

FIRST PART
GENERAL PROVISIONS

Article 1
Authority

This methodology is drafted pursuant to Law no.43/2015 article 87 point 4, “On Power Sector” and in conformity with ERE Organization, Operation and Procedures Rules.

Article 2
Purpose

The purpose of this methodology, is to set electricity sale price supplied by the Supplier of Last Resort based on clear principles of cost calculation related to this service and detail of the necessary data to set fair and transparent tariffs.

Article 3
Object

The object of this methodology is the calculation of the electricity sale price supplied by supplier of last resort for end-use customers in conformity with the criteria defined on Law no 43/2015 article 86 “On Power Sector”.

Article 4
Implementation

This methodology shall be implemented for the licensee charged with Supplier of Last Resort service on power sector, defined in conformity with the definitions of point 2 article 87 of Law No.43/2015 “On Power Sector”.

Article 5
Definitions

The terms and phrases used in this Methodology shall have the following meanings:

- a) **“Power Sector Law”** shall mean Law No 43/2015 “On Power Sector”.
- b) **“ERE Board”** shall mean ERE decision taking body, composed of five members appointed according to the procedures provided on Law No. 43/2015 “On Power Sector”

- c) **“ERE”** shall mean the Regulator authority for Power and Natural Gas Sectors, which operates in conformity with Law 43/2015 “On Power Sector” and Law no. 102/2015, “On Natural Gas Sector.”
- d) **“License”** shall mean a right issued to a person for performing an activity on power and natural gas sector in conformity with the provisions of Law no.43/2015 “On Power Sector” and Law no.102/2015 “On Natural Gas Sector”.
- e) **“Supplier of Last Resort”** shall mean a person supplied with a license to perform one activity on power sector appointed by ERE to perform the function of the Supplier of Last Resort according to Law 43/2015 “On Power Sector”. He provides for a limited period the supply service in regulated conditions to the customers, which have not managed to contract a supplier by themselves or have lost their supplier.
- f) **Price for the supply of last resort** – shall mean the price provided by the supplier to cover his reasonable costs to ensure the electricity supply for the period for which it is designated as Supplier of Last Resort.
- g) **Direct cost for retail supply** - shall mean administrative costs (not related to electricity) connected with the function of the Supplier of Last Resort, approved by ERE.
- h) **Procedure** shall mean a set of actions, performed to implement the legislation in force.

PART TWO

SETTING ELECTRICITY SALE PRICE FROM THE SUPPLIER OF LAST RESORT

Article 6

Methodology on setting the prices for the Supplier of Last Resort

1. The price for various customer groups may change to the extent that the customer group load profile changes.
2. Adjustment /correction of the direct Cost shall be according to the ex-post principle.
3. The tariff that the Supplier of Last Resort shall apply / charge to the customers, shall include the cost for the electricity purchase for the delivery period, above which it is applied even a supply margin approved by the Regulator.

4. Supplier of Last Resort, shall ensure the energy for the supply of this customer category, by purchasing it in the unregulated market in conformity with the Regulation approved by ERE with decision no. 103, of date 23.06.2016.
5. The imbalance costs shall be permitted to be included in the supply cost and their calculation shall be in conformity with the definitions of the Market Rules and other secondary legislation in force.
6. The Supply Margin shall be a fix percentage applied over the electricity purchase cost by the Supplier of Last Resort according to the definitions on point 4 article 6, which shall return to the supplier a reasonable return to compensate its supply risk.
7. The retail margin shall not exceed the 10% rate of the electricity purchase cost.
8. Supplier of Last Resort Customers shall pay the respective supply tariffs and the respective transmission and distribution network tariffs, in conformity with the voltage level where the customer is supplied.
9. Costs, which depend from the supplied electricity volume, shall be reflected in a transparent and non-discriminatory way and shall reflect the real supply cost, which shall be monitored periodically by the Regulator.
10. Supplier of Last Resort shall require from its customers to deposit a bank guarantee equal with the expected financial value of supply, a value agreed on the agreement between the parties, which shall be released immediately with the liquidation of financial obligations between the parties.

Article 7

Application for setting the electricity price for supply by the Supplier of Last Resort

1. Supplier of Last Resort not later than 5th date of the following month shall submit at ERE the application for setting the electricity sale price for the Supplier of Last Resort for the current month. This application shall include all the costs identified from the Supplier, according to article 6 of this methodology
2. Until setting the price by ERE, the Supplier shall invoice the customer supplied in the conditions of the Supplier of Last Resort, with the higher price of electricity purchase for the period to which he shall be supplied, published from the Supplier of Last Resort, reflecting the transmission/distribution costs, according to the voltage level where the customer is connected and the costs defined on point 6 article 6.
3. In each case ERE, shall set the electricity sale price for the Supplier of Last Resort not later than 15 days from the submission of the application. Within this period, ERE may decide to hold hearing sessions.

4. Not later than 5 days from ERE decision to correct the electricity sale price according to point 2, of this article, between the parties shall be issued an invoice with all the compensations for the differences between the price invoiced according to point 3 of this article and the price defined by ERE.

Article 8 **Calculation of the Supplier of Last Resort Price**

The calculation of the Supplier of Last Resort Price shall be according to the following formula:

$$SP_t = DCRSt + MPEPt + TTDN t)$$

Or:

$$SP_t = MPEPt + 10\% MPEPt + TTDNt)$$

Where:

<i>SP_t</i>	<i>Supply Price for the relevant period t</i>
<i>DCRSt</i>	<i>Direct Cost for Retail Supply according to point 6 article 6</i>

Where:

DCRSt - is 10% * of *MPEPt*

MPEPt *Maximum price of electricity purchase for the supply period*

TTDN *Tariff for using the transmission and distribution network for the relevant period t*

Article 9 **Other obligations**

1. The price calculated according to the definitions of article 6 of this Methodology does not include the obligations regarding the incentive of electricity production generation from renewable resources and other tax obligations which the supplier of last resort is obliged to identify them in a special item on the electricity sale invoice for the end-use customer supplied from him.
2. Supplier of Last Resort has the obligation to purchase electricity on the name of the customers supplied from him and shall be responsible to purchase wholesale electricity on behalf of the customers supplied from him and shall be responsible for waste balancing for such a wholesale supply.
3. Supplier of Last Resort has the obligation to inform the customers for the conditions of the services provided from him.
4. Supplier of Last Resort has the obligation to deliver the supply contracts to the customers that shall be supplied from him within 8 days from the beginning of the supply.
5. Supplier of Last Resort shall supply the customers supplied from him, for a period not more than 60 days and assist them in finding an alternative supplier within the deadline.

Article 10

Monitoring the Price for the Supplier of Last Resort

1. The Supplier of Last Resort shall submit and justify at ERE for every month all the costs based on the elements of this price as defined in article 6 of this methodology.
2. Supplier of Last Resort shall keep separate accounts for the customers supply according to the Supplier of Last Resort service, from the customers supply from the Universal Service Supplier and any other commercial supply. These data shall be at available to ERE when required.
3. ERE shall monitor and control the set of the supply price from the Supplier of Last Resort.

Article 9

Publication

Licensee charged with the Supplier of Last Resort service is obliged to maintain and publish on the website, information regarding the supplier of last resort service, supply fees for the previous months for different customer categories and approximate estimations for the fees which may be applied on the next month for the customers supplied from this supplier.

THIRD PART
FINAL PROVISIONS

Article 10
Interpretation

In case a subject is not handled on this Methodology, ERE shall decide case by case and shall issue the guidelines according to respective requirements

Article 11
Transitory provisions

Calculating the electricity price supplied in the conditions of supplier of last resort before this methodology becomes effective, shall be corrected in conformity with the criteria for setting the supplier of last resort price defined with this methodology.

Article 12
Amendments of the regulation

This methodology is object of review and amendment with ERE Board decision, and in conformity with the Regulation on ERE organization, operation and procedures.

Article 13
Entry into force

This Methodology approved with ERE Board decision no.201 of date 04.12.2017, enters immediately into force and is published on the Official Gazette.