



USAID
FROM THE AMERICAN PEOPLE



National
Association of
Regulatory
Utility
Commissioners

Tariff Calculation Example

Donald Hertzmark

July 2008



USAID
FROM THE AMERICAN PEOPLE



N A R U C
National Association of Regulatory Utility Commissioners

Transmission Tariff Calculation: what information do we need?

NET ASSET VALUES

1 = proforma, 2 = calculated

	Transmission	Substations	Total	USD
Transmission Network 138 kV	2,889,689,704	596,340,017	3,486,029,721	42,344,000
66 kV	580,690,767	606,522,208	1,187,212,975	14,420,800
Distribution Substations	-	1,358,712,594	1,358,712,594	16,503,900
Generation Substations	-	-	-	-
Total	3,470,380,471	12,561,574,819	16,031,955,290	70,268,700



USAID
FROM THE AMERICAN PEOPLE



N A R U C
National Association of Regulatory Utility Commissioners

Information for the Tariff

ALLOCATION FACTORS

132 kV Network

66 kV Network

Distribution Connection

Generation Connection

Transmission & Substation

0.83 0.23

0.17 0.24

- 0.53

- -



USAID
FROM THE AMERICAN PEOPLE



N A R U C
National Association of Regulatory Utility Commissioners

What Are the Lessons From This?

- It is possible to construct a transmission tariff that is fair, efficient, incentive producing and forward looking
- A transmission tariff does not need to be an exercise in rocket science
- “Feeding” the transmission system ensures that the system can continue to meet demand with reasonable quality of service.