

PUBLIC UTILITIES COMMISSION OF SRI LANKA

DECISION ON UNIFORM NATIONAL TARIFF ADJUSTMENT

For the period of 1st July 2016 to 30th September 2016

DECISION ON UNIFORM NATIONAL TARIFF ADJUSTMENT – JULY TO SEPTEMBER 2016

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 approves the UNT adjustment for the period of 1st July 2016 to 30th September 2016. 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 2016 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	920	1,496	14,012	16,427
DL2	1,060	1,640	12,411	15,111
DL3	570	877	6,997	8,444
DL4	509	596	5,709	6,814
DL5	436	531	6,394	7,361

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 9 under Section 5 of *DECISION ON TRANSMISSION AND BULK SUPPLY TARIFFS* effective from 1st April 2016. Licensee-wise capacity payments for the period of July to September 2016 are shown in the table 2 below.

Table 2 – CAPACITY PAYMENT TO TRANSMISSION LICENSEE

	Capacity purchased (MW)	LKR/MW	Capacity payment (LKR Millions)
DL1	1,786	3,010,537	5,378
DL2	2,107	3,010,537	6,343
DL3	1,128	3,010,537	3,397
DL4	921	3,010,537	2,774
DL5	707	3,010,537	2,128

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 10 under Section 5 of *DECISION ON TRANSMISSION AND BULK SUPPLY TARIFFS* effective from 1st April 2016. Energy payments for the period of July to September 2016 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	600,795	195,855	209,547	8.21	10.76	4.88	8,063
DL2	632,843	227,722	255,732	6.81	8.93	4.05	7,379
DL3	366,994	135,876	136,107	3.94	5.17	2.34	2,467
DL4	257,653	98,812	104,551	5.00	6.55	2.97	2,246
DL5	228,874	75,701	92,330	9.93	13.02	5.91	3,804

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 2016 is shown in the table 4 below.

Table 4 – ADJUSTED ACTUAL PURCHASES

	Invoiced purchases (MWh)	Adjusted actual purchases (MWh)
DL1	1,006,198	1,006,198
DL2	1,116,297	1,119,003
DL3	638,976	640,883
DL4	461,017	464,151
DL5	396,906	389,159

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	899,888	1,006,198	12,403	9.3%
DL2	978,603	1,119,003	9,102	11.7%
DL3	543,347	640,883	3,092	14.7%
DL4	417,117	464,151	4,789	9.1%
DL5	373,770	389,159	6,514	2.3%

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	8,063	8.2%	9.3%	7,963
DL2	7,379	10.0%	11.7%	7,237
DL3	2,467	8.2%	14.7%	2,291
DL4	2,246	8.6%	9.1%	2,234
DL5	3,804	5.0%	2.3%	3,913

3. ALLOWED REVENUE

A quarter of the total allowed revenue as per the *DECISION ON TRANSMISSION AND BULK SUPPLY TARIFFS*, effective from 1st April 2016 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	10,215	548	1,467,881	11,020	2,755
DL2	13,185	437	1,997,538	14,058	3,515
DL3	7,581	595	1,167,650	8,276	2,069
DL4	6,212	635	990,050	6,840	1,710
DL5	3,348	897	548,416	3,840	960

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 2016 to 30th September 2016, as shown in the table 8 below.

Table 8 – UNT ADJUSTMENT

Item (LKR)	DL1	DL2	DL3	DL4	DL5
Total revenue	16,426,712,268	15,111,467,828	8,444,232,504	6,814,184,703	7,361,454,210
(Capacity payment)	(5,377,565,695)	(6,342,683,647)	(3,397,105,003)	(2,773,511,401)	(2,128,214,837)
(adjusted energy invoice)	(7,963,024,332)	(7,236,808,530)	(2,291,264,581)	(2,233,678,979)	(3,912,918,797)
(allowed revenue)	(2,754,904,467)	(3,514,551,063)	(2,069,050,136)	(1,709,966,234)	(959,896,394)
UNT adjustment*	331,217,774	(1,982,575,412)	686,812,784	97,028,090	360,424,182

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