maximum approved income of the energy entity established in accordance with the Methodology.

The price under the tariff rate 'active energy – public lighting' shall be calculated as the quotient of the part of maximum approved income of the energy entity settled in accordance with paragraph 1 hereof and planned annual amount of active energy for the supply to system users from the category Public Lighting.

Article 25

The price under the tariff rate for reactive energy for user category 'Low Voltage Consumption' shall be determined under the price according to the tariff rate 'reactive energy' for the category Medium Voltage Consumption, established as the price under the base tariff rate assigned coefficient 1 and in accordance with the following relative ratio:

- | | |
|-------------------------------|-----|
| 1) Medium voltage consumption | 1.0 |
| 2) Low voltage consumption | 2.2 |

Prices under tariff rates for reactive energy are expressed in Dinars per kvarh.

The basis for determination of the price under the base tariff rate is 3.5% of maximum approved income of the energy entity established in accordance with the Methodology.

Accounting value of the annual sum of reactive energy planned for the supply to system users from paragraph 1 hereof shall be calculated as the sum of multiples of planned annual sum of reactive energy for the supply to each of these user categories and the number designating the relative ratio for tariff position for the corresponding user category.

The price under the base tariff position shall be calculated as the quotient of the part of the maximum approved income of the energy entity settled in accordance with paragraph 3

hereof and accounting value of planned annual sum of active energy settled in accordance with paragraph 4 hereof.

Article 26

Relative ratios of prices under tariff rates 'reactive energy' and 'excessively taken reactive energy' are 1 : 2.

The price under base tariff rate shall be calculated as the quotient of the part of maximum approved income of the energy entity settled in accordance with paragraph 3 hereof and accounting value of the annual amount of reactive energy settled in accordance with paragraph 4 hereof.

The manner of settlement and collection

Article 26

Electricity distribution service shall be settled on the basis of prices under tariff rates for the accounting period.

Electricity distribution service shall be settled for system users from Article 4, paragraph 3 of this tariff system under prices according to tariff rates for active energy.

The accounting period, as rule, covers a calendar month.

If during the accounting period prices under tariff rates are changed, electricity distribution service shall be settled by applying previously valid and new prices, proportionally to the number of days of their validity within the accounting period.

Article 28

The manner of metering, the accounting period, as well as the manner of settlement and collection of electricity distribution service shall be arranged between the energy entity and system user, in accordance with the law, regulations on electricity supply conditions, rules on distribution system operation, issued approval for the connection to the distribution system and this tariff system.

Article 29

In case of electricity supply interruption to the facility of the system user due to disturbances within the distribution system, loads achieved in the first three hours after the restoration of normal electricity supply shall not be taken into consideration during the settlement of monthly maximum active power, if technical conditions for determination of such a load are provided.

If interruption of electricity supply and/or restriction of demand lasted for more than 24 hours continuously due to disturbances within the transmission system or due to the failure on system user facility caused by force majeure, monthly maximum active power shall be determined by reducing the monthly maximum active power for the sum of differences of that capacity and the highest supplied active power during the interruption and/or restriction, weighted by corresponding interruption duration factor, i.e. restriction, representing the quotient of interruption, i.e. restriction duration and a calendar month, expressed in hours.

The highest metered supplied active power for the duration of capacity restriction shall be settled for the system user as monthly maximum active power, provided that this power is higher than the highest power metered outside the duration of the interruption, i.e. restriction.

Article 30

If, in accordance with the regulation regulating electricity supply conditions, at the request of the system user from the category Consumer Spending, main fuses are replaced with automatic fuses or automatic fuses are replaced with automatic fuses whose nominal power – current is lower or equal to the approved one, the demand shall be settled according to the nominal power of installed automatic fuse, by multiplying nominal current with 0.23 for single-phase connection and with 0.69 for three-phase connection.

In the case of paragraph 1 hereof, identified demand shall be applied as of next month, compared to the month during which installation was executed, i.e. the replacement of automatic fuses.

Transitional and final provisions

Article 31

For the facilities of the system user from the category Consumer Spending not having approved demand in terms of Article 9 of this tariff system, it shall be considered that their approved demand amounts to 17.25 kW, for a three-phase connection, i.e. 5.75 kW for a single-phase connection, as the demand corresponding to the nominal current of fuses of 25 A per phase.

Article 32

For facilities of existing system users from categories Medium Voltage Consumption and Low Voltage Consumption not having approved demand, approved demand, in terms of this tariff system shall be considered as the mean value for three highest maximum monthly active powers of this user achieved during 2005 and 2006 or in some other period, if this is more favourable for the user, determined pursuant to Article 9 of this tariff system.

Article 33

During the period up to June 30, 2008, for system users from the category Consumer Spending whose approved demand, in terms of Articles 9 and 31 of this tariff system, is higher or equal to 11.04 kW and lower or equal to 17.25 kW for a three-phase connection, the value of 11.04 kW is established for the settlement of active power.

Article 34

For system users from Article 4, point 3 of this tariff system not possessing conditions for the registration of consumed active energy depending from the time of day of electricity supply, in terms of Article 15, paragraphs 1 and 2 of this tariff system, until conditions are created for the registration of two-tariff metering, electricity distribution service shall be settled through the application of the price for the 'higher daily tariff rate for active energy' for 67% of metered active energy and through the application of the price for the 'lower daily tariff rate for active energy' for 33% of metered active energy.

Article 35

This tariff system shall be published, upon obtaining of the compliance from the Government, in the 'Official Gazette of the Republic of Serbia' and it shall become effective as of the eighth day of its publishing, and applied from April 01, 2007.

№ 713/6 – 2006 – D – I

Belgrade, November 30, 2006

The Council of the Energy Agency of the Republic of Serbia

P R E S I D E N T

Ljubo Macic