Building capacity of DSOs - DSO Platform

13th Gas Forum, 20 September 2018
Energy Community Treaty

EU Acquis

Countries

Stakeholders
DSO Coordination Platform - purpose

- Acquis transposition and implementation monitoring – by responsible institutions Government / Ministry / Regulator
- Practical implementation – by energy market participants System & Market Operators, Suppliers, Customers

**ECDSO-g platform established in 2016:**

To provide a deeper insight of the roles and obligations of DSO within the Third Energy Package and how these obligations can best be achieved

To cooperate in the areas of common interest (regulatory, technical, economics)

To reflect business interests, the platform is to define common positions of DSOs and to formulate assessments and recommendations, whenever appropriate

Exchange of information and benchmarking (defining priorities, lobbying, benchmarking best practices, exchange of experience, support in emergency situations)

Cooperation with relevant EU associations (EUROGAS, Marcogaz, CEN....)
Gas distribution sectors in the Contracting Parties (1)
Gas distribution sectors in the Contracting Parties (2)
**DSOs - Common topics**

By now: 5 meetings, including with Eurogas, electricity DSOs.....

Common topics identified:

- Regulatory aspects (*unbundling*, cost reflectivity of tariffs, investment incentives, treatment of losses);
- Technical aspects (*metering*, load profiles, integration of biogas, grid connections, maintenance);
- Internal economics (investment planning, cost control and accounting policies, procurement policies)
DSO unbundling obligation

Bosnia and Herzegovina
fYR of Macedonia
Serbia

< 100,000
connected customers

Georgia
Moldova
Ukraine

TF on unbundling
Work to be continued...
Distribution tariffs

1) **Principles:**
   - Predictability
   - Transparency
   - Respecting the economic environment
   - Regulation method

2) **Required revenues for network operation**
   Fixed assets, Return on assets, Operating costs

3) **Incentive regulation**
   Operational efficiency, Quality of service, Innovative incentivness, investment monitoring

4) **Cost allocation and design of network tariffs**
   Allocation of network development costs, allocation of network use costs, tariff structure, tariff design/system
Measurement

BiH, RS, MK......all customers with measurement equipment
MD....equipment installed to all customers in last decade
UA....24% households customers without meters (4% of delivered gas)

Multistore buildings
Calibration
Meters' costs
Smart metering
Energy efficiency

POLICY GUIDELINES
by the Energy Community Secretariat
Focus on Ukraine – non measured gas delivery

Housholds customers

Total No
without meters

Energy Community Secretariat
Out of 12 mil customers in Ukraine, 11,9 mil are households

Out of 11,9 mil households customers, 2,9 mil are without individual meters

Out of 2.9 mil without individual meters, 2.7 mil using gas only for cooking, consuming 4% gas delivered to households or 2% total delivered gas
Energy Community Secretariat

Investment in measurement equipment

Meter installation cost

- **Gas cooker**
  - Meter cost: 26
  - Work cost: 54
- **Gas cooker + water heater**
  - Meter cost: 26
  - Work cost: 54
- **Boiler**
  - Meter cost: 43
  - Work cost: 54

Meter installation x gas cost comparison

- Annual cost of gas: 97 mil. €
- Cost of gas meters installation: 229 mil. €
Household consumers’ consumption analysis

- For the analysis was used the data of the consumers who:
  - don’t have installed individual gas meter and
  - are supplied with gas through so called «Building Gas Meters» (BGM)

- Statistic is based on data from October 2016 till December 2017

- 3 major consumer categories were analyzed:
  - consumers with gas cooker and with centralized hot water supply
  - consumers with gas cooker and without centralized hot water supply
  - consumers with water gas heater

- Analyzed in total:

<table>
<thead>
<tr>
<th># of BGM</th>
<th># of consumers measured by BGM</th>
<th># of analyzed DSOs using BGM</th>
<th>Total gas volume distributed via BGM</th>
</tr>
</thead>
<tbody>
<tr>
<td>9,988</td>
<td>511,334</td>
<td>18</td>
<td>75,5 mln. m³</td>
</tr>
</tbody>
</table>

* Building Gas Meters (BGM) means that one gas meter is used for more than one consumer or for whole block of flats
Non measured – non balanced

Consumption per 1 consumer (m³/month)

Housholds with gas cooker

Houshold with gas cooker + Water heater

Housholds with gas heater

An argument for metering installation
# Consumption norms comparison

<table>
<thead>
<tr>
<th>Consumer category (m³/month**)</th>
<th>Ukraine</th>
<th>Allowed billed flat rate*</th>
<th>Russia - Ukrainian border regions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>till Mar 2014</td>
<td>from Apr 2014</td>
<td>currently</td>
</tr>
<tr>
<td>with centralized hot water supply</td>
<td>9,8</td>
<td>6</td>
<td>3,3</td>
</tr>
<tr>
<td>without centralized hot water supply</td>
<td>18,3</td>
<td>9</td>
<td>5,4</td>
</tr>
<tr>
<td>water gas heater</td>
<td>23,6</td>
<td>18</td>
<td>10,5</td>
</tr>
</tbody>
</table>

* allowed billed flat rate means the maximum gas volume defined by the government, which DSO is entitled to charge monthly per each person living in the consumer’s flat
** all figures in m³/month

Gas consumption allowed billed flat rates* defined by the government are currently at least twice lower in Ukraine than in comparable geographic areas around. Please note that:
- in comparable geographic areas are closed to the figures valid in Ukraine till March 2014
- and incurred gas losses are not compensated in the Ukrainian DSO tariffs
Thank you for your attention!