

ANRE Rate Issues

**National Agency for Energy
Regulation, Republic of Moldova**

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Main factors influencing tariff level for energy resources supplied to consumers

- cost of imported energy resources (electricity, natural gas and fuel oil)
- national currency exchange rate as regard to US dollar
- costs for production, transmission and distribution of electricity and natural gas
- quantity of natural gas, electricity and heat produced and supplied to consumers

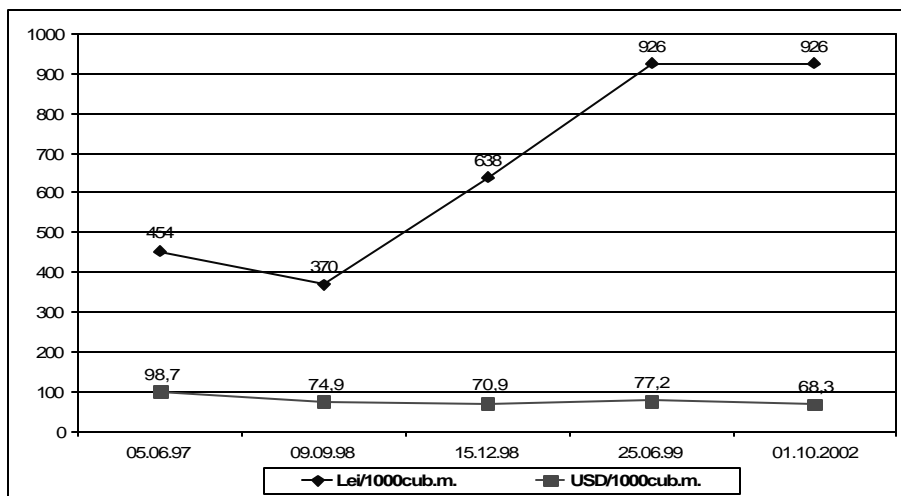


ANRE tariff policy principles based on world experience

- correctness and equity
- ensure tariff stability
- recovery of actual and minimum necessary costs for purchasing, generation, transmission, distribution of energy resources, and maintenance of fixed assets
- efficient use of energy, materials and human resources in the branch, establishing of a such profit level to ensure sustainable development
- incentives to utilities for efficient operation and management, reduction in technical & commercial losses

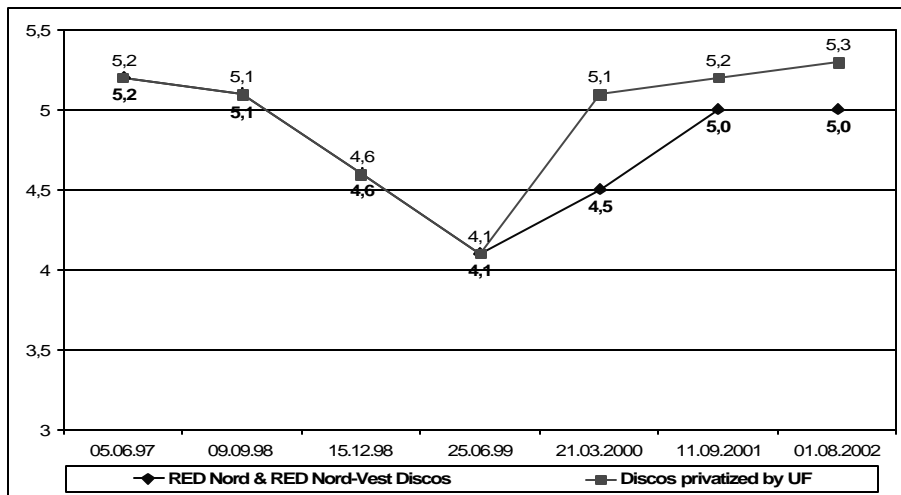
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Evolution of the tariff for natural gas supply (1997 – 2002 years)



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Tariffs for electricity supply in 1997-2002 years, cent//kWh



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At present the basic directions of ANRE activity in the field of a tariff policy

- development of legal base of economic-financial activity for the regulated companies and improvement of pricing mechanism
- to perform financial analysis of the power and gas enterprises and improve tariff system
- development of rules and criteria for power market liberalization and implementation of voltage differentiated tariffs
- analysis of the possibilities for setting up of social tariffs for population

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Power purchase prices

Electricity distribution companies	Provided in tariff calculation	Actual	
	2001	2000	2001
	bani/kWh	bani/kWh	bani/kWh
RED Nord	38.9	37.21	34.87
RED Nord-Vest	34.63	37.91	37.18
Union Fenosa	34.63	31.78	36.61

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Electricity supplied to consumers

Distribution Company	Quantity to be supplied provided into tariff on 01.04.2000	Quantity to be supplied provided into tariff on 01.10.2001	Actual in 2000 year	Actual in 2001 year
	mln. kWh	mln. kWh	mln. kWh	mln. kWh
North Disco	539	454.2	406.4	391
North-West Disco	345	234.9	169.7	181
Union Fenosa	2082	2080	1497	1459.8

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Level of power losses by distribution companies

Distribution Company	Allowable losses in tariff calculation (in % to electricity entered in the distribution network)	Actual losses (%)	
		2000	2001
North Disco	19.2	28.2	28.4
North-West Disco	19.2	36.1	39.9
Union Fenosa	19.2	32.5	34.0

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Main directions of tariff policy improvement

- implementation of social tariffs
- implementation of differentiated tariffs (payment depending on amount of electricity consumed, time of consumption, etc.) for a more efficient electricity consumption
- implementing of differentiated tariffs depending on voltage level (in light of partial power market liberalization)
- drafting of Methodology for calculation of costs for auxiliary services provided by power distribution companies

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