

Based on Article 11-g, paragraph 1, line 5 from the Energy Law (“Official Gazette of the Republic of Macedonia” no. 47/97, 40/99, 98/00, 94/02, 38/03 and 40/05) the Energy Regulatory Commission of the Republic of Macedonia, on the session held on 1st November 2005, adopted the present:

TARIFF SYSTEM FOR NATURAL GAS TRANSMISSION

Article 1

The present Tariff System shall stipulate tariff elements and price-setting procedure for natural gas transmission via the natural gas transmission system.

Article 2

Terms used in the present Tariff System shall have the same meaning as the one provided in the Energy Law, while other terms used in the present Tariff System shall have the following meaning:

“natural gas transmission system user” - shall be any captive or eligible consumer connected to the transmission grid, as well as natural gas trader;

“captive consumer connected to the transmission grid” – shall be any consumer connected to the natural gas transmission system and purchasing natural gas at stipulated tariff rates;

“natural gas” – shall be the mixture of carbohydrates, whose main component shall be gas methane obtained from the soil in natural condition or together with liquid carbohydrates;

“normal cube meter (nm³)” - shall be the measuring unit for natural gas quantities contained in volume of 1m³, under an absolute pressure of 1.01325 bar and temperature of 20 C⁰ (293.15 K⁰);

“low calorific power” – shall be the quantity of heat released by complete combustion of 1 nm³ natural gas, where the water content as a combustion product remains in gaseous stage;

“basic low calorific power” – shall be the defined low calorific value of 33500 κJ, which represents the basis for calculating natural gas price;

“gas pressure”- shall be the difference between the absolute and atmospheric pressure;

“day” – shall be the time period of 24 continuous hours, calculated from 8.00 am on any calendar day until 8.00 am the next calendar day;

“month” – shall be the time period from 8.00 am on the first day of the calendar month until 8.00 am on the first day of the next calendar month;

“year” – shall be the time period calculated from 8.00 am on the first day of the calendar year until 8.00 am on the first day of the next calendar year;

“meter/regulation station (MRS)” – shall be the place when the delivering party shall meter the quantity of natural gas delivered and shall regulate the pressure thereof to the level required by the consumer;

“gas delivery/receipt point” – shall be the place where natural gas is delivered to the consumer and shall be located on the exit point of MRS’ metering devices for consumers;

Article 3

The company performing natural gas transmission shall be obliged to provide transmission of natural gas quantities for natural gas transmission system users in compliance with the access and transmission contracts and under prices set pursuant to the present Tariff System.

Article 4

(1) The price for the natural gas transmission service via the natural gas transmission system and natural gas transmission system operation shall be set in compliance with the Rulebook on the method and conditions for price regulation of natural gas transmission, distribution and supply for captive consumers and shall be comprised of fixed and variable parts, i.e.;

$$P_{Tt} = p_f + p_v$$

Where:

- P_{Tt} - price of the service natural gas transmission via the natural gas transmission system (transmission price);
- p_f - fixed part of transmission price; and
- p_v - variable part of transmission price;

(2) The fixed part of natural gas transmission price referred to in paragraph (1) of this article shall be set as equal to 70% of the transmission price, while the variable portion shall be set at 30% of the transmission price.

Article 5

The charge paid by natural gas transmission system users for the performed tariff service for transmitted natural gas quantities via the transmission system for one calendar month shall be set by applying the following formula:

$$N_{it} = 0.7P_{Tt} * (Q_{it} / 12) + 0.3P_{Tt} * q_{im}$$

Where:

- N_{it} - natural gas transmission charge for a calendar month paid by the user (i);

- Q_{it} - price cap for natural gas transmission for the year (t), set in compliance with the Rulebook on the method and conditions for price regulation of natural gas transmission, distribution and supply for captive consumers;
- Q_{it} - agreed total natural gas quantities for transmission for the year (t) with the natural gas transmission system user (i); and
- q_{im} - metered natural gas quantities, i.e., natural gas quantities delivered to the user (i) in the course or the relevant calendar month;

Article 6

(1) The allowed deviation limit for less transmitted natural gas quantities from the agreed transmission for one calendar year shall be set up to 30% from the agreed annual quantities (lower deviation limit).

(2) The allowed deviation limit for more transmitted natural gas quantities from the agreed transmission for one calendar year shall be set up to 30% from the agreed annual quantities (upper deviation limit).

(3) In cases when by means of deviations referred to in paragraph 1 of this article, the total quantity of natural gas transmitted in the course of the year is lower than 80% of the agreed annual quantity Q_{it} , the transmission charge to be paid by the user (i) cannot be lower than the amount to be paid for the transmission of 70% of the agreed annual quantity Q_{it} .

(4) In cases when by means of deviations referred to in paragraph 2 of this article, the total quantity of natural gas transmitted in the course of the year is higher than 30% of the agreed annual quantity Q_{it} , the transmission service price P_{Tt} for each nm^3 quantity transmitted above the allowed 30% deviation shall be increased by 1%.

Article 7

(1) The settlement calculation for less or more natural gas quantities in the course of the year, which can occur in relation to the application of the price's fixed part in the transmission charge, as well as due to deviations referred to in paragraph 1 and paragraph 2 of Article 6 from the present Rulebook, shall be made by the natural gas transmission company.

(2) The settlement calculation referred to in paragraph 1 of this article shall be made in a period of 10 days upon the expiration of the sixth calendar month in the year (June) and in a period of 10 days upon the expiration of the calendar year.

(3) The settlement calculations referred to in paragraphs 1 and 2 of this article, upon the expiration of the sixth calendar month in the year, for the period when the natural gas charge for transmitted quantities is paid by applying the formula from paragraph 1 of Article 5 from the Rulebook, as well as the settlement method for the next period of the year shall be made by applying the following formulae:

$$\Delta Q_{1-6} = \sum_{m=1}^6 q_{im} - \frac{Q_{it}}{2}$$

$$N_{7-12} = 0.7P_{Tt} * \left(\frac{Q_{it}}{12} + \frac{\Delta Q_{1-6}}{6} \right) + 0.3P_{Tt} * q_{im}$$

Where:

- ΔQ_{1-6} - the difference, i.e., more or less natural gas quantities transmitted from the quantity planned for the first six months of the year (m³);
- Q_{im} - metered natural gas quantities, i.e., natural gas quantities transmitted to the user (i) in the course of the relevant calendar month in the year;
- Q_{it} - total natural gas quantities to be transmitted in the course of the year agreed with the natural gas transmission system user (i);
- N_{7-12} - natural gas transmission charge for the period of one calendar month in the year paid by the user (i) in the following period of the year (from 7th until 12th month);

(4) The settlement calculation and method for more or less collected total charge upon the expiration of the calendar year shall be made by applying the following formulae:

$$Q_r = \sum_{m=1}^{12} q_{im}$$

$$N_r = \sum_{m=1}^{12} N_{it}$$

In cases when:

a. $0.7 * Q_{it} \leq Q_r \leq 1.3 * Q_{it}$

$$\Delta N = Q_r * P_{Tt} - N_r$$

b. $Q_p < 0.7 * Q_{it}$

$$\Delta N = 0.7 * Q_{it} * P_{Tt} - N_r$$

c. $Q_p > 1.3 * Q_{it}$

$$\Delta N = 1.3 * Q_{it} * P_{Tt} + (Q_r - 1.3 * Q_{it}) * 1.01 * P_{Tt} - N_r$$

Where:

- Q_r - metered – transmitted natural gas quantities in the course of the year for the user (i);
- N_r - total natural gas transmission charge in the course of the year collected from the user (i) ; and

- ΔN** - settlement amount to be paid by the transmission system user to the transmission company when ΔN is positive (higher than 0), or the transmission company to the transmission system user when ΔN is negative (smaller than 0).

Article 8

(1) Metering, i.e., reading meters on natural gas quantities transmitted shall be performed upon the expiration of any month at the MRS, and in the presence of authorized representatives of the natural gas transmission system user and the natural gas transmission company, for which they shall sign minutes.

(2) Read metered natural gas quantities referred to in paragraph 1 of this article shall be rounded up to a integer.

Article 9

(1) The calculation of the charge for natural gas quantities transmitted to the natural gas transmission system user shall be made in compliance with Article 5 and Article 6 from the Rulebook, and shall be made by the natural gas transmission company.

(2) The invoice on the calculated charge for natural gas quantities transmitted shall be submitted to natural gas system users.

(3) The collection of the charge on natural gas quantities transmitted, in compliance with the invoice referred to in paragraph 2 of this article, from the captive consumers directly connected to the natural gas transmission system shall be made by the natural gas supplier for these consumers.

Article 10

15 days prior to the expiration of the current year, the natural gas transmission system user shall be obliged to sign contract on access and transmission of agreed natural gas quantities for the next year with the natural gas transmission company.

Article 11

The present Tariff System shall enter into force on the eight day of its publication in the "Official Gazette of the Republic of Macedonia", while its application shall start on the day when the Decision on setting price cap for natural gas transmission and natural gas transmission system operation adopted in compliance with the Rulebook on the method and conditions for price regulation of natural gas transmission, distribution and supply enters into force.

No. 01-1272/1
Skopje, 1 November 2005

President
Slave Ivanovski