

First Part

General Provisions

Article 1

Authority

This methodology is drafted implementing article 90, point 11 of Law no. 102/2015 “On Natural Gas Sector, as amended and in conformity with article 20 of the Regulation of ERE Organization, Operation and Procedures.

Article 2

Purpose

The purpose of this methodology, is to define the natural gas sale tariff supplied by the Supplier of Last Resort based on the clarified cost calculation principles regarding this service and detailing the necessary data to define fair and transparent prices.

Article 3

Implementation

This methodology shall be implemented for the licensee charged for the Supplier of Last Resort service in natural gas sector, defined in conformity with the definitions of article 90 and 91 of Law no. 102/2015 “On Natural Gas sector” as amended.

Article 4

Definitions

The terms and phrases used on this Methodology shall have the meanings as follows:

1. **Law on Natural Gas Sector** shall mean Law no. 102/2015 “On Natural Gas Sector”, as amended.
2. **ERE** shall mean the Regulator of Power and Natural Gas Sector that operates in conformity with Law no. 43/2015 “On Power Sector”, as amended and Law no. 102/2015, “On Natural Gas Sector”
3. **“License”** shall mean the right issued to a person to exercise an activity in power and natural gas sector in conformity with the provisions of Law no. 43/2015 “On Power Sector” as amended and Law no. 102/2015, “On Natural Gas Sector” as amended.
4. **“Supplier of last resort”** shall mean a supplier designated in accordance with the provisions of this law, which for a limited period of time shall provide supply services under regulated conditions to customers which have not been able to contract a supplier or have lost the supplier.
5. **Tariff for the supply of last resort** – shall mean the tariff with which the supply of last resort shall sell to the end use customer to ensure the natural gas as the supplier of last resort, reflecting its costs.

6. **Direct cost for retail supply** – shall mean the administrative cost (not related to natural gas) but that relate with the performance of the Supply of Last Resort activity.
7. **Procedure** – shall mean the set of activities, performed for the implementation of the effective legislation.
8. **Any other phrase or term** used in this methodology, shall have the same meaning as in the Law No.102/2015 “On Natural Gas Sector”, as amended and Law no. 43/2015 “On Power sector” as amended.

SECOND PART

DEFINITION OF NATURAL GAS SALE TAIIRFF FROM THE SUPPLIER OF LAST RESORT

Article 5

Methodology on defining the Supplier of Last Resort tariff

1. Tariff for the end-use customers of natural gas that are supplied on the conditions of supply of last resort shall be defined according to the pressure level when they are supplied.
2. On defining the supply of last resort tariff shall be included the costs regarding the purchase of natural gas, the cost for using the transmission/distribution network, costs for the supply of last resort service as well as the profit margin which is set by the Regulator and shall not be larger than 3% of the natural gas purchase costs for the supply purposes as a Supplier of Last Resort.
3. Correction of the direct cost shall be according to ex-post principle.
4. The costs of the imbalances shall be calculated and invoiced in conformity with the definitions of the Market Rules and other effective acts.
5. The profit margin shall be a fix percentage applied on the purchase cost of natural gas from the Supplier of Last Resort according to the definitions on point 2, article 5 of this methodology, which shall be returned to the supplier as a reasonable return to compensate its risk of supply.
6. The retail margin shall not pass the 3% rate of the natural gas purchase cost.
7. The customers of natural gas of the Supply of Last Resort shall pay the supply tariff as well as the respective tariffs of the transmission and distribution network in conformity with the pressure level where the customer is supplied.
8. The costs for the natural gas purchase for the supply purpose of this customer category, shall be reflected in a transparent, non-discriminatory way and shall reflect the fair costs of supply, which shall be periodically monitored by ERE. The Supply of Last Resort shall submit at ERE any month the clear evidence as a statement justifying the resource to cover the monthly request for the customers supplied by the Supplier of Last Resort.
9. The Supplier of Last Resort shall request from the 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 the financial obligations between the parties.

Article 6

Application from the Supplier of Last Resort to define the supply tariff for the natural gas customers

1. Supplier of Last Resort not later than 5th date of the following month shall submit at ERE the application for setting natural gas sale price for the Supplier of Last Resort. This application shall include all the costs identified from the Supplier, according to article 5 of this methodology.

2. Until setting tariff by ERE, the Supplier of Last Resort shall invoice the customer supplied on the conditions of the Supplier of Last Resort, with the average weighted price of natural gas purchased 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 article 5.
3. In each case ERE, shall set the natural gas sale tariff 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 if during the application it finds the need for clarifications.
4. Not later than 5 days from ERE decision for approving the sale price from the supplier of last resort, if observed differences between the approved price and the one defined according to point 2 of this article, from the Supplier of Last Resort shall be issued an invoice with all the compensations for the differences between the price approved according to point 2 of this article and the price defined by ERE.

Article 7

Calculation of the Tariff for the Supplier of Last Resort

1. CB_E_t shall mean the average weighted price for natural gas quantity purchased from the irregulated market to cover the request of the Supply of Last Resort customers for the supply period.

$$CFMF_t = CBG_t + Pr * CBG_t + TRrTSH_t + CA$$

Where: *CFMF_t* Supply price for the relevant period *t*

CBG_n Shall mean the weighted average price of natural gas purchase for the supply period from the irregulated market

Pr The return for the risk defined in percentage for the year (shall be accepted on 3% level for the first two years and then shall be reviewed based on the historical data)

TRrTSH_t The tariff of using the transmission and distribution network for the relevant *t* period

CA Administrative cost of the Supplier of Last Resort

2. The natural gas supply tariff from the supplier of last resort shall be the higher than the supply price of similar customers supplied in the market. The natural gas contracted from the supplier of last resort shall be ensured according to a competitive procedure and with the lowest bid price in the market. When there is only one offer, as the supplier of last resort, on these conditions ERE shall base the set of the price according to a competitive methodology, referring to the similar suppliers in the neighboring countries.
3. The Supplier of Last Resort shall invoice natural gas on Peak, for the consumption according to the consumption on peak hour, according to the defined hours.

Article 8

Other rights and obligations

1. The price calculated according to the definitions of article 5 of this Methodology does not include the other tax obligations for 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, if any.
2. “The Supplier of last resort may require the temporary interruption of the supply, for failure to pay the obligations from the end-use customer, by submitting a request to the responsible system operator.”
3. The Supplier of Last Resort is obliged to purchase wholesale natural gas on behalf of the natural gas customers supplied from him and shall be responsible to balance the difference for such a wholesale supply.
4. The Supplier of Last Resort is obliged to inform natural gas customers for the conditions of the services provided from him.
5. The Supplier of Last Resort is obliged that within 8 days from the initiation of the supply to set available to natural gas customers supplied from him, a supply contract.
6. The supplier of last resort shall supply the natural gas customers supplied from him, for a period not longer than the term provided on Law no. 102/2015 “On Natural Gas Sector” as amended, as well as help them to find an alternative supplier within this term.

Article 9

Monitoring the tariff of the Supplier of Last Resort

1. Supplier of Last Resort shall deposit and argument at ERE, for each month, all the costs, based on the elements of this price, as mentioned on article 6 of this methodology.
2. Supplier of Last Resort shall keep allocated accounts for the supply of natural gas customers according to the Supplier of Last Resort service, and any other commercial activity that it exercises. These data shall be available to the ERE if required.
3. ERE shall monitor and control the definition of the supply tariff from the Supplier of Last Resort.

Article 10

Publication

1. The licensee charged with the service obligation as a Supplier of Last Resort, shall maintain and publish the internet website, information regarding the supply of last resort service, the supply tariffs for the previous months for different customer categories as well as the provision for the tariffs that may be applied for the next month for natural gas customers that shall be supplied by this supplier.
2. The supplier of last resort shall prepare and publish, at least once in a year, the report, which contains a number of end use customers supplied, the general quantity of natural gas supplied and the average duration of supply of last resort. This report shall be available to the ministry, to ERE and to Energy Community Secretariat.

**THIRD PART
TRANSITORY PROVISIONS**

**Article 11
Interpretation**

If, any issue is not handled on this Methodology, ERE shall decide case by case and shall issue the guidelines according to the respective requests.

**Article 12
Amendments of the regulation**

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

**Article 13
Entry into force**

This methodology approved with ERE Board Decision no. 38 dated 27.02.2020, becomes effective immediately after its publication in the Official Gazette.