

PUBLIC UTILITIES COMMISSION OF SRI LANKA

# DECISION ON UNIFORM NATIONAL TARIFF ADJUSTMENT

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For the period of 1<sup>st</sup> January 2016 to 31<sup>st</sup> March 2016

## DECISION ON UNIFORM NATIONAL TARIFF ADJUSTMENT – JANUARY TO MARCH 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 15<sup>th</sup> July 2010, approved a cost-reflective Methodology for Tariffs (“the methodology”), amended on 15<sup>th</sup> 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 1<sup>st</sup> January 2016 to 31<sup>st</sup> March 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 January to March 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	836	1,474	12,812	15,121
DL2	944	1,553	11,381	13,878
DL3	544	859	6,515	7,917
DL4	483	580	5,357	6,420
DL5	420	531	6,260	7,211

## 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 24 under Section 8 of “*Decision on Revenue Caps and Bulk Supply Tariffs 2016-2020*” effective from 1<sup>st</sup> January 2016. Licensee-wise capacity payments for the period of January to March 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	1,762	2,598,206.00	4,579
DL2	1,901	2,598,206.00	4,940
DL3	1,057	2,598,206.00	2,747
DL4	938	2,598,206.00	2,438
DL5	716	2,598,206.00	1,859

## 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 26 under Section 9 of “Decision on Revenue Caps and Bulk Supply Tariffs 2016-2020” effective from 1<sup>st</sup> January 2016. Energy payments for the period of January to March 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	
<b>DL1</b>	548,445	181,283	191,689	8.34	10.94	4.96	7,508
<b>DL2</b>	568,594	211,620	232,516	6.91	9.06	4.11	6,802
<b>DL3</b>	340,726	127,101	124,385	4.13	5.41	2.45	2,400
<b>DL4</b>	256,712	99,210	105,072	5.16	6.77	3.07	2,319
<b>DL5</b>	220,277	74,670	88,981	10.10	13.24	6.01	3,748

## 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 January to March 2016 is shown in the table 4 below.

Table 4 – ADJUSTED ACTUAL PURCHASES

	Invoiced purchases (MWh)	Adjusted actual purchases (MWh)
<b>DL1</b>	921,417	921,417
<b>DL2</b>	1,012,730	1,015,322
<b>DL3</b>	592,211	594,122
<b>DL4</b>	460,994	463,986
<b>DL5</b>	383,928	376,433

## 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
<b>DL1</b>	831,359	921,417	12,133	8.5%
<b>DL2</b>	913,705	1,015,322	8,904	9.1%
<b>DL3</b>	512,360	594,122	3,024	13.3%
<b>DL4</b>	396,098	463,986	4,685	13.6%
<b>DL5</b>	366,802	376,433	6,372	0.9%

## 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)
<b>DL1</b>	7,508	8.2%	8.5%	7,487
<b>DL2</b>	6,802	10.0%	9.1%	6,868
<b>DL3</b>	2,400	8.2%	13.3%	2,267
<b>DL4</b>	2,319	8.6%	13.6%	2,191
<b>DL5</b>	3,748	5.0%	0.9%	3,911

### 3. ALLOWED REVENUE

A quarter of the total allowed revenue as per the “Decision on Revenue Caps and Bulk Supply Tariffs 2016-2020” effective from 1<sup>st</sup> January 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	1,417,029	10,991.73	2,748
DL2	13,185	437	1,928,934	14,028	3,507
DL3	7,581	595	1,156,517	8,270	2,067
DL4	6,212	635	967,767	6,826	1,706
DL5	3,348	897	540,716	3,833	958

### 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 1<sup>st</sup> January 2016 to 31<sup>st</sup> March 2016, as shown in the table 8 below.

Table 8 – UNT ADJUSTMENT

Item (LKR)	DL1	DL2	DL3	DL4	DL5
Total revenue	15,121,184,263.45	13,878,373,384.05	7,917,484,166.85	6,420,012,132.55	7,210,794,650.27
(Capacity payment)	(4,578,714,505.56)	(4,940,228,888.40)	(2,747,376,801.08)	(2,437,790,163.35)	(1,859,044,973.27)
(adjusted energy invoice)	(7,487,018,193.29)	(6,867,553,083.22)	(2,267,482,650.99)	(2,191,450,011.51)	(3,911,308,836.92)
(allowed revenue)	(2,747,931,604.76)	(3,507,057,069.08)	(2,067,392,794.50)	(1,706,430,537.00)	(958,169,748.68)
UNT adjustment*	307,519,959.84	(1,436,465,656.65)	835,231,920.29	84,341,420.69	482,271,091.41

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