

ELECTRICITY (PROCEDURE FOR REVIEW & ADJUSTMENT OF TARIFFS) RULES

SRI LANKA ELECTRICITY ACT, NO. 20 OF 2009

RULES made by the Public Utilities Commission of Sri Lanka under Section 53 of the Sri Lanka Electricity Act, No. 20 of 2009, read with Section 30 (3) of the aforesaid Act.

Colombo

Chairman

Date

Public Utilities Commission of Sri Lanka

1. These Rules may be cited as the Electricity (Procedure for Review & Adjustment of Tariffs) Rules.
2. Every Licensee shall make a tariff filing to the Commission for approval of their Allowed Revenue as well as the Review and Adjustment of tariffs in accordance with the:
 - (a) Tariff Methodology approved by the Commission as prescribed under Section 30(2)(a) of the aforesaid Act; and
 - (b) Detailed procedures identified in Appendix 1 herein, namely the Tariff Review & Adjustment Detailed Procedures.
3. Every year the Commission in consultation with the MOF, but no later than the last working day of January, shall publish in the Gazette and Publish for Public Information:
 - (a) Specific dates for the Schedule for Tariff Reviews and Adjustments which shall be consistent with the time limits established in the Tariff Review & Adjustment Detailed Procedures; and
 - (b) The dates of public consultation and public information to be conducted according to the Tariff Methodology, including public consultations if any, information posted on the Commission's official website, etc. aimed at facilitating consumers and other interested parties to participate in the tariff review and adjustment.
4. If at any time these Rules or the Tariff Review Detailed Procedures in Appendix 1 need to be modified, the Commission shall amend them and re-gazette them.
5. Each Licensee shall provide the Commission with adequate supporting information according to the information filing requirements and information filing formats established by the Commission in the Tariff Methodology.

6. The Tariff Review and Adjustments shall be carried out in two steps:
 - (a) Determination and approval by the Commission of the Allowed Revenues that the Licensees are entitled to collect from their customers, carried out according to the Tariff Review & Adjustment Detailed Procedures in Appendix 1
 - (b) Determination and approval of the Tariff Schedule For Final End-Use Customers, which considering the subsidies to be applied for each customer category, shall allow that the Licensees collect their Allowed Revenues, carried out according to the Tariff Review & Adjustment Detailed Procedures in Appendix 1
7. If the Allowed Revenues requirement complies with all the requirements included in the Tariff Methodology, the Commission shall approve the Allowed Revenue required according to the Tariff Review & Adjustment Detailed Procedures in Appendix 1.
8. In the event the Commission does not approve the Allowed Revenue required by a Licensee, the Commission shall notify this Licensee about the reasons for not approving the reviewed or amended Allowed Revenue required.
9. In the event the Commission fails to approve the Allowed Revenues required by a Licensee within the time frames set out in these Electricity (Tariff Reviews & Adjustments) Rules and its Appendix 1, this Allowed Revenue required shall be deemed to be approved at the expiry of such time frame
10. In the event the Commission has not approved the Allowed Revenue requirement from a Licensee, the Licensee shall amend the Allowed Revenue requirement taking into account the reasons given by the Commission and resubmit the Allowed Revenue requirement for approval by the Commission.
11. In the event the Commission does not approve the amended Allowed Revenue requirement, the existing tariffs shall remain in effect until such time the Commission approves the revenue requirement of the Licensee. Where this will result in a Licensee earning more or less than its Allowed Revenues for the relevant Tariff Period, the Commission shall, when granting approval of the revenue requirement of a Licensee, notify the Licensee the extent to which such Licensee has earned more or less than its approved Allowed Revenues for the Tariff Period and also notify the Licensee the manner in which the difference between earnings and approved Allowed Revenues may be reconciled.
12. Once the Allowed Revenue requirement has been approved by the Commission, the Commission shall approved the Tariff Order containing the Tariff Schedule for Final End-Use Customers for the Tariff Period, following the due process as prescribed in these Rules.
13. Upon approval of the Tariff Order by the Commission, the Licensees shall publish the approved tariffs in [.....] no later than [30] days prior to their coming into effect.

14. In these Electricity (Tariff Reviews & Adjustments) Rules and its Appendix 1, unless the context otherwise requires:-

“Act” means the Sri Lanka Electricity Act No. 20 of 2009

“Commission” means the Public Utilities Commission of Sri Lanka established under the Public Utilities Commission of Sri Lanka Act No. 35 of 2002

“Licensee” shall mean a transmission licensee or a distribution licensee, as the case may be, whose license contains provision for transmission and bulk sale tariffs or distribution and supply tariffs as the case may be, to be subject to review and does not contain provisions specifying a procedure for the review of such tariffs.

“Tariff Methodology” means the multiyear cost reflective tariff methodology approved by the Commission in accordance with Section (30) subsection (3) of the said Act.

“Tariff Period” means each one of the five year periods established in the Tariff Cost Reflective Tariff Methodology for review tariffs. The first Tariff Period commenced on January 1st; 2011. Subsequent Tariff Periods shall start on January 1st, 2016; January 1st, 2021; etc.

“Allowed Revenue” means the maximum allowed revenue calculated in terms of a Cost Reflective Tariff Methodology

- **“Review”** means the process through which the components of the tariffs, as indicated in the Tariff Methodology, are either established for first time, or re-set at the end of each Tariff Period, and be valid for the entire Tariff Period. For this purpose the Cost Reflective Tariff Methodology establishes that the Licensees shall formally submit the information required in it and according to the filing mechanisms established in it. Approval is issued by the Commission.

“Adjustment” means the process through which the components of the tariffs, as indicated in the Cost Reflective Tariff Methodology are to be adjusted during the Tariff Period according to the adjustment formulas (Revenue Control Formulas) defined in the Cost Reflective Tariff Methodology. These adjustments may require the Licensees to submit information, or the use of macroeconomic indicators or a combination of both, as set out in the Cost Reflective Tariff Methodology.

“Tariff Period” in relation to the Cost Reflective Tariff Methodology which establishes that the tariffs are reviewed every 5 year periods, means each one of these five year periods. The first Tariff Period commenced on January 1st; 2011. Subsequent Tariff Periods shall start on January 1st; 2016, January 1st; 2021; etc.

“Publish for Public Information” means to publish in at least one national newspaper in each of the official languages of Sri Lanka, ensuring that all the country and those who speak the three official languages are thoroughly covered through this publication. Additionally, such information will also be simultaneously posted on the Commission’s website.

“PUCSL ACT” means...

“Notification”, means a written communication through which PUCSL formally informs Licensees about decisions made in accordance with the powers given to it by the said Act, the PUCSL Act and the Tariff Methodology. Letters signed in original or emails digitally signed shall be considered a valid written communication for this purpose.

“Written Request” means a written communication through which requests a Licensee to respond to a specific requirement in accordance with the powers given to it by the Electricity Act, the PUCSL Act and the Cost Reflective Tariff Methodology. Letters signed in original or emails digitally signed shall be considered a valid written communication for this purpose.

“Written Response” means a written communication in response to a Written Request. Letters signed in original or emails digitally signed shall be considered a valid written communication for this purpose.

“Dates” unless otherwise indicated, all dates correspond to the year before the Tariff Period starts (in cases of Tariff Component Reviews) or year before the Adjusted Tariff Component applies (in case of Tariff Component Annual Adjustments) or the six months period before the Adjusted Tariff Component applies (in cases of Biannual Tariff Component Adjustments).

APPENDIX 1

DETAILED TIMETABLE FOR TARIFF REVIEWS AND ADJUSTMENTS

DETAILED TIMETABLE FOR TARIFF REVIEWS AND ADJUSTMENTS

I TARIFF REVIEW AND TARIFF ADJUSTMENT SCHEDULE

1. Electricity Tariff components and subcomponents, according to the Tariff Methodology shall be **Reviewed** and **Adjusted** as indicated in this section.

A REVIEWS

2. The following tariff components shall be **Reviewed** and approved by PUCSL once every Tariff Period:
 - a. Transmission Allowed Revenue (2.3) for the Tariff Period
 - b. Bulk Supply and Operations Business Allowed Revenues (2.4) for the Tariff Period
 - c. The Bulk Supply Tariff Forecast (2.5) for the Tariff Period
 - d. The Distribution Allowed Revenue (3.1) for the Tariff Period
 - e. The Retail Service Tariffs (3.2.1), including the Loss Factor adjustment (3.2.2 fourth paragraph) for the Tariff Period

B ADJUSTMENTS

3. The following tariff components shall be Adjusted and approved by PUCSL every year during the Tariff Period, according to the revenue control formulas contained in the Tariff Methodology:
 - a. Transmission Allowed Revenue Annual Adjustment (2.3)
 - b. Allowed Revenues for Bulk Supply and Operations Business Annual Adjustment (2.4)
 - c. The Bulk Supply Tariff Forecast Adjustments Semiannual Adjustment (2.5)
 - d. The Distribution Allowed Revenue Annual Adjustment (3.1).
 - e. The Retail Service Tariffs Annual Adjustment (3.2.1), including the Loss Factor adjustment (3.2.2 fourth paragraph).

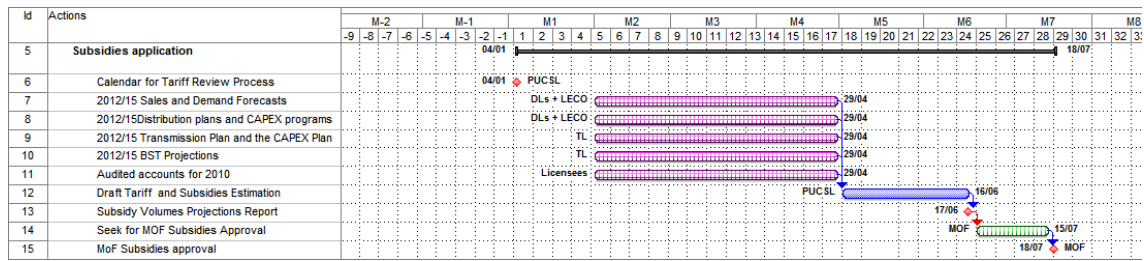
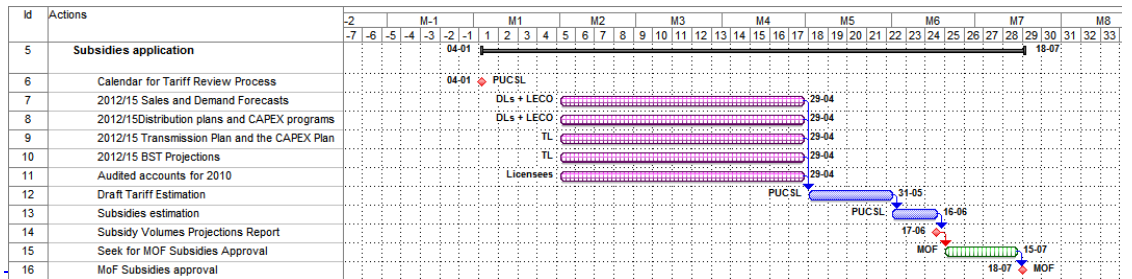
C EXTRAORDINARY REVIEWS

4. The Transmission Licensee may submit for PUCSL approval Extraordinary Allowed Revenues Reviews, only when unexpected significant events occur and when the accumulated change in the indexation formula during any year surpasses 15% (2.3.2.8)
5. The Distribution Licensees may submit for PUCSL approval Extraordinary Allowed Revenues Reviews, only when the accumulated change in the indexation formula during any year surpasses 15% (3.1.2.8)

II SUBSIDIES

D EXTERNAL SUBSIDIES REMOVAL FOR SELECTED CONSUMER CATEGORIES – THE ROAD MAP

6. In order to have a smooth transition of tariffs towards cost reflectivity (Section 30 of the Act) and the policy guidelines approved by the Cabinet of Ministers (Section 5 of the Act), Prior to the commencement of the tariff review process, the PUCSL shall approve the Roadmap for Tariff Reforms and Rebalancing (the “Roadmap”), which shall define how tariffs shall be reviewed or adjusted during the Tariff Period in order to:
 - a. Remove external subsidies to the industry, the “gross subsidies”.
 - b. Remove or minimize cross-subsidies between different customer categories, the “tariff rebalancing”, and
 - c. Rationalize the definition of customer categories.
7. These adjustments are in addition to the adjustments indicated in sections 3; 4 and 5 of these Tariff Review Detailed Procedures, and shall be carried out simultaneously with them.
8. If the targets set out in the Roadmap are not possible to be fully achieved during the first Tariff Period, PUCSL shall make provisions in the following Tariff Period to complete these objectives foreseen in the [Roadmap], and publish such amended Roadmap for public information.



9. In order to implement the Roadmap, before the Tariff Period starts, PUCSL shall present to the MOF the Subsidy Volumes Projections Report, indicating the estimated volume of subsidies required for the Tariff Period to implement the GoSL policies and facilitate all the elements for the MOF approval of them. This study shall cover the requirements for the first year of the Tariff Period, and a projection for the requirements for the subsequent years of the first Tariff Period. Later, each year of the Tariff Period, PUCSL shall update the volume of subsidies required for the following years and seek the approval of MOF for the subsidy volumes for the next year.

10. No later than the ***last working day of April***, Licensees shall submit to PUCSL the following information, using the templates approved by PUCSL for that purpose:
 - a. Statement of Bulk Supply Transaction Account (BSTA)
 - b. Distribution Licensees: Sale and Demand Forecasts
 - c. Distribution Licensees: Distribution plans and CAPEX programs
 - d. Transmission Licensee: Transmission Plan and the CAPEX Plan
 - e. Generation Licensees: Generation Repowering Plan
 - f. Transmission Licensee: Bulk Supply Tariffs Forecast for the following three semesters (until the end of the first year of the Tariff Period) and Bulk Supply Tariffs Projections for the rest of semesters until the end of the Tariff Period
 - g. All Licensees: audited accounts for the previous year. In the event the Licensee doesn't have the audited version of the accounts, at this instance it will be possible to submit unaudited version of it.
 - h. The Commission may issue a detailed schedule for making each of the above submissions.

11. No later than the ***last working day of May***, PUCSL shall produce the Draft Tariff Estimation. The Draft Tariff Estimation shall be determined as follows:
 - a. PUCSL shall determine the Draft Estimated Tariffs using the Tariff Methodology with the following assumptions:
 - i. 5-year market (demand and number of customers) forecast based on Licensee submissions, and approved by PUCSL
 - ii. Long-term Generation Expansion Plan, the latest Plan approved by the Commission
 - iii. Fuel prices based on the current prices charged, with details of price calculations and their linkages to internationally published indices.
 - iv. Generation dispatch forecast based on a multi-year annual operating plan, considering a probability of exceedence of 30%, and the best available information about the storage level of reservoirs, submitted by the Transmission Licensee (this is not foreseen in the methodology)
 - v. Renewable Energy purchase prices as set by the SPPAs forecast to be operational in the ensuing year, submitted by the Transmission Licensee (Single Buyer)
 - vi. CEB generation fixed costs and OPEX from standard CEB generation PPAs previously approved, and the dispatch
 - vii. IPP costs based on PPA conditions and the dispatch.
 - viii. Transmission CAPEX projections will be based on the last Transmission plans and CAPEX programs submitted by the Transmission Licensee and approved by PUCSL
 - ix. Distribution CAPEX projections will be based on the last Distribution plans and CAPEX programs submitted by the Distribution Licensees and approved by PUCSL
 - x. OPEX forecast will be based on (1) actual figures from last audited accounts submitted to PUCSL and (2) assumptions on growth/efficiency gains as defined by PUCSL
 - xi. Rate of return for the network business as defined by PUCSL for the period

- xii. Other minor incomes and expenses will be based on (1) actual figures from last audited accounts submitted to PUCSL and (2) assumptions on growth/efficiency gains as defined by PUCSL
 - xiii. Allowed losses as defined by PUCSL for the period
 - xiv. Tariff structure and rates for each type of consumers based on the criteria set in the tariff methodology and the roadmap on tariff reforms and rebalancing.
 - b. PUCSL shall post the Draft Estimated Tariffs in PUCSL Website
12. No later than the **15th of June** of each year, PUCSL shall submit to the MOF a Report [on Subsidy Volume Projections](#) for the ensuing year
13. Immediately after the submission of the Report on Subsidy Volume Projections to the MOF, PUCSL shall seek from MOF the approval for subsidies and inclusion in the preparation of the National Budget.
14. PUCSL shall promptly provide any additional information or clarifications requested by the MOF, with the aim of MOF having all required information from PUC for their approval of the subsidy volumes to be allocated in the National Budget preparation no later than **the last working day of July**.

III TARIFF REVIEW PROCESS FOR THE TARIFF PERIOD

E PURPOSE GENERAL ASPECTS

15. No later than the **last working day of January** of the last year of each Tariff Period PUCSL shall announce and inform all Licensees the Calendar for all Reviews and Adjustments corresponding to the following Tariff Period starting the next January 1st.
- a. The Calendar shall be posted in PUCSL Website
16. Together with the Calendar, PUCSL shall inform the following:
- a. Various parameters that are established in the Tariff Methodology and that is PUCSL responsibility to define prior the commencement of the Tariff Period.
 - b. Updates, if any, about the templates approved by PUCSL to be used for information submission, filing, etc.
 - c. Any information pending to be submitted by each licensee
17. Licensees shall submit the information as required for each case, using the templates approved by PUCSL for that purpose. For the cases so disposed by PUCSL, those templates shall be submitted electronically using the LISS or any other IT process established for that purpose by PUCSL.
18. PUCSL shall provide licensees with the required training and support to fulfill these requirements.

19. If a Licensee fails to abide by the requirements of the Tariff Methodology or any other information requested by PUCSL, PUCSL shall apply the following remedial process to correct the situation:

- a. PUCSL shall demand the information to be submitted within an extended period of time, if such extension is feasible
- b. Once this time has expired and if the Licensee has not properly responded to the PUCSL request, PUCSL shall conduct its own research to obtain the information not submitted by the Licensee
- c. PUCSL shall apply a penalty for not complying with this Tariff Review Detailed Procedures
- d. PUCSL shall charge, on top of the penalty, the cost it has incurred to conduct the research to obtain the said information

F TRANSMISSION ALLOWED REVENUE AND BULK SUPPLY AND OPERATIONS BUSINESS ALLOWED REVENUES REVIEW

Id	Actions	M7		M8				M9				M10									
		26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	
18	Transmission Allowed Revenue & Bulk Supply and Operations Business Allowed			01-08	17-10																
19	Allowed Revenue Filing			01-08	Licensee																
20	Filing review clarification and improvement			PUCSL	01-09																
21	Draft Decision							01-09	PUCSL												
22	Draft Decision website posting							01-09	PUCSL												
23	Period for public comments about Draft Deci							Public	29-09												
24	Decision Preparation																			13-10	
25	Decision approval																			14-10	PUCSL
26	Notifications and web posting																			17-10	PUCSL

20. Pursuant to paragraph 2. .a. of this Tariff Review Detailed Procedures, the Transmission Licensee shall submit for PUCSL approval the Transmission Allowed Revenue and Bulk Supply and Operations Business Allowed Revenues for the following Tariff Period according to the following terms:

- a. The Transmission Allowed Revenue and Bulk Supply and Operations Business Allowed Revenues Review shall be submitted no later than the **first working day of August**
- b. Between the Submission day and the **first working day of September**, PUCSL and the Licensee shall proceed as follows:
 - i. Within 24 hours of receiving the Submission for Approval, PUCSL shall post it on the PUCSL Website
 - ii. Any clarification, amendment, addition, etc. that PUCSL may need from the Licensee, shall be requested through a Written Request and posted on the PUCSL Website
 - iii. The Transmission Licensee shall answer PUCSL's Written Requests within 5 working days from date of receiving a request from PUCSL, through a Written Response"
- c. No later than the **first working day of September**, PUCSL shall approve the Draft Decision on Transmission Allowed Revenue and Bulk Supply and Operations Business Allowed Revenues and shall proceed as follows:
 - i. No later than one calendar day after approval, PUCSL shall post the Draft Decision on the PUCSL website

- ii. No later than one calendar day after approval, PUCSL shall Notify all Licensees and Inform the Public that PUCSL will be open for a period no longer than [20] working days, to receive comments, observations, etc. about the Draft Decision
- d. No later than the **15 of October**, PUCSL shall approve the Decision on Transmission Allowed Revenue and Bulk Supply and Operations Business Allowed Revenues
 - i. No later than 5 working days after the Decision approval, PUCSL shall:
 - (1) Notify the Transmission Licensee the approval
 - (2) Post the Decision in the PUCSL Website

G BULK SUPPLY TARIFF FORECAST FOR THE TARIFF PERIOD

Id	Actions	M7		M8				M9				M10								
		26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44
27	Bulk Supply Tariff Forecast for the Tariff Period			01-08	[Timeline bar from 01-08 to 17-10]															
28	Bulk Supply Tariff Forecast Filing			01-08																
29	Filing review clarification and improvement			PUCSL																
30	Draft Decision																			
31	Draft Decision website posting																			
32	Period for public comments about Draft Deci																			
33	Decision Preparation																			
34	Decision approval																			
35	Notifications and web posting																			

21. Pursuant to paragraph 2. .b of this Tariff Review Detailed Procedures, the Transmission Licensee shall submit for PUCSL approval the Bulk Supply Tariff Forecast for the Tariff Period according to the following terms:

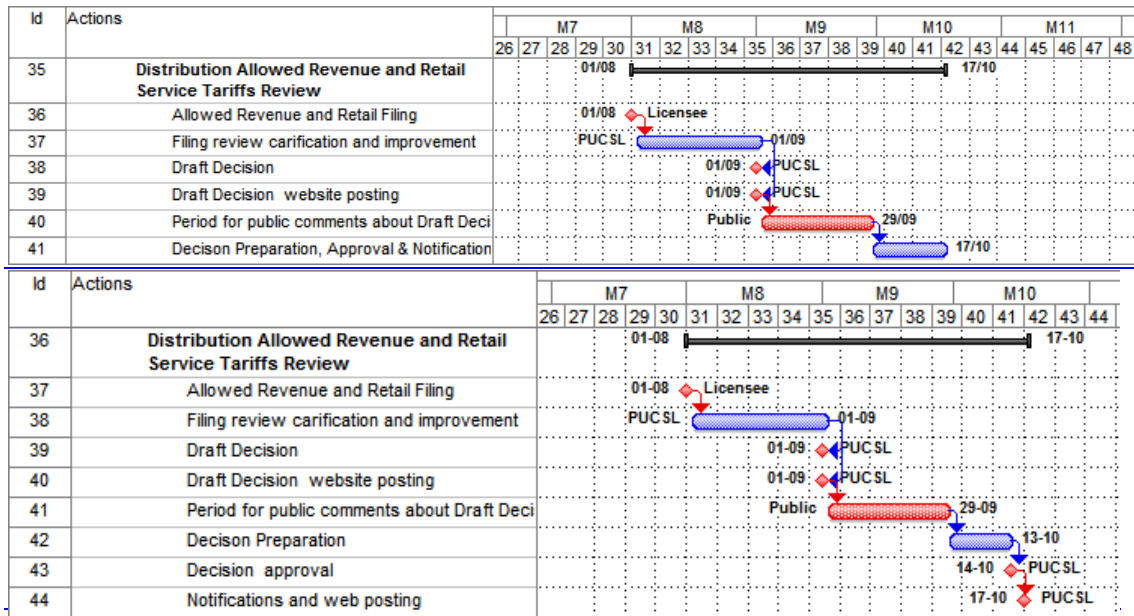
- a. The Bulk Supply Tariff Forecast for each semester of the entire Tariff Period shall be submitted no later than the first working day of August

22. The Bulk Supply Tariff Forecast for the first Semester of the Tariff Period shall be submitted will full detail whereas the Bulk Supply Tariff Forecasts for the remaining semesters of the Tariff Period shall be submitted as projected forecasts

- a. The submission shall include the Compensation of the differences between the forecast and actual Bulk Supply Tariffs (2.5) as reflected in the Bulk Supply Transactions Account, which shall be applied during the following semester, according to the Tariff Methodology prescriptions.
- b. Between the submission day and **the first working day of September** PUCSL and the Licensee shall proceed as follows:
 - i. Within 24 hours of reception of the Bulk Supply Tariff Forecast submission for approval, PUCSL shall post it on PUCSL Website
 - ii. Any clarification, amendment, addition, etc. that PUCSL may need from the Licensee, shall be requested through a Written Request and posted in the PUCSL Website
 - iii. The Transmission Licensee shall answer PUCSL Written Requests within 5 working days from date of reception of the requests from PUCSL, through a Written Response

- c. No later than the **first working day of September** of the same year PUCSL shall prepare a Draft Decision on Bulk Supply Tariff Forecast for the following two semesters of the Tariff Period, and shall proceed as follows:
 - i. No later than one calendar day after approval, PUCSL shall post the Draft Decision on the PUCSL Website
 - ii. No later than one calendar day after approval, PUCSL shall Notify all Licensees and Inform the Public that PUCSL will be open for a period of up to [10] working days, to receive comments, observations, etc. about the Draft Decision
- d. No later than the **15 of October** PUCSL shall approve the Decision on Bulk Supply Tariff Forecast for the first Tariff Year Period semester starting on January 1st and shall proceed as follows:
 - i. No later than 5 working days after the approval, PUCSL shall Notify all Licensees the approval of the Decision on Bulk Supply Tariff Forecast for the first Tariff Year Period semester of the Tariff Period and the Compensation of accumulated deviations in the Bulk Supply Transactions Account for the first Tariff Year Period semester of the Tariff Period
 - ii. No later than 5 working days after the approval, PUCSL shall post the approved Decision on Bulk Supply Tariff Forecast for the first Tariff Year Period semester of the Tariff Period and the Compensation of accumulated deviations in the Bulk Supply Transactions Account for the first Tariff Year Period semester of the Tariff Period on the PUCSL Website

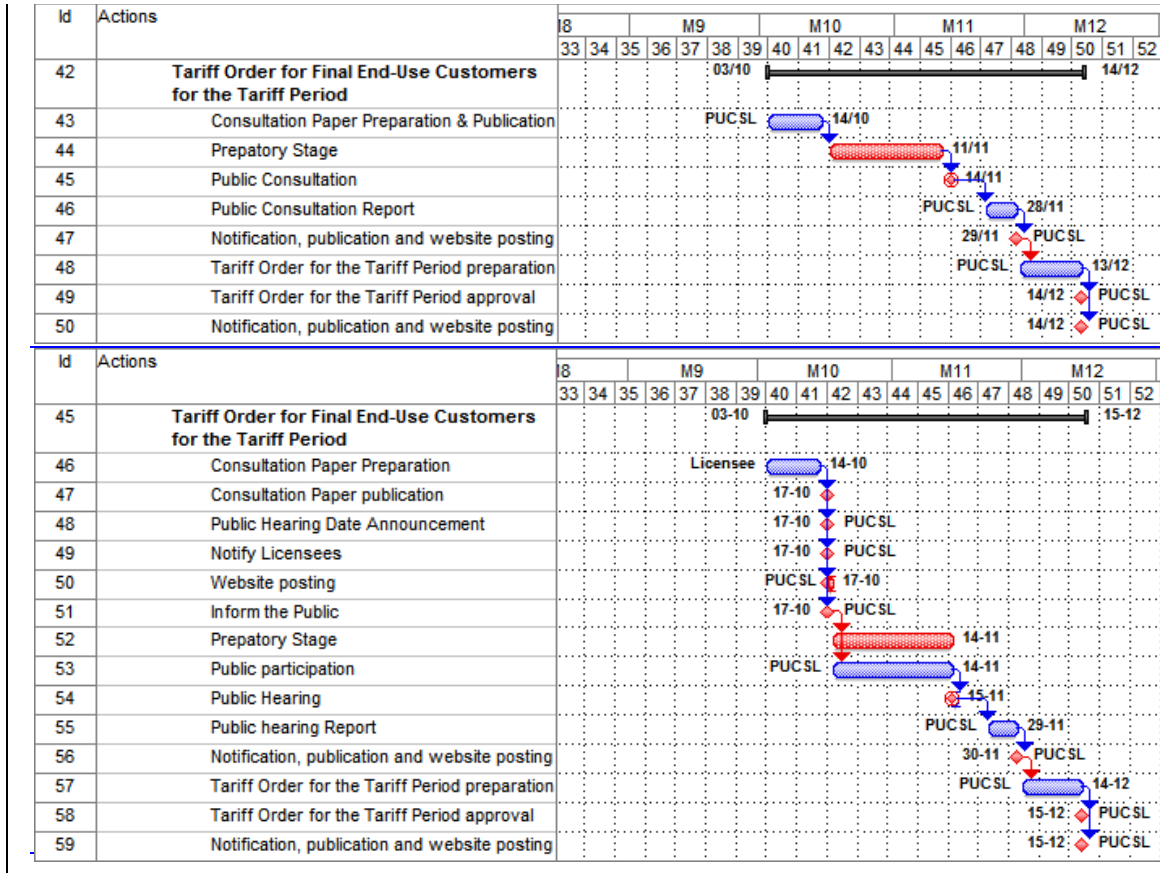
H DISTRIBUTION ALLOWED REVENUE AND RETAIL SERVICE TARIFFS REVIEW FOR THE TARIFF PERIOD



23. Pursuant to paragraph 2.d and 2. e. of this Tariff Review Detailed Procedures, each Distribution Licensee shall submit for PUCSL approval the Distribution Allowed Revenue and Retail Service Tariffs Review according to the following terms:

- a. The Distribution Allowed Revenue and Retail Service Tariffs Review shall be submitted no later than **the first working day of August** of the year previous to the Tariff Period commencement
- b. Between the Submission day and the first working day of August, PUCSL and the Licensee shall proceed as follows:
 - i. PUCSL shall within 24 hours of reception, post in PUCSL Website the information submit for PUCSL approval by the Distribution Licensees
 - ii. Any clarification, amendment, addition, etc. that PUCSL may need from a Licensee, shall be requested through a Written Request and posted in the PUCSL Website
 - iii. The Licensee shall answer PUCSL's Written Requests within 5 working days from date of reception of the requests from PUCSL, through a Written Response
- c. No later than the **first working day of September**, PUCSL shall approve the Draft Decision on Distribution Allowed Revenue and Retail Service Tariffs of each Distribution Licensee, and shall proceed as follows:
 - i. No later than one calendar day after approval, PUCSL shall post the Draft Decision of each Distribution Licensee on PUCSL Website
 - ii. No later than one calendar day after approval, PUCSL shall Notify all Licensees and Inform the Public that PUCSL will be open for a period no shorter than [20] working days, to receive comments, observations, etc. about the Draft Decision of each Distribution Licensee
- d. No later than the **15 of October**, PUCSL shall approve the Decision on Distribution Allowed Revenue and Retail Service Tariffs of each Distribution Licensee, and proceed as follows:
 - i. No later than 5 working days after the Decision approval, PUCSL shall:
 - (3) Notify each Distribution Licensee the approval of the corresponding Decision on Distribution Allowed Revenue and Retail Service Tariffs
 - (4) Post the approved Decision on Distribution Allowed Revenue and Retail Service Tariffs of each Distribution Licensee in the PUCSL Website

I TARIFF SCHEDULE FOR FINAL END-USE CUSTOMERS FOR THE TARIFF PERIOD



24. No later than the **15 of October** PUCSL has to publish the Consultation Paper on Tariff Schedule For Final End-Use Customers that shall be applied during the Tariff Period starting the following January 1st , which will be subject to the Adjustments prescribed by the Tariff Methodology.

25. Together with the Consultation Paper on Distribution and Supply Tariffs for End Costumers publishing, PUCSL shall:

- i. Announce the date for the Public Consultation to review publicly the Distribution and Supply Tariffs for End Use Costumers for the next Tariff Period
- ii. Notify the all Licensees the issuance of the Consultation Paper on Distribution and Supply Tariffs for End Use Costumers and the Public Hearing announcement
- iii. Post the Consultation Paper on Distribution and Supply Tariffs for End Costumers on the PUCSL Website
- iv. Inform the Public about the Consultation Paper on Distribution and Supply Tariffs for End Costumers and the Public Consultation Procedures and the Public Consultation announcement

J PUBLIC (CONSULTATION) FOR REVIEWING FINAL END-USE CUSTOMERS TARIFFS

26. The Public Hearing shall be held according to the Public Hearing Procedures approved by PUCSL

27. The Public Hearing shall be held no later than the first working day of November

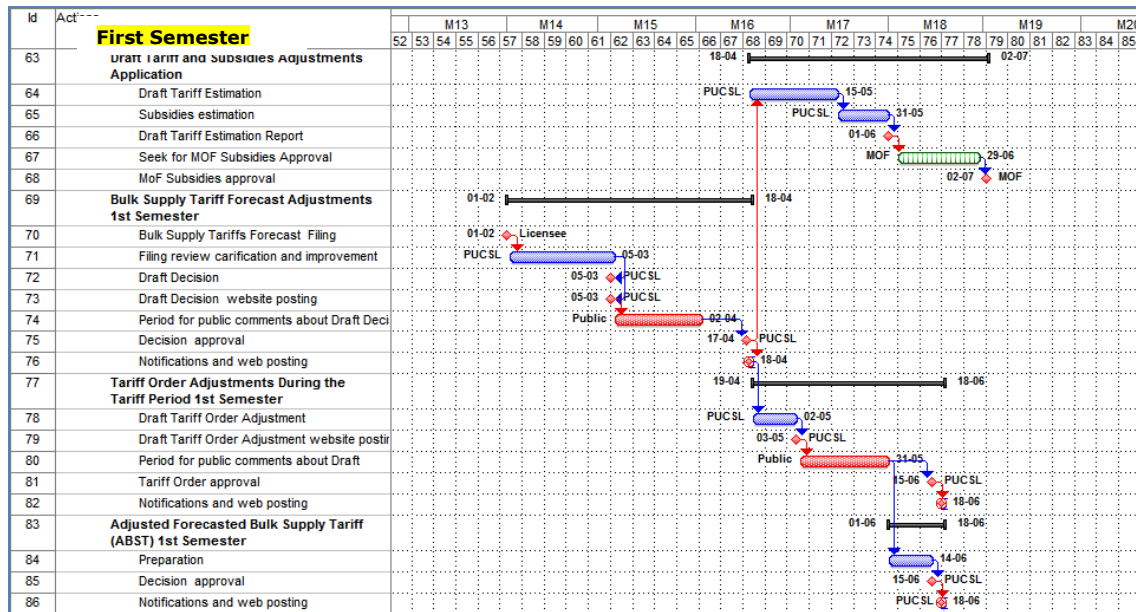
K FINAL END-USE CUSTOMERS TARIFF ORDER FOR THE TARIFF PERIOD

28. No Later than the **15 of December** PUCSL shall approve the Decision on the Tariff Decision for the Tariff Period starting on January 1st of the following year.

29. No later than 2 working days after the Decision on the Tariff Order for the Tariff Period, PUCSL shall:

- i. Notify the all Licensees the approval of the Decision on the Tariff Order for the Tariff Period
- ii. Post the approved Decision on the Tariff Order for the Tariff Period on the PUCSL Website
- iii. Publish for the public information the Decision on the Tariff Order for the Tariff Period

IV TARIFF ADJUSTMENTS DURING THE TARIFF PERIOD



30. Each year during the Tariff Period, the Tariff Schedule For Final End-Use Customers shall be adjusted twice, during the First Semester and during the Second Semester, based on the adjustments due during the year of the following tariff components:
- a. First Semester
 - i. Bulk Supply Tariff Forecast Adjustments
 - ii. ABST Forecast
 - b. Second Semester
 - i. Subsidies Adjustments
 - ii. Transmission Allowed Revenue and Bulk Supply and Operations Business Allowed Revenues Adjustments
 - iii. Distribution Allowed Revenue and Retail Service Tariffs Adjustments
 - iv. Bulk Supply Tariff Forecast Adjustments
 - v. ABST Forecast
31. No later than the ***last working day of January*** of each year of the Tariff Period PUCSL shall announce and inform all Licensees the Calendar for all Reviews and Adjustments due on this year.
- a. The Calendar shall be posted in PUCSL Website

L BULK SUPPLY TARIFF FORECAST ADJUSTMENTS

32. Pursuant to paragraph 3.c of this Tariff Review Detailed Procedures, the Transmission Licensee shall submit for PUCSL approval the Bulk Supply Tariff Forecast Adjustments according to the following terms:
- a. The Bulk Supply Tariff Forecast Adjustments for the Second of the 1st, 2nd, 3rd, 4th and 5th years of the Tariff Period shall be submitted no later than the ***first working day of February*** each year of the Tariff Period
 - b. The submission shall include:
 - i. The Generation Costs Forecast Adjustment for the following two semesters of the Tariff Period
 - ii. The Compensation of the differences between the forecast and actual Bulk Supply Tariffs (2.5) as reflected in the Bulk Supply Transactions Account, which shall be applied during the following semester, according to the Tariff Methodology prescriptions.
 - c. Between the submission day and the ***last working day of February*** PUCSL and the Licensee shall proceed as follows:
 - i. PUCSL shall within 24 hours of reception of the submission for approval of the Bulk Supply Tariff Forecast, post it on PUCSL Website
 - ii. Any clarification, amendment, addition, etc. that PUCSL may need from the Licensee, shall be requested through a Written Request and posted in the PUCSL Website

- iii. The Transmission Licensee shall answer PUCSL Written Requests within 5 working days from date of reception of the requests from PUCSL, through a Written Response
- d. No later than the **last working day of February** PUCSL shall approve a Draft Decision on Bulk Supply Tariff Forecast Adjustments for the following two semesters of the Tariff Period, and shall proceed as follows:
 - i. No later than one calendar day after approval, PUCSL shall post the Draft Decision on the PUCSL Website
 - ii. No later than one calendar day after approval, PUCSL shall Notify all Licensees and Inform the Public that PUCSL will be open for a period of up to [10] working days, to receive comments, observations, etc. about the Draft Decision
- e. No later than the last **15 of April** PUCSL shall approve the Decision on Bulk Supply Tariff Forecast Adjustments for the following semester starting on January 1st and July 1st respectively, and shall proceed as follows:
 - i. No later than 5 working days after the approval, PUCSL shall Notify all Licensees the approval of the Decision on Bulk Supply Tariff Forecast Adjustments for the following semester of the Tariff Period and the Compensation of accumulated deviations in the Bulk Supply Transactions Account for the following semester of the Tariff Period
 - ii. No later than 5 working days after the approval, PUCSL shall post the approved Decision on Bulk Supply Tariff Forecast Adjustments for the following semester of the Tariff Period and the Compensation of accumulated deviations in the Bulk Supply Transactions Account for the following semester of the Tariff Period on the PUCSL Website

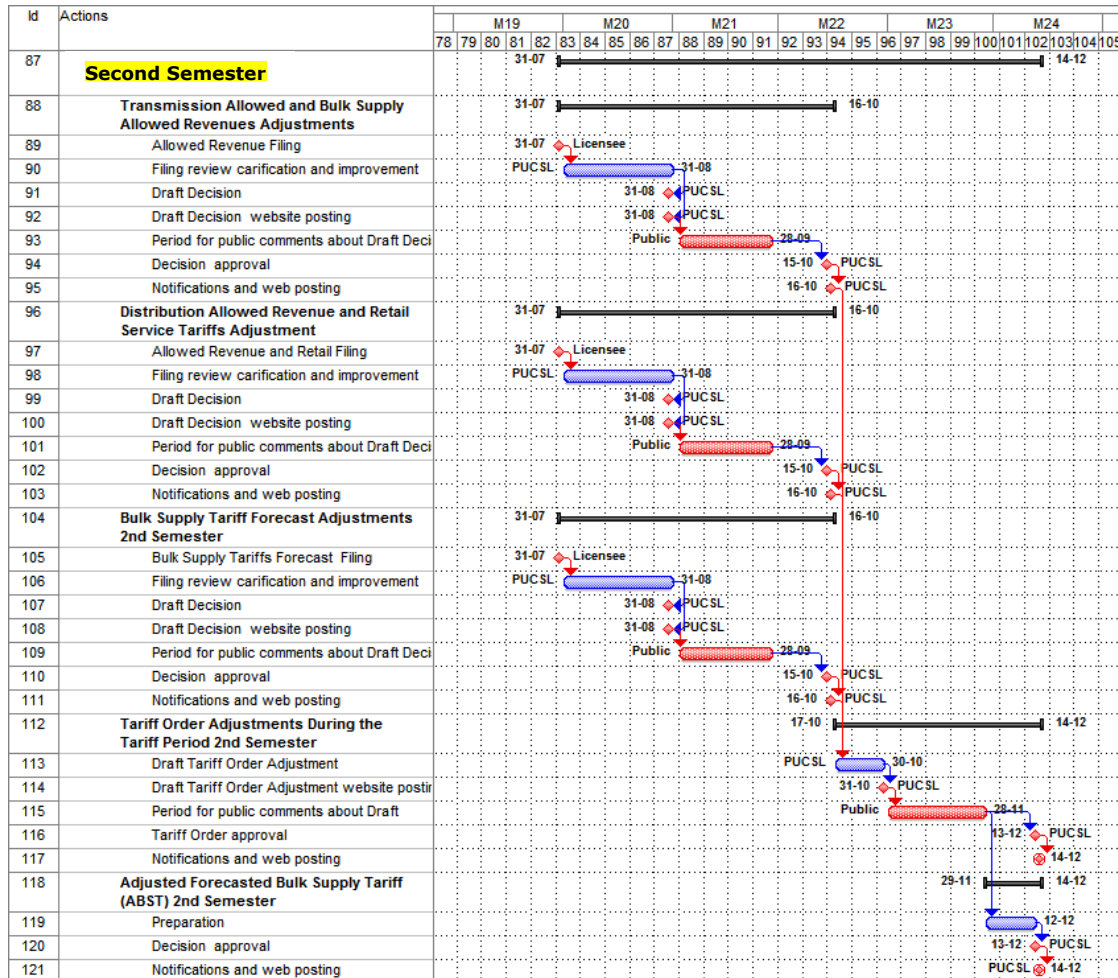
M TARIFF ORDER ADJUSTMENTS FOR THE FIRST SEMESTER DURING THE TARIFF PERIOD

- 33. No Later than the **15 of June** PUCSL shall approve the Decision on the Tariff Order Adjustment for the following Tariff Period semester, starting on the following July 1st.
- 34. No later than 2 working days after the approval of the Decision on the Tariff Order Adjustment for following Tariff Period semester, PUCSL shall:
 - i. Notify the all Licensees the approval of the Decision on the Tariff Order Adjustment
 - ii. Post the approved Decision on the Tariff Order Adjustment on the PUCSL Website
 - iii. Publish for the public information the Decision on the Tariff Order Adjustment

N ADJUSTED FORECASTED BULK SUPPLY TARIFF (ABST)

- 35. Adjusted Forecasted Bulk Supply Tariff (ABST) is required to implement the National Uniform Tariff according to the Tariff Methodology (5.2).
- 36. No later than the **15 of June** PUCSL has to approve the Decision on the Adjusted Forecasted Bulk Supply Tariffs for each Distribution Licensee that Bulk Supplier shall use to invoice each one of them during the semesters starting on the following July 1st and January 1st , and shall proceed as follows:

- i. No later than 5 working days after the approval, PUCSL shall Notify the Transmission Licensee and the Distribution Licensees the approval of the **Decision**
- ii. No later than 5 working days after the approval, PUCSL shall post the approved **Decision** on the PUCSL Website



O ADJUSTMENTS FOR REMOVAL OF EXTERNAL SUBSIDIES

37. No later than **first working day of June** PUCSL shall produce the Report on Subsidy Volumes Projections Adjustment, which is an update of the Subsidy Volumes Projections Report submitted during the Tariff Review, containing the projected subsidies volume required from the MoF for the following year and a projection for the subsequent year, to comply with the objectives of the Road Map. This report has to be based on the following principles:

- a. The objectives of the Road Map for the year
- b. The Bulk Supply Tariff forecast for the year submitted by the Transmission Licensee (this is not foreseen in the methodology)
- c. Potential incomes from Transmission and distribution claw-back provisions
- d. Adjusted revenues for DLs and TL based on the revenue control formulas stated in the tariffs methodology.

- e. The resulting forecasted tariffs applying these principles
 - f. Adjusted market forecast for the coming year (demand and number of customers) based on Licensee submissions.
 - g. Allowed losses approved for this year
 - h. PUCSL shall post the Draft Estimated Tariffs in PUCSL Website
38. No later than the **first working day of June** PUCSL shall submit the Report on Subsidy Volumes Projections Adjustment to the MoF.
39. Immediately after informing the MOF about the subsidies volumes requirements for the Tariff Period, PUCSL shall seek for the MOF subsidies approval and inclusion in the National Budget preparation.
40. PUCSL shall promptly provide any additional information or clarifications requested by the MOF, with the aim of having the subsidies volumes approval no later than **first working day of July**

P TRANSMISSION ALLOWED REVENUE AND BULK SUPPLY AND OPERATIONS BUSINESS ALLOWED REVENUES ADJUSTMENTS

41. Pursuant to paragraph 3.a of this Tariff Review Detailed Procedures, the Transmission Licensee shall submit for PUCSL approval the Transmission Allowed Revenue and Bulk Supply and Operations Business Allowed Revenues Adjustments according to the following terms:
- a. The Transmission Allowed Revenue and Bulk Supply and Operations Business Allowed Revenues Adjustment shall be submitted no later than **the last working day of July** of the 1st, 2nd, 3rd and 4th years of the Tariff Period
 - b. Between the Submission day and the first working day of August, PUCSL and the Licensee shall proceed as follows:
 - i. Within 24 hours of receiving the Submission for Approval, PUCSL shall post it on the PUCSL Website
 - ii. Any clarification, amendment, addition, etc. that PUCSL may need from the Licensee, shall be requested through a Written Request and posted in the PUCSL Website
 - iii. The Transmission Licensee shall answer PUCSL Written Requests within 5 working days from date of reception of the requests from PUCSL, through a Written Response”
 - c. No later than the **last working day of August** PUCSL shall approve? the Draft Decision on Transmission Allowed Revenue and Bulk Supply and Operations Business Allowed Revenues and shall proceed as follows:
 - i. No later than one calendar day after approval, PUCSL shall post the Draft Decision on the PUCSL website
 - ii. No later than one calendar day after approval, PUCSL shall Notify all Licensees and Inform the Public that PUCSL will be open for a period no longer than [20] working days, to receive comments, observations, etc. about the Draft Decision
 - d. No later than the **15 of October**, PUCSL shall approve the Decision on Transmission Allowed Revenue and Bulk Supply and Operations Business Allowed Revenues
 - i. No later than 5 working days after the Decision approval, PUCSL shall:

- (5) Notify the Transmission Licensee the approval
- (6) Post the Decision in the PUCSL Website

Q DISTRIBUTION ALLOWED REVENUE AND RETAIL SERVICE TARIFFS ADJUSTMENTS

42. Pursuant to paragraph 3.d of this Tariff Review Detailed Procedures, the Distribution Licensee shall submit for PUCSL approval the Distribution Allowed Revenue (3.1) and the Retail Service Tariffs (3.2.1), including the Loss Factor adjustment (3.2.2 fourth paragraph) Adjustments according to the following terms:
- a. Distribution Allowed Revenue and the Retail Service Tariffs Adjustment shall be submitted for PUCSL approval according to the control revenue formulas contained in the Tariff Methodology, no later than last **working day of July** of the 1st, 2nd, 3rd and 4th years of the Tariff Period
 - b. Between the Submission day and the **first working day of August**, PUCSL and the Licensee shall proceed as follows:
 - i. Within 24 hours of receiving the Submission for Approval, PUCSL shall post it on the PUCSL Website
 - ii. Any clarification, amendment, addition, etc. that PUCSL may need from the Licensee, shall be requested through a Written Request and posted in the PUCSL Website
 - iii. The Distribution Licensee shall answer PUCSL Written Requests within 5 working days from date of reception of the requests from PUCSL, through a Written Response”
 - c. No later than the **first working day of August**, PUCSL shall approve the Draft Decision on the Distribution Allowed Revenue and the Retail Service Tariffs Adjustments and shall proceed as follows:
 - i. No later than one calendar day after approval, PUCSL shall post the Draft Decision on the PUCSL website
 - ii. No later than one calendar day after approval, PUCSL shall Notify all Licensees and Inform the Public that PUCSL will be open for a period no longer than [20] working days, to receive comments, observations, etc. about the Draft Decision
 - d. No later than the **15 of October** PUCSL shall approve the Decision on Distribution Allowed Revenue and the Retail Service Tariffs Adjustments and shall proceed as follows:
 - i. No later than 5 working days after the Decision approval, PUCSL shall:
 - (7) Notify the Transmission Licensee the approval
 - (8) Post the Decision in the PUCSL Website

R BULK SUPPLY TARIFF FORECAST ADJUSTMENTS

43. Pursuant to paragraph 3.c of this Tariff Review Detailed Procedures, the Transmission Licensee shall submit for PUCSL approval the Bulk Supply Tariff Forecast Adjustments according to the following terms:

- a. The Bulk Supply Tariff Forecast Adjustments for the First Semester of the 2nd, 3rd, 4th and 5th years of the Tariff Period shall be submitted no later than the **last working day of July** each year of the Tariff Period
- b. Each submission shall include:
 - i. The Generation Costs Forecast Adjustment for the following two semesters of the Tariff Period
 - ii. The Compensation of the differences between the forecast and actual Bulk Supply Tariffs (2.5) as reflected in the Bulk Supply Transactions Account, which shall be applied during the following semester, according to the Tariff Methodology prescriptions.
- c. Between the submission day and the **last working day of August** respectively, PUCSL and the Licensee shall proceed as follows:
 - i. PUCSL shall within 24 hours of reception of the submission for ~~for~~ approval of the Bulk Supply Tariff Forecast, post it on PUCSL Website
 - ii. Any clarification, amendment, addition, etc. that PUCSL may need from the Licensee, shall be requested through a Written Request and posted in the PUCSL Website
 - iii. The Transmission Licensee shall answer PUCSL Written Requests within 5 working days from date of reception of the requests from PUCSL, through a Written Response
- d. No later than the **last working day of August**, PUCSL shall prepare a Draft Decision on Bulk Supply Tariff Forecast Adjustments for the following two semesters of the Tariff Period, and shall proceed as follows:
 - i. No later than one calendar day after approval, PUCSL shall post the Draft Decision on the PUCSL Website
 - ii. No later than one calendar day after approval, PUCSL shall Notify all Licensees and Inform the Public that PUCSL will be open for a period of up to [10] working days, to receive comments, observations, etc. about the Draft Decision
- e. No later than the last **15 of October** PUCSL shall approve the Decision on Bulk Supply Tariff Forecast Adjustments for the following semester starting on the following January 1st, and shall proceed as follows:
 - i. No later than 5 working days after the approval, PUCSL shall Notify all Licensees the approval of the Decision on Bulk Supply Tariff Forecast Adjustments for the following semester of the Tariff Period and the Compensation of accumulated deviations in the Bulk Supply Transactions Account for the following semester of the Tariff Period
 - ii. No later than 5 working days after the approval, PUCSL shall post the approved Decision on Bulk Supply Tariff Forecast Adjustments for the following semester of the Tariff Period and the Compensation of accumulated deviations in the Bulk Supply Transactions Account for the following semester of the Tariff Period on the PUCSL Website

S TARIFF ORDER ADJUSTMENTS DURING THE TARIFF PERIOD

44. No Later than the **15th of December**, PUCSL shall approve the Decision on the Tariff Order Adjustment for the following Tariff Period semester, starting on the following and January 1st.

45. No later than 2 working days after the approval of the Decision on the Tariff Order Adjustment for following Tariff Period semester, PUCSL shall:

- i. Notify the all Licensees the approval of the Decision on the Tariff Order Adjustment
- ii. Post the approved Decision on the Tariff Order Adjustment on the PUCSL Website
- iii. Publish for the public information the Decision on the Tariff Order Adjustment

T ADJUSTED FORECASTED BULK SUPPLY TARIFF (ABST)

46. Adjusted Forecasted Bulk Supply Tariff (ABST) is required to implement the National Uniform Tariff according to the Tariff Methodology (5.2).

47. No later than the **15 of December** PUCSL has to approve the Decision on the Adjusted Forecasted Bulk Supply Tariffs for each Distribution Licensee that Bulk Supplier shall use to invoice each one of them during the semesters starting on the following and January 1st , and shall proceed as follows:

- i. No later than 5 working days after the approval, PUCSL shall Notify the Transmission Licensee and the Distribution Licensees the approval of the **Decision**
- ii. No later than 5 working days after the approval, PUCSL shall post the approved **Decision** on the PUCSL Website

V REVIEWS UNDER EXTRAORDINARY CONDITIONS

48. According to the Tariff Methodology, when extraordinary events occur, the Transmission Licensee and the Distribution Licensees might be able to submit for PUCSL approval Extraordinary Allowed Revenues Reviews

49. The events that allow this type of review are:

- a. when the accumulated change in the Allowed Revenues indexation formulas during any year surpasses 15% (**2.3.2.8 and 3.1.2.8**)
 - i. if the 15% is surpassed before or by 30th June of such year the adjustments shall be made effective as early as possible.
 - ii. If the 15% is surpassed after the 30th of June, the adjustment shall be effective from the next year of the Tariff Period.
- b. when an unexpected and significant Bulk Supply forecast deviation occurs (**2.5.2**)

50. the submission can be made any time during the year, however the Commission shall determine whether the review will be treated as extraordinary or be deferred until the following scheduled review or adjustment process according to the calendar for the year

51. The submission shall include all elements proving the reasonability of the request, accompanied by all materials which according to the Licensee should facilitate the understanding of the unexpected event that justify the extraordinary review

- a. Within 24 hours of receiving the Submission for Approval, PUCSL shall post it on the PUCSL Website
 - i. Within **10 working days** of receiving the submission, the Commission may request the Licensee through a Written Request to provide any clarification, amendment, addition, etc. that the Commission may need from the Licensee to make a decision about the extraordinary review request
 - ii. The Licensee shall answer PUCSL's Written Requests within 5 working days from date of receiving a request from PUCSL, through a Written Response"
 - b. No later than **20 working days** after the submission, PUCSL shall make a decision whether accepts the request or reject it
 - i. In case of rejecting the request, PUCSL shall approve a decision justifying the reasons for the rejection
- (1) Within one working day the decision shall be posted in PUCSL website
 - ii. In case of accepting the request, PUCSL shall approve Draft Decision on Extraordinary Review including the justifications for that decision
 - (2) later than one calendar day after approval, PUCSL shall post the Draft Decision on the PUCSL website
 - (3) No later than one calendar day after approval, PUCSL shall Notify all Licensees and Inform the Public that PUCSL will be open for a period no longer than [20] working days, to receive comments, observations, etc. about the Draft Decision
 - (4) No later than the **5 working days** after the consultation period is over, PUCSL shall approve the Decision on the Extraordinary Review
 - iii. No later than 5 working days after the Decision approval, PUCSL shall:
 - (5) Notify the Transmission Licensee the approval
 - (6) Post the Decision in the PUCSL Website