

# Distribution Tariffs for 2007/08

## Tariff Calculation

The allowable recoverable revenue from the 2007/08 Distribution Tariff as determined by the CER and as outlined in the CER decision paper on August 2<sup>nd</sup>, 2007 (CER/07/111), is €181.74m (2007/08 monies) (€172.6m 2005/06 monies).

The 2007/08 tariff charges have been derived by escalating the 2006/07 tariff by 0.03% for capacity charges and 7.9% for commodity charges in order to recover the 2007/08 allowable revenue of €181.74m.

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 2007/08 market capacities and volumes. The tables below illustrate the distribution tariff charges for 2007/08 as they pertain to the various market categories. These charges will apply from October 1<sup>st</sup> 2007, to September 30<sup>th</sup>, 2008.

## Capacity Charges

Category by Annual Quantity	Capacity Charge (c/pk day kWh)
$\leq 73$ MWh	138.3785
$> 73$ MWh - $\leq 14,653$ MWh	$122.4985 - 3.5612 \cdot \ln(\text{MDQ})^*$
$> 14,653$ MWh - $\leq 57,500$ MWh	$306.0453 - 43.9177 \cdot \ln(\text{MDQ})$
$> 57,500$ MWh	37.7408

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

## Commodity Charges

Category by Annual Quantity	Commodity Charge (c/kWh)
$\leq 73$ MWh	0.2876
$> 73$ MWh - $\leq 14,653$ MWh	$0.2297 - 0.0223 \cdot \ln(\text{MDQ})$
$> 14,653$ MWh - $\leq 57,500$ MWh	$0.2677 - 0.0353 \cdot \ln(\text{MDQ})$
$> 57,500$ MWh	0.0523

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: 0.2876 c/kWh

Annual Commodity Revenue:  $50,000 \text{ (kWh)} \times 0.2876 / 100 = \text{€}143.80$

Capacity Charge applicable: 138.3785 c/pk day kWh

Annual Capacity Revenue:  $370 \text{ (kWh)} \times 138.3785 / 100 = \text{€}512.00$

Total Annual Revenue = €655.80

## Example 2

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

Commodity Charge applicable:  $0.2297 - 0.0223 \times \ln(54.79) = 0.1404$  c/kWh

Annual Commodity Revenue:  $10,000,000$  (kWh)  $\times 0.1404 / 100 = \text{€}14,042$

Capacity Charge applicable:  $122.4985 - 3.5612 \times \ln(54.79) = 108.241$  c/pk day kWh

Annual Capacity Revenue:  $54,790$  (kWh)  $\times 108.241 / 100 = \text{€}59,305$

Total Annual Revenue =  $\text{€}73,347$

## Example 3

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

Commodity Charge applicable:  $0.2677 - 0.0353 \times \ln(182.65) = 0.0839$  c/kWh

Annual Commodity Revenue:  $40,000,000$  (kWh)  $\times 0.0839 / 100 = \text{€}33,549$

Capacity Charge applicable:  $306.0453 - 43.9177 \times \ln(182.65) = 77.341$  c/pk day kWh

Annual Capacity Revenue:  $182,650$  (kWh)  $\times 77.341 / 100 = \text{€}141,262$

Total Annual Revenue =  $\text{€}174,811$

#### **Example 4**

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

Commodity Charge applicable: 0.0523 c/kWh

Annual Commodity Revenue: 80,000,000 (kWh) x 0.0523 / 100 = €41,840

Capacity Charge applicable: 37.7408 c/pk day kWh

Annual Capacity Revenue: 313,110 (kWh) x 37.741 / 100 = €118,170

Total Annual Revenue = €160,010