

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 31<sup>st</sup> session from November 30, 2006 adopted the following

**TARIFF SYSTEM  
FOR NATURAL GAS 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 natural gas distribution system access and utilisation (hereinafter referred to as: the tariff system) establishes tariff elements and tariff rates for the settlement of prices for natural gas distribution system access and utilisation, the manner of their calculation, as well as user groups of natural gas distribution system.

**Article 2**

Tariff elements represent accounting values of the tariff system to which maximum approved income of energy entities performing natural gas distribution, i.e. natural gas distribution system control (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 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 natural gas distribution and natural gas distribution system control activities. Maximum approved income is settled and distributed to tariff elements in accordance with the Methodology for determination of tariff elements for the calculation of natural gas distribution system access and utilisation prices – 'Official Gazette RS' № 68/2006 (hereinafter referred to as: the Methodology).

**Article 3**

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

#### **Article 4**

User of the system for natural gas transport (hereinafter referred to as: the system user), in terms of this tariff system shall be the entity whose facilities are connected to the natural gas distribution system and to whom natural gas delivery has been started, in accordance with the regulation on conditions for natural gas delivery.

#### **Categories and groups of system users**

#### **Article 5**

Categories of system users are as follows:

- 1) Users of the system for natural gas distribution with the natural gas distribution system connection point with the operating pressure lower than 6 bar (hereinafter referred to as: 'Category 1');
- 2) Users of the system for natural gas distribution with the natural gas distribution system connection point with the operating pressure equal or higher than 6, and lower than 16 bar (hereinafter referred to as: 'Category 2').

#### **Article 6**

Within 'Category 1', depending on the purpose of the facility, two groups of system users are established:

- 1) 'Households', including natural persons whose housing facilities (flat, family residential building, vacation building, etc) are connected to the natural gas distribution system, using natural gas for the heating of flats, i.e. residential buildings, including the heating of outbuildings, water heating, food preparation, as well as other household needs, using natural gas solely for these purposes;
- 2) 'Other Users', including legal and natural persons whose facilities are connected to the natural gas distribution system, except users from point 1 hereof.

#### **Article 7**

Within 'Category 2', depending on the purpose of facilities and annual uniformity of consumption, three groups of system users are established:

- 1) 'District Heating Systems', including heat generators using natural gas exclusively in heat generation process;
- 2) 'Uniform Consumption', including system users who in the period from October 01 of the previous year to April 01 of the ongoing year consume less than 70% of the total delivered amount of natural gas between October 01 of the previous year and October 01 of the ongoing year, except users from point 1 hereof;
- 3) 'Uneven Consumption', including system users who in the period from October 01 of the previous year and April 01 of the ongoing year consume at least 70% of the total delivered amount of natural gas between October 01 of the previous and October 01 of the ongoing year, except users from point 1 hereof.

## **Article 8**

Classification of system users to categories and groups of users shall be done for each delivery point, according to:

- 1) Data on the connection point and the purpose of the facility, established by the act approving the connection of the facility to natural gas distribution system;
- 2) Annual uniformity of natural gas consumption established on the basis of data on natural gas consumption between October 01 of the previous year and October 01 of the ongoing year.

For new system users, as well as for system users who within the entire period from October 01 of the previous year to October 01 of the ongoing year did not have natural gas consumption, data on annual uniformity of natural gas consumption, in terms of paragraph 1 hereof, shall be established in accordance with natural gas sales contract.

## **Tariff elements**

### **Article 9**

Tariff elements include:

- 1) 'Capacity';
- 2) 'Energy source'.

### **Article 10**

Tariff element 'capacity' shall be determined by adding maximum daily consumptions from the previous year of all system users measured and maximum derived daily consumptions of natural gas of those system users not having the possibility of daily reading, on all gas transfer points from the natural gas distribution system and it is expressed in m<sup>3</sup>/day/year (cubic meter of natural gas is the amount of natural gas of lower calorific value 33.338,35 kJ under the temperature of 288,15 K (15°C) and pressure of 1,01325 bar).

Maximum derived daily consumption of natural gas shall be determined for delivery points on which there is not daily reading and it shall be calculated on the basis of the maximum measured monthly consumption at the given delivery point in the previous year, reduced to a day and increased for 20%, rounded to a whole number.

### **Article 11**

Tariff element 'energy source' represents the total annual amount of natural gas delivered by the energy entity to all system users and is expressed in m<sup>3</sup>.

### **Article 12**

Tariff elements 'capacity' and 'energy source', as accounting values of this tariff system shall be established for each of the categories and groups of users in a regulatory period.

The energy entity performing the energy activity of natural gas distribution in several distribution networks, shall establish tariff elements according to categories and groups of users by adding corresponding values based on which tariff elements for all networks are established in which it performs this activity.

## **Tariff rates**

### **Article 13**

Tariff rates shall be established by user groups for each of the tariff elements – ‘energy source’ and ‘capacity’, except for users from the group ‘Households’, whose tariff rates shall be established only for the tariff element ‘energy source’, in accordance with this tariff system.

Tariff rate ‘capacity’ is established for tariff element ‘capacity’.

Tariff rate ‘energy source’ is established for tariff element ‘energy source’.

Tariff rates within the same group of users are equal for all users of the natural gas distribution system of the same energy entity.

## **The manner of price calculation according to tariff rates**

### **Article 14**

Prices under the tariff rates for natural gas distribution system access and utilisation shall be calculated according to tariff elements for each group of users, and in accordance with the income of the energy entity distributed to tariff elements by user categories and groups, in compliance with this tariff system.

Income of the energy entity based on which prices according to tariff rates for each group of system users are calculated, shall be settled according to the share of corresponding user group in reasonable business costs of the energy entity, based on which maximum approved income of the energy entity within the regulatory period is settled, in accordance with the Methodology.

### **Article 15**

Maximum approved income of the energy entity shall be distributed to the part of the natural gas distribution system of the operating pressure lower than 6 bar and to the part of the natural gas distribution system of the operating pressure equal or higher than 6 bar and lower than 16 bar (hereinafter referred to as: the parts of the system) in the following manner:

- 1) Costs for the compensation of natural gas distribution system losses, as an integral part of the maximum approved income, shall be distributed to the parts of the system proportionally to natural gas amounts representing losses within this part of the system;
- 2) All other costs included into the settlement of the maximum approved income, except costs from point 1, paragraph 1 hereof, shall be distributed to the parts of the system proportionally to the net value of the natural gas distribution system.

Maximum approved income of the energy entity distributed to the parts of the system shall be allocated to tariff elements ‘energy source’ and ‘capacity’ in ratios established by the Methodology.

## Article 16

Income of the energy entity distributed to the tariff element 'capacity' shall be established according to the synchronous maximum natural gas consumption, as the accounting value of the maximum daily consumption of natural gas for each group of system users.

Income of the energy entity distributed to the tariff element 'energy source' shall be established according to the total annual amount of natural gas delivered by the energy entity to each group of system users.

For each of the groups of system users, synchronous maximum consumption of natural gas shall be calculated as the product of the maximum daily consumption of natural gas of the corresponding user group, in the manner stipulated in Article 10 of this tariff system and synchronicity factor of that user group and it is expressed in m<sup>3</sup>/day/year.

For user groups within 'Category 1' synchronous maximum consumption of natural gas shall be calculated as:

- 1) Synchronous maximum consumption of natural gas within the natural gas distribution system of operating pressure lower than 6 bar, established according to synchronicity factor of corresponding natural gas distribution system users of the operating pressure lower than 6 bar and
- 2) Synchronous maximum consumption of natural gas within the natural gas distribution system of the energy entity, established according to the synchronicity factor of the corresponding user group within the entire natural gas distribution system of the energy entity.

Income of the energy entity distributed to tariff elements 'energy source' and 'capacity' for each of the groups of system users within 'Category 1' shall be calculated as the sum of incomes distributed to natural gas distribution system user groups of the operating pressure lower than 6 bar and relevant incomes distributed to those user groups within the entire natural gas distribution system of the energy entity.

## Article 17

Synchronicity factor for user groups from 'Category 1' shall be calculated as the synchronicity factor of the natural gas distribution system user group with the operating pressure lower than 6 bar and as synchronicity factor of that group within the entire natural gas distribution system of the energy entity, according to the following formulas:

- 1) Synchronicity factor of the natural gas distribution system user group with the operating pressure lower than 6 bar:

$$SF_{1ug} = C_{1ug}/MC_{ug}$$

where:

SF<sub>1ug</sub> – synchronicity factor for the corresponding group of natural gas distribution system users with the operating pressure lower than 6 bar;

C<sub>1ug</sub> – daily consumption of the corresponding user group during the day of maximum consumption within the natural gas distribution system with the operating pressure lower than 6 bar (in m<sup>3</sup>/day/year);

MC<sub>ug</sub> – maximum daily consumption of the corresponding user group (in m<sup>3</sup>/day/year).

- 2) Synchronicity factor of the user group within the entire natural gas distribution system of the energy entity:

$$SF_{2ug} = C_{2ug}/MC_{ug}$$

where:

SF<sub>2ug</sub> - synchronicity factor for the corresponding group of natural gas distribution system users within the entire natural gas distribution system;

C<sub>2ug</sub> – daily consumption of the corresponding user group during the day of maximum consumption of the entire natural gas distribution system (in m<sup>3</sup>/day/year);

MC<sub>ug</sub> – maximum daily consumption of the corresponding user group (m<sup>3</sup>/day/year).

Synchronicity factor for user groups from 'Category 2' shall be calculated as the synchronicity factor of the group of users within the entire natural gas distribution system of the energy entity, in accordance with the formula from paragraph 1, point 2 hereof.

Synchronicity factor shall be rounded to two decimals.

### **Article 18**

Part of the income of the energy entity distributed to the parts of the system in accordance with Article 15 of this tariff system, shall be distributed to all incomes according to user groups for which prices are calculated according to tariff rates.

### **Article 19**

For user groups within 'Category 1' for the tariff element 'energy source', income shall be established as the sum of:

- 1) Income according to user groups distributed to the natural gas distribution system with the operating pressure lower than 6 bar, calculated as the quotient of income allocated to that part of the system for the computation of the tariff element 'energy source' and annual amount of natural gas delivered to all system users within this 'Category 1', multiplied with the amount of natural gas for the delivery within the group of users for which the price is calculated according to this tariff rate and
- 2) Income according to user groups within the entire natural gas distribution system of the energy entity calculated as the quotient of the income allocated to the part of natural gas distribution system with the operating pressure equal to or higher than 6 and lower than 16 bar for the settlement of the tariff element 'energy source' and the total annual amount of natural gas delivered from the entire natural gas distribution system of the energy entity, multiplied with the amount of natural gas for delivery within the group of users for which price is calculated according to this tariff rate.

For user groups within 'Category 1' for the tariff element 'capacity', income shall be established as the sum of:

- 1) Income according to user groups within the natural gas distribution system with the operating pressure lower than 6 bar calculated as the quotient of income allocated to that part of the system for the settlement of the tariff element 'capacity' and synchronous maximum consumption of natural gas within the natural gas distribution system with the operating pressure lower than 6 bar of all system users from 'Category 1', multiplied with the synchronous maximum consumption of natural gas

within the natural gas distribution system with the operating pressure lower than 6 bar for user group for which price is calculated according to this tariff rate and

- 2) Income according to user groups within the entire natural gas distribution system calculated as the quotient of income allocated to the part of the natural gas distribution system with the operating pressure equal to or higher than 6 and lower than 16 bar for the settlement of the tariff element 'capacity' and synchronous maximum consumption of natural gas of all users of the entire natural gas distribution system of the energy entity, multiplied with the synchronous maximum consumption of natural gas within the entire natural gas distribution system for the group of users for which the price is calculated according to this tariff position.

Income distributed to the tariff element 'capacity' for the group of system users 'Households', shall be included in the income based on which prices are calculated according to the tariff rate 'energy source' for that group of system users.

## **Article 20**

For user groups within 'Category 2', income, based on which prices according to tariff positions are calculated, shall be established for:

- 1) The tariff element 'energy source' as the quotient of income allocated to the part of the natural gas distribution system with the operating pressure equal to or higher than 6 and lower than 16 bar for the settlement of the tariff element 'energy source' and the total annual amount of natural gas delivered from the entire natural gas distribution system of the energy entity, multiplied with the amount of natural gas for the delivery within the same group of users for which price is calculated according to this tariff rate;
- 2) The tariff element 'capacity', as the quotient of income allocated to the part of the natural gas distribution system with the operating pressure equal to or higher than 6, and lower than 16 bar, for the settlement of the tariff element 'capacity' and synchronous maximum consumption of natural gas of all users of the entire natural gas distribution system, multiplied with the synchronous maximum consumption of natural gas for the group of users for which the price is calculated according to this tariff position.

## **Article 21**

The price under the tariff rate 'energy source' shall be calculated as the quotient of incomes distributed to the tariff element 'energy source' for the group of users for which the price is calculated according to this tariff position in accordance with Article 19, i.e. 20 of this tariff system and the annual natural gas amount delivered to users within the corresponding group of users, expressed in Dinars per m<sup>3</sup>, rounded to two decimals.

The price under the tariff rate 'capacity' shall be calculated as the quotient of incomes distributed to the tariff element 'capacity' for the group of users for which the price is calculated according to this tariff rate in accordance with Article 19, i.e. 20 of this tariff system and the annual natural gas amount delivered to users within the corresponding group of users, expressed in Dinars per m<sup>3</sup>, rounded to two decimals.

## **Article 22**

The energy entity within whose natural gas distribution system there are no users from 'Category 2' shall not apply provisions of Article 15, Article 16, paragraph 4, point 2 and paragraph 5, Article 17, paragraph 1, point 1 and paragraph 2 and Article 19, paragraph 1, point 2 and paragraph 2, point 2.

### **The manner of natural gas distribution service settlement**

## **Article 23**

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

If during the accounting period prices under tariff rates are changed, natural gas distribution and 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 24**

For one system user, on each natural gas delivery point, the price under the tariff rate 'capacity' shall be applied to the maximum daily consumption of natural gas of this system user within the previous year. Maximum daily consumption within the previous year, where possibility for daily reading is not provided shall be calculated on the basis of the maximum measured monthly consumption on a given natural gas delivery point of that system user, reduced to a day and increased for 20%, rounded to a whole number.

For one system user, on each delivery point, the price according to tariff rate 'energy source' shall be applied to the delivered amount of natural gas established by measurement for each natural gas delivery point of that system user within the accounting period.

The amount settled for one system user, in accordance with paragraph 1 hereof, established at the annual level, shall be distributed according to the number of accounting periods.

## **Article 25**

Maximum daily consumption of natural gas during the first year of connection of the new system user shall be established on the basis of data on maximum daily consumption of natural gas for that year from the natural gas sales contract.

Provision from paragraph 1 hereof shall also be applied to the system user who did not have natural gas consumption during the previous year.

## **Article 26**

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

## **Transitional and final provisions**

### **Article 27**

During the first regulatory period, maximum daily consumption of natural gas, in terms of Article 24 of this tariff system, for existing system users, is established for:

- 1) System users who acquired this attribute by December 31, 2004, according to maximum daily consumption of natural gas between January 01 and December 31, 2005;
- 2) System users who acquired this attribute during 2005, according to maximum daily consumption of natural gas in the period of 12 successive months, starting from day of natural gas delivery from the natural gas distribution system;
- 3) System users who acquired this attribute during 2006, based on maximum daily consumption of natural gas in 2007, established by the natural gas sales contract.

Provision from paragraph 1, point 3) hereof shall also be applied to system users not having natural gas consumption during the previous year.

### **Article 28**

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 July 01, 2007.

№ 713/3 – 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

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