



*This project is co-financed by
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**European Union / Instrument for Pre-
Accession (IPA) Energy Sector
Technical Assistance Project**

EU IPA13/CS-02.a

2013 ENERGY SECTOR PROGRAM PHASE-2 PROJECT

Energy Market Development

Report on Gas Tariff Training

Part of Task 2 Activities

January 2019



Dates	Monday 7 January, Tuesday 8 January and Wednesday 9 January
Time (every day):	10:00 – 12:00; Lunch Break; 14:00 – 16:30 (TBC)
Place	BOTAS's or EMRA's premises in Ankara (TBC)
Participants	Up to 20 persons from BOTAS, EMRA and MENR (or any other institution the client considers appropriate)
Teacher	Mr Sergio Ascari is teaching on behalf of MRC Consultants.
Language	English is the course language. Also, the teaching material is in English.
Teaching material	Hand-out copies of the slides showed during the workshop (as one or more PDF files). At the end of each course day, the PDF file(s) are sent via E-mail to a representative for the participants. Results of the exercises done during the workshop. Text with references.
Exercises	For the exercises, the participants will need a computer or tablet that can run MS Excel.

REPORT ON THE TRAINING

The training has provided the main concepts of regulated tariff setting, both for determination of allowed revenue and average tariffs, and tariff design.

It has been hosted at the BOTAŞ premises in Yapraklı, Ankara.

The main focus has been on transmission tariffs, in particular on the implementation of an entry-exit tariff system. However the course has also addressed storage, LNG regasification, distribution and end user gas prices. The highest interest has been on investments, transmission tariff design, storage, end user prices and benchmarking.

Current Turkish tariffs have been briefly discussed during the course, as raised by course participants.

The following program has been implemented:

1. *Overview of the main international market models and related tariff regimes*
2. *The regulatory process in the U.S. and Europe*
3. *Revenue Requirement calculation*
 - a. *The asset base*
 - b. *The rate of return*
 - c. *Depreciation and operational costs*
 - d. *Benchmarking*
 - e. *Excel Work: RAB calculation, WACC and depreciation*
4. *Tariff review and adjustment*
 - a. *North American approach*
 - b. *Revenue/Price Cap*
 - c. *Excel Work: Implementing tariff adjustment and a regulatory account*
5. *Transmission Tariff Design*
 - a. *Main approaches: Point-to Point, Postage Stamp, Entry-Exit*
 - b. *Issues in entry-exit tariff setting*
 - c. *The EU Tariff Network Code*
 - d. *Brief outlines of EU best practices*
 - e. *Excel Work: Transmission Tariff Design*
6. *LNG and storage tariffs*
7. *Distribution tariff design*
8. *End user pricing*
9. *Role Game on Transmission tariff regulatory regimes and design*

Actual participation and timing has been as follows:

Day	Time	BOTAŞ	EPDK	MENR/ETKB	TOTAL
Monday 7 Jan.	10 - 12	12	3	6	21
Monday 7 Jan.	13 – 16:30	14	3	4	21
Tuesday 8 Jan.	10 – 12	12	3	3	18
Tuesday 8 Jan.	13 – 16	10	3	4	17
Wednesday 9 Jan.	10 – 12	11	2	4	17
Wednesday 9 Jan.	13 – 16:30	11	2	4	17

Participants have been active and have asked several questions.

An excel-based exercise has been sent in three versions, so that the second and thir versions included answers to the previous ones.

On the third day in the afternoon a game has been played, by dividing participants in 7 groups, each representing a stakeholder in a tariff setting regulatory process. The game is outlined in the slides.

At the request of participants a full text covering most course topics and including further reading references has also been sent for dissemination among course participants.

Attendance lists signed by participants are attached.