

# Distribution Tariffs for 2011/12

## Tariff Calculation

The allowable recoverable revenue from the 2011/12 Distribution Tariff as determined by the CER and as outlined in the CER decision paper on September 1st, 2011 (CER/11/171), is €187.75m (2011/12 monies).

The 2011/12 tariff charges have been derived by increasing the 2010/11 capacity charges by 1% and increasing the 2010/11 commodity charges by 4.2% in order to recover the 2011/12 allowable revenue of €187.75m.

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 2011/12 market capacities and volumes. The tables below illustrate the distribution tariff charges for 2011/12 as they pertain to the various market categories. These charges will apply from October 1<sup>st</sup> 2011, to September 30<sup>th</sup>, 2012.

## Capacity Charges

Category by Annual Quantity	Capacity Charge (c/pk day kWh)
<=73 MWh	141.7889
> 73 MWh - <=14,653 MWh	$125.5175 - 3.6490 * \ln(\text{MDQ})^*$
> 14,653 MWh - <=57,500 MWh	$313.5879 - 45.0001 * \ln(\text{MDQ})$
> 57,500 MWh	38.6709

## Commodity Charges

Category by Annual Quantity	Commodity Charge (c/kWh)
<=73 MWh	0.3192
> 73 MWh - <=14,653 MWh	$0.2549 - 0.0248 * \ln(\text{MDQ})$
> 14,653 MWh - <=57,500 MWh	$0.2971 - 0.0392 * \ln(\text{MDQ})$
> 57,500 MWh	0.0581

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

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: 0.3192 c/kWh

Annual Commodity Revenue: 50,000 (kWh) x 0.3192 / 100 = €159.60

Capacity Charge applicable: 141.7889 c/pk day kWh

Annual Capacity Revenue: 370 (kWh) x 141.7889 / 100 = €524.62

Total Annual Revenue = €684.22

#### Example 2

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

Commodity Charge applicable:  $0.2549 - 0.0248 \times \ln(54.79) = 0.1557$  c/kWh

Annual Commodity Revenue: 10,000,000 (kWh) x 0.1557 / 100 = €15,570

Capacity Charge applicable:  $125.5175 - 3.6490 \times \ln(54.79) = 110.9089$  c/pk day kWh

Annual Capacity Revenue: 54,790 (kWh) x 110.9089 / 100 = €60,767

Total Annual Revenue = €76,337

### Example 3

Customer Annual Quantity - 40,000 MWh

Customer Maximum Daily Quantity - 182.65 MWh

Commodity Charge applicable:  $0.2971 - 0.0392 \times \ln(182.65) = 0.0932$  c/kWh

Annual Commodity Revenue:  $40,000,000$  (kWh)  $\times 0.0932 / 100 = \text{€}37,280$

Capacity Charge applicable:  $313.5879 - 45.0001 \times \ln(182.65) = 79.2467$  c/pk day kWh

Annual Capacity Revenue:  $182,650$  (kWh)  $\times 79.2467 / 100 = \text{€}144,744$

Total Annual Revenue =  $\text{€}182,024$

### Example 4

Customer Annual Quantity - 80,000 MWh

Customer Maximum Daily Quantity - 313.11 MWh

Commodity Charge applicable:  $0.0581$  c/kWh

Annual Commodity Revenue:  $80,000,000$  (kWh)  $\times 0.0581 / 100 = \text{€}46,480$

Capacity Charge applicable:  $38.6709$  c/pk day kWh

Annual Capacity Revenue:  $313,110$  (kWh)  $\times 38.6709 / 100 = \text{€}121,082$

Total Annual Revenue =  $\text{€}167,562$

