

Tariff Setting Guidelines for Electricity Distribution and Supply Licensees/Exempted Other than Ceylon Electricity Board(CEB) and Lanka Electricity Company (pvt) Ltd (LECO)

INTRODUCTION

In terms of Section 30 of Sri Lanka Electricity Act, No. 20 of 2009, prior to tariff revisions, the Distribution licensees/exempted parties other than CEB and LECO are supposed to obtain approval from the Public Utilities Commission of Sri Lanka. Due to the relatively small size of their operations, a simplified tariff revision procedure is to be implemented.

GUIDELINES

A tariff revision request of a licensee shall clearly give the breakdown of associated distribution costs and,

1. The following cost items can be included in the electricity tariff
 - a. Average purchase cost of electricity
 - b. Average direct maintenance costs of stand by generation
 - c. Average direct operating cost of standby generation
 - d. Average direct maintenance costs of electricity distribution system
 - e. Adjustment for losses
 - f. Regulatory levy
2. The following capital costs shall not be included in the electricity tariff
 - a. Capital cost/ depreciation of the distribution system
 - b. Capital cost/ depreciation of the stand by generator
3. Average direct fixed costs of electricity distribution/ stand by generation shall be estimated considering direct fixed costs within, at least, one year period
4. The average purchase cost of electricity shall be based on electricity bills for at least six months (may be shorter for a new licensee).
5. The Average direct variable costs (fuel and maintenance) of the standby generators shall be based on generation and associated direct variable costs for at least six months.
6. Distribution losses shall be estimated based on electricity purchases and metered consumption within the Authorized Area; i.e. consumption in common areas and licensees' offices within the Authorized Area shall be metered and accounted for.

The licensees shall be required to notify tenants on the proposed tariff revisions before requesting commission approval.