

AD-HOC TECHNICAL ASSISTANCE PROJECT

AHEF No. ARM 49 – Component A

Project Title

Recommendations for improvement of the gas pricing methodology based on EU best practice

Country (s) Armenia

Timescale for implementation December 2010 – April 2011

Beneficiary(s)

ArmRusGazprom

Main and specific objectives

The objectives of the project were to:

1. To review best practices from gas transit pricing methodologies in the EU, with the focus on similar gas supply features (one way gas flow, simple structure of the grid, etc.);
2. To propose some recommendations for the development of a new methodology or amendments to the existing gas pricing methodology approved by the Regulator in Armenia;
3. To draft recommendations for optimisation of the company's expenditures on providing services of gas transportation, storage and distribution in Armenia;
4. To improve the knowledge of the beneficiary on the gas transportation pricing principles by arranging workshops to the personnel.

The study made comparison with current practices in EU Member countries (Slovenia, Latvia, and Lithuania) and the Ukraine in order to arrive at recommendations which would be useful in an Armenian context.

Results achieved

The project report provides six recommendations key among which is to Set pricing objectives and provide trade-offs among them taking into account the present customers' structure and economic situation. The project assignment was concluded with a training seminar for 13 participants in Yerevan in April 2011.

Useful information/ relevant documents

- Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC. – Official Journal of the European Union L211/94. 14.8.2009.
- Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005. - Official Journal L 211, 14/08/2009 P. 0036 – 0054.
- Study on methodologies for gas transmission network tariffs and gas balancing fees in Europe. Kema Consulting and REKK. Arnhem. December 2009.

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