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როცა ბალანსი დაცულია

Tariff Regulation Principles and Procedures

November, 2023



- Power sector 10 activity types and 19 enterprises
 - 1 transmission system operator
 - 1 balancing and ancillary services market operator
 - 2 distribution system operators
 - 1 universal service provider
 - 1 public service provider
 - 1 last resort supplier
 - 1 wholesale supplier
 - 1 day-ahead and intraday market operator
 - 9 hydroelectric power stations
 - 5 thermal power plants



- Natural gas
 - 1 transportation licensee
 - 20 distribution suppliers and licensees
- Water supply
 - 9 water supply licensees
- Irrigation
 - 1 irrigation licensee























Regulatory Cost Base





Capital Expenditures

$CAPEX = RAB \times WACC + D$ RAB = TA + IA + INV - D - TP - RA





WACC =
$$g \times r_d + (1 - g) \times r_e \times \frac{1}{(1 - t)}$$

где,

- g доля привлеченного капитала, %; weight of total debt
- *t* налог на прибыль, %; income tax
- r_d стоимость привлеченного капитала, %; cost of debt
- r_e стоимость собственного капитала, %. cost of equity



	Grid components	Annual Depreciation/Amortization Rate (%)	Useful life (years)
1	Overhead power lines 500-400-330-220-110 kV	2.22	45
2	Underground cables 110 kV	2.50	40
3	Overhead power lines 35 kV	2.85	35
4	Underground cables 35 kV	3.33	30
5	Overhead power lines 6/10 kV - 220/380 V	3.33	30
6	Underground cables 6/10 kV - 220/380 V	3.33	30
7	Power transformers	3.33	30
8	Instrument transformers	4.00	25
9	Intangible assets	20.0	5



Operating Expenses

Операционные Затраты

Controllable operating expenses: Salaries, current repairs, materials, business trips, utilities, communication, rent and other expenses

Контролируемый

(Зарплата, текущий ремонт, материалы, командировки, коммунальные расходы, связь, аренда и прочие расходы) Uncontrollable operating expenses: Property tax and other taxes, regulation fees, cost of market

operator services

Неконтролируемый

(Налог на имущество и другие налоговые расходы, сборы за регулирование, стоимость услуг оператора рынка и т. д.)





Контролируемые операционные затраты за тарифный год (t+i) рассчитываются по следующей формуле:

$$cOPEX_{t+i} = cOPEX_{t-1} * \prod_{j=0}^{r} [(1 + CPI_{t+j}) * (1 - X_{t+j})] + spOPEX_{t+i}]$$

- Regarding salaries, if inflation is a negative number, then it is equal to zero (CPIt+j = 0%), and if it exceeds 5%, then it is equal to 5% (CPIt+j = 5%).
- Part of controllable operating expenses, which are determined during the correction period based on forecast data (spOPEXt+i), are subject to correction.







- Part of controllable operating expenses that were not relevant in the baseline year, although the Commission considers them as relevant in the tariff based on forecasts
 - ✓ Changes in legislation
 - ✓ Expanding the license use















CORR = CAPEX + sp&ncOPEX + CNL + IC - REV

- ✓ Capital expenditures- *CAPEX*
- ✓ Special operating expenses- *spOPEX*
- ✓ Uncontrollable operating expenses- *ncOPEX*
- ✓ Cost of normative losses- *CNL*
- ✓ Imbalance cost- IC
- ✓ Amount of electricity- REV







- Informing consumers in advance about the date and duration of the planned supply outage
- Informing consumers about unplanned outages and restoring supply
- > Call center operator response time
- Reducing the Electric System Average Interruption Duration Index (SAIDI) and Reducing System Average Interruption Frequency Index (SAIFI) in the relevant sector

- ✓ 90% of the total number of outages must be informed on time
- Supply to 80% of disconnected consumers must be restored on time
- ✓ 80% of incoming calls need to be answered on time
- The commission has the right to increase or decrease the regulatory cost base when calculating the tariff.







Costs by voltage levels of electricity distribution are attributed to a specific voltage level using the cost cascading method





Supply tariff components:

- ✓ Price of supplied electricity
- ✓ Guaranteed capacity component
- ✓ Supply service component
- ✓ Service quality component
- ✓ Cost of risk of non-payment by consumers



Costs associated with the supply service component:

- ✓ Operating expenses
- ✓ Depreciation
- ✓ Cost of imbalance
- ✓ Working capital cost
- ✓ Reasonable profit 1.5%



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Thank you for your attention

