

Distribution Tariffs for 2005/06

Tariff Calculation

The allowable recoverable revenue from the 2005/06 Distribution Tariff as determined by the CER and as outlined in the CER decision paper on September 9th, 2005 (CER/05/183), is €157.21m (2005/06 monies).

The 2005/06 tariff charges have been derived by escalating the 2004/05 tariff by 4.14% for capacity charges and 2.29% for commodity charges in order to recover the 2005/06 allowable revenue of €157.21.

In order to avoid anomalies between similar type users (i.e. eliminate extreme discrete differences), a set of regression formulae have been developed in order to return the requisite revenue from the 2005/06 market capacities and volumes. The tables below illustrate the distribution tariff charges for 2005/06 as they pertain to the various market categories. These charges are intended to apply from October 1st 2005, to September 30th, 2006.

Capacity Charges

| Category by Annual Quantity | Capacity Charge (c/pk day kWh) |
|-----------------------------|---|
| <=73 MWh | 133.3325 |
| > 73 MWh - <=14,653 MWh | $118.0316 - 3.4313 \cdot \ln(\text{MDQ})^*$ |
| > 14,653 MWh - <=57,500 MWh | $294.8852 - 42.3163 \cdot \ln(\text{MDQ})$ |
| > 57,500 MWh | 36.3645 |

* $\ln(\text{MDQ})$ is the natural logarithm of the Max Daily Quantity (measured in MWh)

Commodity Charges

| Category by Annual Quantity | Commodity Charge (c/kWh) |
|------------------------------------|---|
| ≤ 73 MWh | 0.2535 |
| > 73 MWh - $\leq 14,653$ MWh | $0.2024 - 0.0197 \cdot \ln(\text{MDQ})$ |
| $> 14,653$ MWh - $\leq 57,500$ MWh | $0.2359 - 0.0311 \cdot \ln(\text{MDQ})$ |
| $> 57,500$ MWh | 0.0461 |

The capacity and commodity unit charges are determined by inserting the Maximum Daily Quantity into the relevant formulae (MDQ measured in MWh). The result of the formulae are in terms of c/peak day kWh and c/kWh respectively.

Worked Examples:

Example 1

Customer Annual Quantity - 50 MWh
Customer Maximum Daily Quantity - 0.37 MWh

Commodity Charge applicable: 0.2535 c/kWh

Annual Commodity Revenue: $50,000 \text{ (kWh)} \times 0.2535 / 100 = \text{€}126.75$

Capacity Charge applicable: 133.3325 c/pk day kWh

Annual Capacity Revenue: $370 \text{ (kWh)} \times 133.3325 / 100 = \text{€}493.33$

Total Annual Revenue = €620.08

Example 2

| | | |
|---------------------------------|---|------------|
| Customer Annual Quantity | - | 10,000 MWh |
| Customer Maximum Daily Quantity | - | 54.79 MWh |

Commodity Charge applicable: $0.2024 - 0.0197 \times \ln(54.79) = 0.1237$ c/kWh

Annual Commodity Revenue: $10,000,000$ (kWh) $\times 0.1237 / 100 = \text{€}12,370$

Capacity Charge applicable: $118.0316 - 3.4313 \times \ln(54.79) = 104.2942$ c/pk day kWh

Annual Capacity Revenue: $54,790$ (kWh) $\times 104.2942 / 100 = \text{€}57,143$

Total Annual Revenue = $\text{€}69,513$

Example 3

| | | |
|---------------------------------|---|------------|
| Customer Annual Quantity | - | 40,000 MWh |
| Customer Maximum Daily Quantity | - | 182.65 MWh |

Commodity Charge applicable: $0.2359 - 0.0311 \times \ln(182.65) = 0.0741$ c/kWh

Annual Commodity Revenue: $40,000,000$ (kWh) $\times 0.0741 / 100 = \text{€}29,640$

Capacity Charge applicable: $294.8852 - 42.3163 \times \ln(182.65) = 74.5201$ c/pk day kWh

Annual Capacity Revenue: $182,650$ (kWh) $\times 74.5201 / 100 = \text{€}136,111$

Total Annual Revenue = $\text{€}165,751$

Example 4

| | | |
|---------------------------------|---|------------|
| Customer Annual Quantity | - | 80,000 MWh |
| Customer Maximum Daily Quantity | - | 313.11 MWh |

Commodity Charge applicable: 0.0461 c/kWh

Annual Commodity Revenue: $80,000,000$ (kWh) $\times 0.0461 / 100 = \text{€}36,880$

Capacity Charge applicable: 36.3645 c/pk day kWh

Annual Capacity Revenue: 313,110 (kWh) x 36.3645 / 100 = €113,861

Total Annual Revenue = €150,741