

PUBLIC UTILITIES COMMISSION OF SRI LANKA

DECISION ON UNIFORM NATIONAL TARIFF ADJUSTMENT

For the period of 1st October 2016 to 31st December 2016

DECISION ON UNIFORM NATIONAL TARIFF ADJUSTMENT – October to December 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 October 2016 to 31st December 2016, and directs 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 October to December 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	886	1,501	13,449	15,837
DL2	1,028	1,670	12,403	15,101
DL3	560	885	6,826	8,270
DL4	495	628	5,663	6,786
DL5	417	535	6,136	7,088

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 19 under Section 6 of *DECISION ON TRANSMISSION AND BULK SUPPLY TARIFFS* effective from 1st October 2016. Licensee-wise capacity payments for the period of October to December 2016 are shown in the table 2 below.

Table 2 – CAPACITY PAYMENT TO TRANSMISSION LICENSEE

	Capacity purchased (MW)	Demand Charge(LKR/MW)	Capacity payment (LKR Millions)
DL1	1,829	2,539,622	4,645
DL2	2,084	2,539,622	5,292
DL3	1,116	2,539,622	2,833
DL4	919	2,539,622	2,334
DL5	722	2,539,622	1,834

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 21 under Section 7 of *DECISION ON TRANSMISSION AND BULK SUPPLY TARIFFS* effective from 1st October 2016. Energy payments for the period of October to December 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	582,210	189,010	200,537	8.76	11.49	5.21	8,317
DL2	607,409	215,478	238,277	7.23	9.48	4.30	7,459
DL3	363,774	128,924	127,069	4.68	6.14	2.78	2,847
DL4	264,395	99,154	102,814	5.70	7.47	3.39	2,596
DL5	225,830	75,305	87,774	10.25	13.44	6.10	3,862

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 October to December 2016 is shown in the table 4 below.

Table 4 – ADJUSTED ACTUAL PURCHASES

	Invoiced purchases (MWh)	Adjusted actual purchases (MWh)
DL1	971,757	971,757
DL2	1,061,165	1,063,854
DL3	619,767	621,630
DL4	466,364	469,405
DL5	388,909	381,315

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)	Street lamp allowed for the period (MWh)	Actual loss
DL1	878,727	971,757	12,403	8.3%
DL2	988,259	1,063,854	9,102	6.3%
DL3	535,361	621,630	3,092	13.4%
DL4	421,157	469,405	4,789	9.3%
DL5	366,731	381,315	6,514	2.1%

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	8,317	8.2%	8.3%	8,308
DL2	7,459	10.0%	6.3%	7,770
DL3	2,847	8.2%	13.4%	2,687
DL4	2,596	8.6%	9.3%	2,578
DL5	3,862	5.0%	2.1%	3,980

3. ALLOWED REVENUE

A quarter of the total allowed revenue as per the *DECISION ON TRANSMISSION AND BULK SUPPLY TARIFFS*, effective from 1st October 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	548.49	1,500,843	11,038	2,759
DL2	13,185	436.94	2,033,437	14,074	3,518
DL3	7,581	595.47	1,193,394	8,292	2,073
DL4	6,212	634.68	1,000,257	6,846	1,712
DL5	3,348	896.92	552,563	3,843	961

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 October 2016 to 31st December 2016, as shown in the table 8 below.

Table 8 – UNT ADJUSTMENT

Item (LKR)	DL1	DL2	DL3	DL4	DL5
Total revenue	15,836,630,093.70	15,101,133,277.10	8,269,975,760.20	6,786,004,463.65	7,087,685,693.53
(Capacity payment)	(4,645,417,327.96)	(5,291,921,167.08)	(2,833,189,103.07)	(2,334,239,815.63)	(1,833,502,634.62)
(adjusted energy invoice)	(8,307,885,321.16)	(7,769,670,721.79)	(2,686,621,969.89)	(2,577,573,539.17)	(3,979,509,767.37)
(allowed revenue)	(2,759,424,389.98)	(3,518,472,527.11)	(2,072,882,630.92)	(1,711,585,831.08)	(960,826,276.23)
UNT adjustment *	123,903,054.60	(1,478,931,138.88)	677,282,056.32	162,605,277.77	313,847,015.31

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