



PROGRAMME FUNDED BY THE EU



The new INOGATE Project

Electricity & Gas: AHEF 110.MD

John Swinscoe, Michael Emmerton

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BUILDING PARTNERSHIPS FOR ENERGY SECURITY

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Scope AHEF 110.MD



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- Appraise the ANRE of Moldova in EU mechanisms for establishing reasonable estimates for technical and non-technical distribution losses
- Identify the dataset required to validate loss levels claimed by distribution companies
- Establish methods of profiling load on consumption that has no interval metering
- Review methods of incorporating losses in EU distribution tariffs
- Develop recommendations for the revision of the measuring and estimation of losses in Moldova and of options for inclusion of cost of losses recovery in the distribution tariff



Agenda



- EU Loss Estimation Practices
- Accuracy of Loss Estimation
- Tariffs & Losses

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EU Loss Estimation Practices

Regulation



- Regulation is 'strategic' in nature – it begins by asking what needs to improve?
- Use Ex-Ante Method to reduce losses
 - An optimal loss level is a function of a well-designed network operating within a design loading – whenever excessive voltage drop occurs losses will be relatively high
 - Use model network for estimating losses and setting loss reduction targets (in line with Capex allowance)
- Use Ex-Post Method to recover the cost of losses equitably
 - Ensure that losses are correctly estimated, allocated to customers by voltage and recovered as part of the energy tariff through a reconciliation
 - In some EU countries, settings in the allowed revenue equation provide an incentive to reduce losses

EU Loss Estimation



- The Ex-Post approach is the most common

	Ex-Ante	Ex-Post	Losses
AT	Yes		4.5%
BE			
CH			
CZ		Yes	7.0%
DE			
DK		Yes	<5%
EE			
ES		Yes	7.0%
FI		Yes	4.7%
FR		Yes	5.0%
GR		Yes	6.8%

	Ex-Ante	Ex-Post	Losses
IT	Yes	Yes	
LT		Yes	10.0%
NL			
NO		Yes	5.0%
PL	Yes		11.8%
PT	Yes		6.4%
RO	Yes	Yes	
		Yes	
SE	Yes	Yes	2.3%
UK	Yes	Yes	<6%

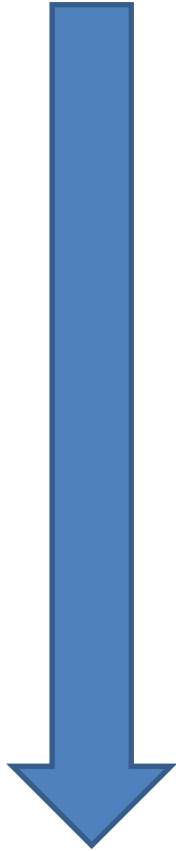
- There is no correlation between the method used to estimate losses and out-turn; there is a correlation between losses and incentives

EU Tariffs, Incentives & Losses



	Regulatory Incentives	Incentive Mechanisms
FI	None	None
SE	Standard losses are included in network performance assessment model (ex-ante)	
NO	Yardstick regulation. Costs of network losses treated same as other costs	
FR	Incentive for theft reduction	None
AT	None	None
CZ	Allowed rate of losses capped in tariff to maximum value (%)	
PT	Allowed rate of losses capped in tariff to maximum value (%); incentive to reduce in distribution networks	Tariff Code includes incentive mechanism to reduce losses in distribution networks; rewarded if losses lower than a reference year value set by Regulator

Regulation



Total Losses	EU Country
<6%	Finland, Luxembourg, Belgium, Netherlands, Germany
6-8%	Italy, Denmark, Switzerland, France, Austria, Slovenia
8-10%	Sweden, Great Britain, Spain, Portugal, Norway, Ireland, Czech Republic, Slovakia
10-12%	Estonia, Lithuania, Latvia, Moldova
12-14%	Croatia, Poland, Hungary, Romania
14-16%	Bulgaria, Montenegro
>16%	Albania, Bosnia& Herzegovina, Serbia, Turkey

Reducing

- Economic development
- Living standards
- Per capita consumption

2000 - 2005

Ex-Post Methods



- For EU countries 'energy balance' principle is fundamental → losses = metered purchases less metered sales
- At LV circuit level
 - $W_{\text{techloss}} = W_{\text{import}} - (W_{\text{billed}} + W_{\text{pilferage}})$
 - W_{import} can be measured or estimated
 - W_{billed} is known
 - $W_{\text{pilferage}}$ is unknown
 - W_{techloss} varies with $W_{\text{pilferage}}$, particularly when pilferage is high
- In practice W_{techloss} is computed and $W_{\text{pilferage}}$ is determined as a net quantity

Pilferage Losses



- Where pilferage is low it is estimated as a fixed percentage
 - UK /Australia / NZ; level is low at 1 – 3%
 - Latin America; no appreciable LV network
- In countries where pilferage is > 5%, Regulators either
 - Estimate technical losses accurately with pilferage determined on net basis, e.g. Eastern Europe
 - Estimate pilferage based on audit inspections, e.g. Spain

Technical Losses



- Distribution networks have many 'register' meters which do not support net energy measurement; thus some method of computation is always needed
- Estimation and allocation of losses by voltage follows naturally due to metering practice
- Common practice is to use continuous metering for MV feeder Watts, Vars, Amps, kWh and sampling for LV circuits
- The technical loss computation method depends on the availability of measurand data but not all EU countries make use of HV / MV metering to estimate losses

EU Country Metering / Profiling Practice

	HV / MV Metering	Profiling
AU	Yes	
BE		
CH		
CZ	Yes	
DE	Yes	
DK	Yes	
EE		
ES	Yes	
FI	Yes	Yes (by Ministry decree)
FR	Yes (MV)	
GR	Yes	
IT	Yes	
LT		
NL		
NO	No	
PL	No	
PT	Yes	Yes (Approved by Regulator)
SE	No	Yes (LV customers)
UK	No	



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Russia - Unbalanced Load



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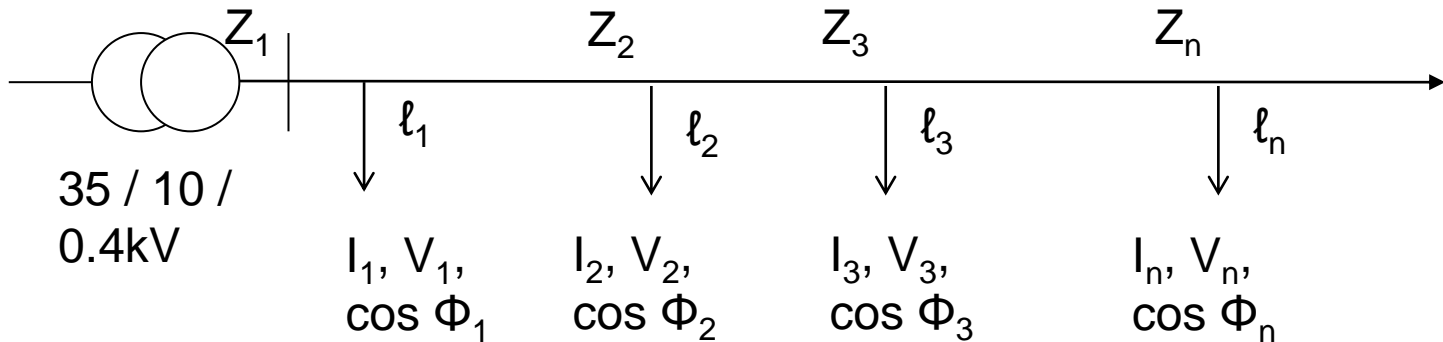


- Unbalanced loading tends to increase losses but generally treated by a scaling factor
- $\delta = \Delta W \cdot (k_{i1} - k_{i2})$
 - δ is the feasible power loss reduction after balancing
 - ΔW is the power loss in the LV network with balanced load
 - k_{i1} balancing factor before load is balanced
 - k_{i2} balancing factor after load is balanced
- $\Delta W = 1.63 \cdot \frac{W_P^2}{V_N^2 \cdot T} \cdot R_{eq}$ if reactive power is unknown
- $k_i = \sqrt{3} \cdot \frac{\sqrt{(I_A^2 + I_B^2 + I_C^2)}}{I_A + I_B + I_C} \cdot \left(1 + 1.5 \cdot \frac{R_0}{R_{PH}}\right) - 1.5 \cdot \frac{R_0}{R_{PH}}$
 - I_A, I_B, I_C are MV phase amps supplying transformer's LV networks
 - $\frac{R_0}{R_{PH}}$ is the ratio of zero sequence resistance to phase resistance
 - If no phase currents $\frac{R_0}{R_{PH}}=1, k_i = 1.13 ; \frac{R_0}{R_{PH}}=2, k_i = 1.2$

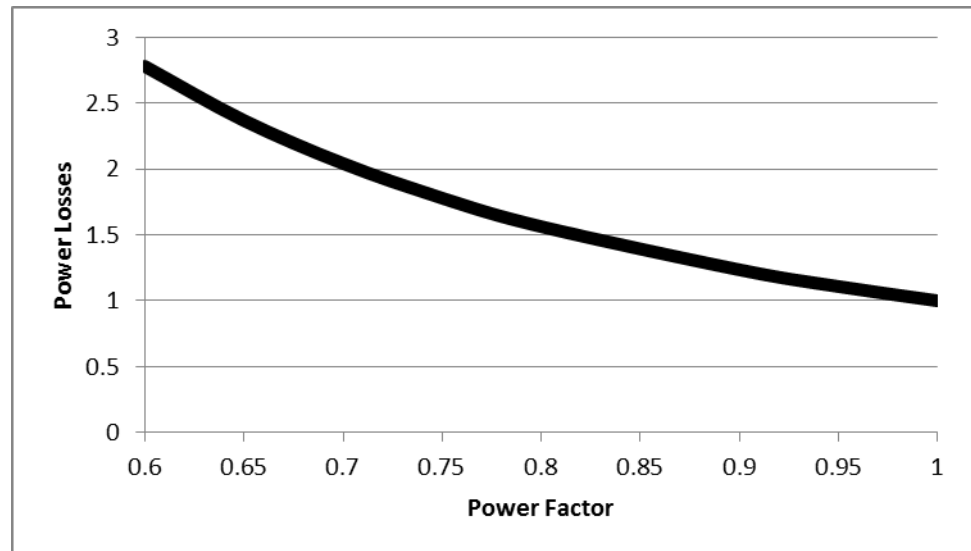
Israel – Power Factor



- Power factor is an indicator of losses



- Losses inverse to square of power factor
- Requires field measurement program



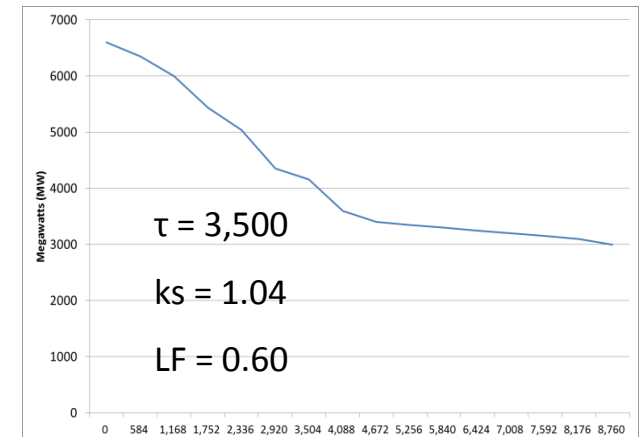
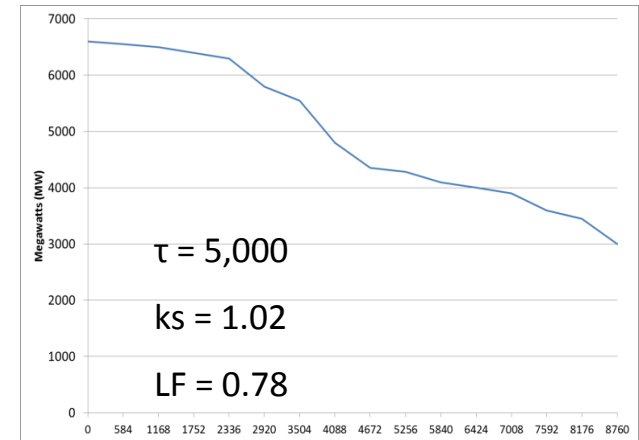


Load Profiling

MV Feeder Load Profiles



- For MV technical loss estimation by calculation it is required to know
 - The time duration of the highest load flow losses (τ factor)
 - The load curve shape (shape co-efficient k_s)
- SCADA or interval meters can determine hourly energy flow data to distribution network



LV Network Load Profiles

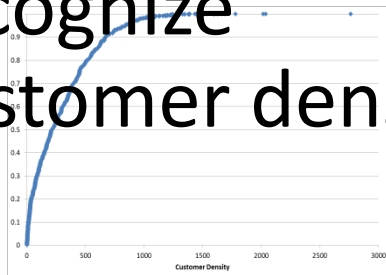


- There are two methods that can be used to estimate LV network load
 1. Use of Interval Meters on LV terminals of DT
 - Use statistical sampling
 2. Use 'typical' residential, commercial and industrial profiles to build DT load estimate
 - Requires load research over several years
 - Requires software linked to the billing system
 - Load projections useful for transformer management

Method 1: Interval Meters & Sampling



- Apply homogeneous finite population sampling method to LV Network populations of 2,000+
- Samples to recognize customer density



Sample Size	Confidence Level
65	90%
92	95%
238	99%

<i>Example</i>		
Customer Density	Sample Size	Confidence Level
Less than 100	65	90%
101 to 400	65	90%
Greater than 400	65	90%

Method 2: Consumer Load Profiles



- Residential

- Select 10 consumption ranges (kWh's, eliminate outliers)
- Determine frequency distribution of ranges from billing records for all towns
- Group towns by similar frequency distribution; take measurements of daily load profiles from each group on statistical basis
- Aggregate profiles and measure load at aggregation point (difference equals losses)
- Expect high standard deviation amongst profiles due to diversity of appliance use

Method 2: Consumer Load Profiles



- Commercial
 - 50 categories
 - Sort by MWh per month within and across categories
 - Typically 60% - 70% consumption in one grouping of categories
 - Sample from this group

	Activities
1	Pubs
2	Restaurants
3	Grocery / Bakery
4	Bank
5	Clothes & Shoes
6	Meat and Fish
7	Supermarket
8	Gas Station
9	Surgeries / Vets
10	Hotels
11	Car Maintenance



Method 2: Consumer Load Profiles



- Industrial
 - 25 to 30 categories
 - Ranked by total MWh consumption
 - No aggregation
 - Separate profiles
- Interval meters preferable

	Category
1	Large Bakery
2	Textiles
3	Building Construction
4	Timber Mill
5	Wooden Furniture
6	Cement
7	Electronics
8	Plastics
9	Sugar Mills
10	Iron / Steel
11	Bricks





Accuracy of Loss Estimation

Accuracy of Loss Estimation



- Computation methods are based on disaggregation
 - MV feeders
 - MV / LV transformers
 - LV lines
 - Customer connection
 - Meters
- Appropriate formulae are applied to each network component
- The formulae can be embedded in a network planning package or applied in spreadsheets



Technical Loss Framework

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Losses	Losses
110 / 35kV Transformers	Fixed & Variable
110 / 10kV Transformers	Fixed & Variable
10kV Feeders (overhead lines)	Variable
10kV Feeders (cables)	Variable
10kV Feeders (overhead lines)	Variable
10kV Feeders (cables)	Variable
Losses in auxiliary equipment	Variable
Technical Losses in MV Networks	
35kV / 0.4kV Distribution Transformers	Fixed & Variable
10kV / 0.4kV Distribution Transformers	Fixed & Variable
0.4kV Networks	Variable
Consumer Premises	Average Variable
Commercial Metering	Variable
Technical Losses in LV Networks	
Pilferage Losses in LV networks	Variable

Technical Data Constraints



- 110kV / 35kV / 10kV Power Transformers
 - No load and load loss performance available from manufacturers test sheets
 - Measurements by utility uncommon
- 35kV / 10kV Feeders
 - Feeder lengths, conductor type, branching readily available if GIS / AM-FM well developed
- LV Distribution Transformers and LV Circuits
 - Distribution transformer capacities usually known; no load and load loss performance usually unknown due to age and variability of manufacture
- LV circuit lengths, conductors types, branching usually known from GIS or distribution maps but often inaccurate

Energy Data Constraints



- 110kV / 35kV / 10kV Power Transformers
 - SCADA logs data on HV and MV side of power transformers
- 35kV / 10kV Feeders
 - SCADA or continuous metering provides power / energy / amps / voltage at the feeder exits
- LV Distribution Transformers and LV Circuits
 - Continuous meters sometimes fitted to DT's & large customers, increasing with smart meter programs
 - Energy flows on the LT side of a distribution transformer can only be determined as a net quantity including pilferage
 - Consumer 'register' meters measure energy sold (kWh) for energy balance computation but nature of reading gives non-coincident energy data

Accuracy: Technical Loss Computation



- Power Transformers
 - Power losses are the summation of ‘no load’ (Fe magnetizing loss) and ‘load’ losses (Cu electrical loss)
 - Accuracy of loss estimates for 110 / 35 / 10kV transformers relatively high
 - Usually continuous metering on HV and MV side, thus losses can be by difference, or
 - Use engineering computation



Accuracy: Technical Loss Computation



- Power Transformers

- $$W = \frac{(W_P^2 + W_Q^2) \cdot P_{Cu}}{S_N^2 \cdot T} \cdot k_S^2 + P_0 \cdot T$$

- W_P and W_Q are active and reactive power delivered during the estimation period (12 months)
 - P_{Cu} is the load loss (Cu losses)
 - S_N is the transformer rating (MVA)
 - k_S is the load duration curve shape co-efficient
 - P_0 is the rated no-load loss (Fe losses)
 - T is the time the transformer is loaded and operating

Accuracy: Technical Loss Computation



- Distribution Transformers
 - LV distribution transformers present difficulty
 - Lack of transformer rated copper and core loss data due to variety of transformer models and ages
 - Typically no energy metering on high or low side of the 35 or 10/0.4 kV transformers - estimated energy must be used instead of metered transformer loading for loss estimation purposes
 - Lack of data available to allow determination of load profile (can be developed using customer profiles, or deemed as feeder profile)

Accuracy: Technical Loss Computation



- Distribution Transformers – Option 1
 - Aggregate approach based on law of averages for large population
 - $W = (P \cdot \tau + W_0) \cdot N$
 - P is the calculated average variable technical loss
 - τ is the duration time of the highest load flow losses
 - W_0 is the sum off all transformer no-load losses; equals average transformer rated no-load losses multiplied by operating period T
 - N is the number of distribution transformers
 - Load measurement is required to set τ

Accuracy: Technical Loss Computation



- Distribution Transformers – Option 2
 - Simpler empirical alternative
 - $P = 0.05544 \cdot P_D^{0.7644}$
 - P_D is the average estimated electrical load of all distribution transformers (or a selected group)
 - $P_D = W / (T \cdot N)$
 - W is the active energy delivered to the Low Voltage network
 - N is the number of transformers
 - T is the time period of estimation (12 months)
 - Field measurements on statistical sample basis verifies empirical factors

Accuracy: Technical Loss Computation



- LV circuits – Option 1

- $$W_{loss} = \frac{W_p^2 + W_q^2}{10^3 \cdot V^2 \cdot T_{max}^2 \cdot N^2} \cdot k_A \cdot k_{as} \cdot r_{AV} \cdot L_{\Sigma} \cdot \tau$$
 - W_p and W_q are active and reactive power – must be estimated
 - V is nominal voltage at source
 - r_{AV} is average resistance per km of conductor
 - L_{Σ} is total length of circuits supplied by single DT
 - τ is the duration time of the highest load flow losses
 - k_A allows for diversity of LV circuit characteristics (typically 0.51)
 - k_{as} is a load phase current asymmetry factor (1.05 to 1.55 – typically 1.2)
 - T_{max} is equal to W_p / P_{max} where P_{max} is the maximum power demand
 - N is the number of LV circuits per DT
- k_A empirical factor - circuit and feeder topology, current density, and load diversity – typical value 0.51 may not be typical
- Voltage measurement start-to-end can be used for calibration check

Accuracy: Technical Loss Computation



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- LV circuits – Option 2
 - Define an empirical factor k_x for LV circuits to avoid the need to estimate W_Q
 - The approach depends on the consistency of the relationship between W_P and W_Q across LV networks
 - Consideration can be given to networks of different customer density i.e. there may be more than one k_x
 - Simplified formula as follows:-

$$W_{loss} = k_x \cdot \frac{W_P^2}{10^3 \cdot V^2 \cdot T_{max}^2 \cdot N^2} \cdot r_{AV} \cdot L_{\Sigma}$$

- Voltage measurement start-to-end can be used for calibration check

Accuracy: Technical Loss Computation



- Measuring Devices

- $W_{loss} = \sum_{i=1}^{TV} \cdot P_{TV} + \sum_{i=1}^{TA} \cdot P_{TA} + \sum_{i=1}^{ME} \cdot P_{ME}$

- P_{TV} is the energy loss in potential transformers
 - P_{TA} is the energy loss in current transformers
 - P_{ME} is the energy loss in auxiliary metering devices
 - TV , TA and ME are total counts of devices in service

Accuracy: Technical Loss Computation



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- Commercial Metering
 - Single phase meters example
 - Measuring error at a loading of 10 % found to be in the range from -2.5 % to -12.9 %
 - At loading of 100 % found to be from +0.5 % to -3.1 %
 - Three phase meters example
 - At loading of 10 % errors in the range from +0.7 % to -3.7 %
 - At the loading of 100 % - from +0.9 % to -1.1 %
- Monte Carlo simulation used to determine commercial metering losses based on load duration consideration and bench measured error ranges at 10% and 100% loading

Accuracy: Technical Loss Computation



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- Consumer Premises

- $$W_{loss} = \sum_{i=1}^n \frac{W_{pi}^2 \cdot R_{eq}}{N_i^2} \cdot \frac{k_s^2 \cdot k_{as} \cdot k_A}{10^3 \cdot V_N^2 \cdot T}$$

- W_{pi} is the energy supplied to a defined customer group
- R_{eq} is the equivalent resistance of a group of service connections
- N_i is the number of service connections in a group
- n is the number of customers in a service group
- k_s is the load duration curve shape coefficient
- k_{as} is a load phase current asymmetry factor (1.05 to 1.55 – typically 1.2)
- k_A allows for diversity of service connection size and loading
- V_N is the nominal voltage of the supply to the customer group
- T is the time period of estimation (12 months)

Accuracy: Technical Loss Computation



- Consumer Premises
 - There are usually many consumer groups defined as a group supplied by service connections from a single LV pole
 - Losses in consumer premises can only be calculated on average loss per service connection
 - A representative range of service connection lengths and loadings will be modelled
 - Utility not accountable for losses in consumer premises but this loss energy is reflected in the upstream distribution network as a higher loading - therefore the losses in consumer premises should be calculated and netted from upstream losses

Accuracy: Technical Loss Computation



- Validation by ANRE
 - Participation in statistical sampling
 - Audit calculations
 - May need independent engineering consultant to verify

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Tariffs, Losses & Incentives

Tariffs & Losses



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	Separate Component in Tariff for Losses?
AT	Yes
BE	
CH	
CZ	Yes
DE	Yes
DK	Yes
EE	
ES	Yes
FI	Yes
FR	Yes
GR	No
IT	No
LT	Yes
NL	
NO	Yes
PL	Yes
PT	No
SE	Yes
UK	Yes

Tariffs & Losses



- Germany (<5%)

$$EO_t = KA_{dnb,t} + (KA_{vnb,0} + (1 - Vt) * KA_{b,0}) * (VPI_t / VPI_0 - PF_t) * EF_t + Q_t + (VK_t - VK_0) + S_t$$

- VK represents volatile costs
- Losses are part of the volatile costs
- No incentive to reduce losses, increased losses increases allowed revenue EO_t

Tariffs & Losses



- Norway ('wires only', < 5%)

$$C_t = (OM_{t-2} + CENS_{t-2}) \cdot \frac{CPI_t}{CPI_{t-2}} + PL_{t-2} \cdot P_t + DEP_{t-2} + RAB_{t-2} \cdot WACC_t$$

- PL_{t-2} is a lagged power loss term
- P_t is the price of energy
- Losses are valued at a reference price of energy taken from Nord Pool; incentive to buy at a more efficient price than the spot price
- $CENS_{t-2}$ is a customer WTP term (supply quality)

Tariffs & Losses



- Spain (8 – 10%) $R_t = R_0 \cdot (1 + A_t) + Y_{t-1} + Q_{t-1} + L_{t-1}$

- R_0 represents O&M and Capex cost; A_t is an indexation factor
- Y_{t-1} is an adder for additional Capex
- Q_{t-1} is a quality of supply measure
- L_{t-1} is a loss factor

$$L_{t-1} = 0.8 \cdot p_{el} (l_{ind} - l_{t-1}) \cdot (e_{imp} + e_{gen})$$

- P_{el} is the average electricity price and the actual losses of the previous year l_{t-1} calculated as a ratio

$$l_{t-1} = ((e_{imp} + e_{gen}) - e_{sup}) / (e_{imp} + e_{gen})$$

- e_{imp} : electricity obtained from the upstream network
- e_{gen} : electricity generated by facilities directly connected to the distribution network;
- e_{sup} : electricity supplied to customers
- l_{ind} (target loss ratio) agreed between Ministry and DSO; constant for reset period

Tariffs & Losses



- Africa (22%)
 - Distribution network tariff incentive to reduce losses below fixed %
 - Energy component includes loss factors but energy purchases fully compensated by reconciliation

$$PSP_{c,q} = \frac{1}{1 - \mathbf{LF}_c} \cdot \left\{ \sum_t LD_{t,c} [BST_{t,q} \cdot HVE_{B,q} / HVE_q] + \mathbf{R}_q / HVE_q \right\}$$

Tariffs & Losses



- Allowed Revenue: Moldova

MAR_t = costs of electricity purchase+ transmission costs+ distribution costs+ supply service costs

- PP = Weighted average purchase price in relevant accounting period
- TT = Weighted average tariff paid by Licensee for Transmission Network Services
- LF_i = Loss Factor in DN at specific voltage class i
- ST_j = Supply Tariff applicable to customer group j
- RT_{ij} = Retail Tariff for customer group j supplied at voltage class i
- R = Amount of kWh required to reconcile
- U_j = Amount allowed for uncollected consumer bills delivered to customer group j

Tariffs & Losses



- Ideal Tariff Form for Moldova
 - Losses around 10%
 - Unbundling of network and supply activities yet to take place
 - Appropriate to retain current tariff form

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EU Network Tariffs



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	Fixed Charge	Capacity Charge	Energy Charge	Reactive Energy	Comment
	Euro	Euro / kW	Euro/kWh	Euro/kVArh	
BE	Yes	Yes	Yes	Yes	N.A.
CH	Yes	Yes	Yes	Yes	N.A.
CZ	No	Yes	Yes	Yes	N.A.
DE	No	Yes	Yes	Some utilities	N.A.
DK	Yes	No	Yes	No	N.A.
EE	No	Yes	Yes	Yes	N.A.
ES	No	Yes	Yes	Yes	N.A.
FI	Yes	Yes	Yes	Yes	Metering fee
FR	Yes	Yes	Yes	Yes	Exceeding of the contracted power
GR	No	Yes	Yes	No	cos phi
IT	No	Yes	Yes	No	N.A.
LT	No	Yes	Yes	No	N.A.
NL	Yes	Yes	Yes	Some utilities	N.A.
NO	Yes	Yes	Yes	Yes	N.A.
PL	Yes	Yes	Yes	Yes	Exceeding of the contracted power
PT	No	Yes	Yes	Yes	ToU for energy and capacity charges
SE	Yes	Yes	Yes	Yes	N.A.

EU Network Tariffs



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	Fixed Charge	Capacity Charge	Energy Charge	Reactive Energy	Comment
	Euro	Euro / kW	Euro/kWh	Euro/kVArh	
BE	Yes	Yes	Yes	Yes	N.A.
CH	Yes	Yes	Yes	Yes	N.A.
CZ	No	Yes	Yes	Yes	N.A.
DE	No	Yes	Yes	Some utilities	N.A.
DK	Yes	No	Yes	No	N.A.
EE	No	Yes	Yes	Yes	N.A.
ES	No	Yes	Yes	Yes	N.A.
FI	Yes	Yes	Yes	Yes	Metering fee
FR	Yes	Yes	Yes	Yes	Exceeding of the contracted power
GR	No	Yes	Yes	No	cos phi
IT	No	Yes	Yes	No	N.A.
LT	No	Yes	Yes	No	N.A.
NL	Yes	Yes	Yes	Some utilities	N.A.
NO	Yes	Yes	Yes	Yes	N.A.
PL	Yes	Yes	Yes	Yes	Exceeding of the contracted power
PT	No	Yes	Yes	Yes	ToU for energy and capacity charges
SE	Yes	Yes	Yes	Yes	N.A.



Thank You !

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Nikos Tsakalidis
Key Expert, ITS project
INO GATE Caucasus Regional Office
Georgian Oil and Gas Corporation (GOGC)
Kakheti Highway , N21,
Tbilisi , 0190 Georgia
4th floor. Room 402
n.tsakalidis@inogate.org
Tel: + 995 32 2 24 40 50
Fax: +995 32 2 24 40 50

