

PUBLIC UTILITIES COMMISSION OF SRI LANKA

# DECISION ON UNIFORM NATIONAL TARIFF ADJUSTMENT

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For the period of 1<sup>st</sup> July 2017 to 30<sup>th</sup> September 2017

## **DECISION ON UNIFORM NATIONAL TARIFF ADJUSTMENT – JULY TO SEPTEMBER 2017**

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> July 2017 to 30<sup>th</sup> September 2017. 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 2017 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**

	<b>Fixed charge (LKR Million)</b>	<b>Max. Demand charge (LKR Million)</b>	<b>Energy charge (LKR Million)</b>	<b>Total (LKR Million)</b>
<b>DL1</b>	971	1,577	14,974	17,522
<b>DL2</b>	1,104	1,781	13,711	16,595
<b>DL3</b>	591	947	7,432	8,970
<b>DL4</b>	529	650	6,221	7,400
<b>DL5</b>	452	569	6,760	7,781

## 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 1<sup>st</sup> April 2017. Licensee-wise capacity payments for the period of July to September 2017 are shown in the table 2 below.

**Table 2 – CAPACITY PAYMENT TO TRANSMISSION LICENSEE**

	<b>Capacity purchased (MW)</b>	<b>Capacity Charge (LKR/MW)</b>	<b>Capacity payment (LKR Millions)</b>
<b>DL1</b>	1,839	2,553,632.36	4,697
<b>DL2</b>	2,189	2,553,632.36	5,590
<b>DL3</b>	1,152	2,553,632.36	2,943
<b>DL4</b>	951	2,553,632.36	2,427
<b>DL5</b>	725	2,553,632.36	1,852

## 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 1<sup>st</sup> April 2017. Energy payments for the period of July to September 2017 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>	609,112	196,069	220,826	10.00	13.09	5.96	9,974
<b>DL2</b>	634,700	230,255	244,883	7.29	9.55	4.35	7,891
<b>DL3</b>	322,954	117,924	114,405	5.07	6.63	3.02	2,765
<b>DL4</b>	257,784	103,083	114,155	5.46	7.14	3.25	2,515
<b>DL5</b>	238,153	78,400	96,654	10.53	13.77	6.27	4,193

## 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 2017 is shown in the table 4 below.

**Table 4 – ADJUSTED ACTUAL PURCHASES**

	Invoiced purchases (MWh)	Adjusted actual purchases (MWh)
<b>DL1</b>	1,026,006	1,026,006
<b>DL2</b>	1,109,838	1,112,660
<b>DL3</b>	555,283	557,272
<b>DL4</b>	475,022	478,276
<b>DL5</b>	413,207	405,141

## 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**

	<b>Actual sales (MWh)</b>	<b>Actual purchases (MWh)</b>	<b>St. lamp allowed for the period (MWh)</b>	<b>Actual loss</b>
<b>DL1</b>	956,746	1,026,006	13,632	5.4%
<b>DL2</b>	1,063,351	1,112,660	9,204	3.6%
<b>DL3</b>	567,310	557,272	3,163	-2.4%*
<b>DL4</b>	452,793	478,276	4,789	4.3%
<b>DL5</b>	388,003	405,141	7,441	2.4%

\* Actual energy loss of Region 3 has become a negative figure because the energy purchases from NCRE have not been recognized within the quarter and the unrecognized energy purchases will appear in the energy purchases of the next quarter.

## 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**

	<b>Energy payment invoice (LKR Million)</b>	<b>Allowed loss</b>	<b>Actual loss</b>	<b>loss adjusted energy invoice (LKR Million)</b>
<b>DL1</b>	9,974	7.4%	5.4%	10,188
<b>DL2</b>	7,891	8.6%	3.6%	8,320
<b>DL3</b>	2,765	7.6%	-2.4%	3,064
<b>DL4</b>	2,515	7.9%	4.3%	2,613
<b>DL5</b>	4,193	4.8%	2.4%	4,300

### 3. ALLOWED REVENUE

A quarter of the total allowed revenue as per the *DECISION ON TRANSMISSION AND BULK SUPPLY TARIFFS*, effective from 1<sup>st</sup> April 2017 is considered in UNT adjustment calculation. Relevant data is shown in the table 7 below.

**Table 7 – ALLOWED REVENUE FOR THE PERIOD**

	<b>Annual Allowed revenue (wires) (LKR Million)</b>	<b>Annual Retail service price cap (LKR/annum/cust)</b>	<b>Actual customers average for three months</b>	<b>Total allowed revenue per annum (LKR Million)</b>	<b>Allowed revenue for the period (LKR Million)</b>
<b>DL1</b>	10,153	500	1,763,964	11,035	2,759
<b>DL2</b>	13,046	463	2,107,140	14,021	3,505
<b>DL3</b>	7,440	572	1,224,966	8,141	2,035
<b>DL4</b>	6,944	593	1,020,560	7,549	1,887
<b>DL5</b>	3,817	951	561,805	4,351	1,088

### 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> July 2017 to 30<sup>th</sup> September 2017, as shown in the table 8 below.

**Table 8 – UNT ADJUSTMENT**

<b>Item (LKR)</b>	<b>DL1</b>	<b>DL2</b>	<b>DL3</b>	<b>DL4</b>	<b>DL5</b>
<b>Total revenue</b>	17,521,956,528	16,595,097,199	8,969,981,938	7,399,665,071	7,781,005,404
<b>(Capacity payment)</b>	(4,697,097,737)	(5,590,424,731)	(2,942,701,233)	(2,427,347,579)	(1,852,282,340)
<b>(adjusted energy invoice)</b>	(10,187,954,451)	(8,319,703,008)	(3,064,316,444)	(2,612,642,346)	(4,299,796,277)
<b>(allowed revenue)</b>	(2,758,704,330)	(3,505,366,008)	(2,035,259,449)	(1,887,343,481)	(1,087,708,947)
<b>UNT adjustment*</b>	(121,799,989)	(820,396,548)	927,704,813	472,331,665	541,217,841

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