

PUBLIC UTILITIES COMMISSION OF SRI LANKA

DECISION ON UNIFORM NATIONAL TARIFF ADJUSTMENT

For the period of 1st July 2015 to 30th September 2015

DECISION ON UNIFORM NATIONAL TARIFF ADJUSTMENT – JULY TO SEPTEMBER 2015

In exercising functions vested with the Public Utilities Commission of Sri Lanka (“the Commission”) under section 3(d) of the Sri Lanka Electricity Act No 20 of 2009 (the “Act”) “to regulate tariffs and other charges levied by licensees and other electricity undertakings, in order to ensure that the most economical and efficient service possible is provided to consumers”.

In accordance with Section 30(2)(a) of the Act, the Commission, on 15th July 2010, approved a cost-reflective Methodology for Tariffs (“the methodology”), amended on 15th October 2015 and subsequently issued the methodology to the transmission licensee (TL) and to each distribution licensee (DL).

In accordance with the Section 5.2.2 of the amended methodology, uniform national tariff (UNT) adjustment shall be estimated and communicated by the Commission to the transmission licensee for each three-month period. The adjustment amount shall be credited/debited to each distribution licensee in the next invoicing immediately after the Commission approval.

The commission hereby approve the UNT adjustment for the period of 1st July 2015 to 30th September 2015, and direct the transmission licensee to credit/debit to each distribution licensee in the next invoice.

List of Acronyms

BST	Bulk Supply Tariffs
DL	Distribution Licensee: Ceylon Electricity Board and Lanka Electricity Company (Pvt) Ltd
DL1	Distribution and Supply Licensee for CEB Distribution Region 1 holding license number EL/D/09-003
DL2	Distribution and Supply Licensee for CEB Distribution Region 2 holding license number EL/D/09-004
DL3	Distribution and Supply Licensee for CEB Distribution Region 3 holding license number EL/D/09-005
DL4	Distribution and Supply Licensee for CEB Distribution Region 4 holding license number EL/D/09-006
DL5	Distribution and Supply Licensee LECO holding license number EL/D/09-052
kVA	kilovolt ampere
LECO	Lanka Electricity Company (Pvt) Ltd.
LKR	Sri Lanka Rupee
MWh	Megawatt hour
TL	Transmission and Bulk Supply Licensee holding License

1. SALES REVENUE OF DISTRIBUTION LICENSEES

Sales revenue of each distribution licensee is the actual revenue collected for the period of July to September 2015 as per the approved end-user tariffs. A breakdown of licensee-wise sales revenue is shown in the table 1 below.

Table 1 – SALES REVENUE OF EACH LICENSEE

	Fixed charge (LKR Million)	Max. Demand charge (LKR Million)	Energy charge (LKR Million)	Total (LKR Million)
DL1	854	1,446	13,148	15,448
DL2	989	1,576	11,623	14,188
DL3	532	828	6,330	7,690
DL4	477	578	5,270	6,326
DL5	412	509	5,876	6,798

2. COST OF SALES

2.1 CAPACITY PAYMENT

Capacity payment of the distribution licensee is the payment to coincidental maximum demand (total of the three monthly readings), calculated as per the capacity charge given in table 10 under Section 6 of *DECISION ON TRANSMISSION AND BULK SUPPLY TARIFFS* effective from 1st July 2015. Licensee-wise capacity payments for the period of July to September 2015 are shown in the table 2 below.

Table 2 – CAPACITY PAYMENT TO TRANSMISSION LICENSEE

	Capacity purchased (MW)	LKR/MW	Capacity payment (LKR Millions)
DL1	1,663	2,713,469	4,513
DL2	1,926	2,713,469	5,226
DL3	957	2,713,469	2,597
DL4	793	2,713,469	2,152
DL5	677	2,713,469	1,837

2.2 ENERGY PAYMENT

Energy payment is paid to the transmission licensees for the energy purchased by the distribution licensee (total for the three months). Relevant bulk supply tariffs are given in table 11 under Section 6 of *DECISION ON TRANSMISSION AND BULK SUPPLY TARIFFS* effective from 1st July 2015. Energy payments for the period of July to September 2015 are shown in the table 3 below.

Table 3 – ENERGY PAYMENT TO TRANSMISSION LICENSEE

	Energy purchased (MWh)			Bulk Supply Tariff (LKR/kWh)			Energy payment invoice (LKR Million)
	Day	Peak	Off-peak	Day	Peak	Off-peak	
DL1	561,948	185,021	192,972	8.71	10.98	6.48	8,177
DL2	602,166	216,128	240,704	6.40	8.07	4.76	6,744
DL3	323,700	122,029	107,551	5.82	7.34	4.33	3,245
DL4	252,079	96,866	98,111	6.40	8.07	4.76	2,862
DL5	217,579	72,046	84,780	10.73	13.52	7.97	3,984

2.3 ADJUSTMENT TO ENERGY PURCHASES

Invoiced purchases are reverse adjusted to get to the actual energy transferred to the distribution licensees (to adjust for energy transferred through DL2, DL3 and DL4 for DL5). Adjusted actual energy transferred for the period of July to September 2015 is shown in the table 4 below.

Table 4 – ADJUSTED ACTUAL PURCHASES

	Invoiced purchases (MWh)	Adjusted actual purchases (MWh)
DL1	939,940	939,940
DL2	1,058,998	1,061,571
DL3	553,280	555,119
DL4	447,057	449,957
DL5	374,406	367,094

2.4 ACTUAL LOSS OF DISTRIBUTION LICENSEES

Actual loss is derived from actual sales deducting actual purchases and street lamp consumption allowed for the period. Actual loss of each distribution licensee is shown in the table 5 below.

Table 5 – ACTUAL LOSS OF DISTRIBUTION LICENSEES

	Actual sales (MWh)	Actual purchases (MWh)	St. lamp allowed for the period (MWh)	Actual loss
DL1	845,352	939,940	10,433	9.0%
DL2	929,693	1,061,571	12,099	11.3%
DL3	501,393	555,119	3,277	9.1%
DL4	395,274	449,957	4,812	11.1%
DL5	350,357	367,094	6,776	2.7%

2.5 LOSS ADJUSTMENT TO ENERGY INVOICE

An adjustment to the energy invoice is done for any variance between distribution loss allowed and actual distribution loss. Adjusted invoice values are shown in the table 6 below.

Table 6 – LOSS ADJUSTED ENERGY INVOICE

	Energy payment invoice (LKR Million)	Allowed loss	Actual loss	loss adjusted energy invoice (LKR Million)
DL1	8,177	8.2%	9.0%	8,109
DL2	6,744	10.0%	11.3%	6,648
DL3	3,245	8.2%	9.1%	3,214
DL4	2,862	8.6%	11.1%	2,784
DL5	3,984	5.0%	2.7%	4,080

3. ALLOWED REVENUE

A quarter of the total allowed revenue as per the *DECISION ON TRANSMISSION AND BULK SUPPLY TARIFFS*, effective from 1st July 2015 is considered in UNT adjustment calculation. Relevant data is shown in the table 7 below.

Table 7 – ALLOWED REVENUE FOR THE PERIOD

	Annual Allowed revenue (wires) (LKR Million)	Annual Retail service price cap (LKR/annum/cust)	Actual customers average for three months	Total allowed revenue per annum (LKR Million)	Allowed revenue for the period (LKR Million)
DL1	8,066	528	1,378,329	8,793	2,198
DL2	8,654	663	1,917,696	9,925	2,481
DL3	4,609	489	1,140,142	5,166	1,292
DL4	3,719	531	954,538	4,226	1,057
DL5	2,703	725	534,074	3,090	773

4. UNIFORM NATIONAL TARIFF ADJUSTMENT (UNT ADJUSTMENT)

As per the Section 5.2.2 *EX-POST CALCULATION OF COMPENSATION*, of *Decision Document on Tariff Methodology*, the UNT adjustment is calculated for the period of 1st July 2015 to 30th September 2015, as shown in the table 8 below.

Table 8 – UNT ADJUSTMENT

Item (LKR)	DL1	DL2	DL3	DL4	DL5
Total revenue	15,447,808,493	14,188,464,843	7,689,666,710	6,325,648,662	6,797,935,438
(Capacity payment)	(4,513,074,202)	(5,225,750,554)	(2,596,797,973)	(2,152,049,550)	(1,836,554,510)
(adjusted energy invoice)	(8,109,452,456)	(6,647,613,455)	(3,213,932,035)	(2,784,264,420)	(4,080,288,229)
(allowed revenue)	(2,198,367,734)	(2,481,307,268)	(1,291,574,093)	(1,056,558,695)	(772,570,376)
UNT adjustment*	(626,914,101)	166,206,434	(587,362,608)	(332,775,996)	(108,522,322)

*Positive adjustment refers to fund transfer from TL to DL and vice versa.