DECISION ON TRANSMISSION AND BULK SUPPLY TARIFFS

Effective from 1st January 2014

DECISION ON BULK SUPPLY TARIFFS- January – June 2014

In exercising the powers and functions vested with the Public Utilities Commission of Sri Lanka (Commission) under section 3 (d) of the Sri Lanka Electricity Act, No. 20 of 2009 (SLEA) 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, and in accordance with section 30 (2) (a) of SLEA, the Commission has approved a Tariff Methodology.

In accordance with the methodology, the tariffs levied by the transmission licensee for the transmission and bulk sale of electricity (the transmission and bulk sale tariffs) and tariffs levied by the distribution licensee for the distribution and supply of electricity were approved by the Commission and requested licensees to implement with effect from 1st January 2011, issuing the decision document on electricity tariffs. The transmission and bulk sale tariffs was a forecasted tariffs issued to determine the end use customer tariffs. The forecasted transmission and bulk sale tariffs are calculated and filed once every six months by the transmission license following the procedure defined in the methodology.

The Commission reviewed the transmission and bulk supply tariffs filed by the transmission licensee for the period from January to June 2014, and hereby approved and requested the transmission licensee to implement the bulk supply tariffs effective from 1st of January 2014.

List of Acronyms

BSOB	Bulk Supply and Operations Business
BST	Bulk Supply Tariffs
CAPEX	Capital Expenditure
CEB	Ceylon Electricity Board
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
FSA	Fuel Supply Agreement
CEB GL	CEB Generation Licensee holding License number
GWh	Giagawatt hour
kVA	kilovolt ampere
kW	kilowatt
kWh	kilowatt hour
LECO	Lanka Electricity Company (Pvt) Ltd.
LKR	Sri Lanka Rupee
LV	Low Voltage
MV	Medium Voltage
MWh	Megawatt hour
NCRE	Non-Conventional Renewable Energy
O & M	Operations & Maintenance
OPEX	Operating Expenditure
PPA	Power Purchase Agreement
Single Buyer	A function of the BSOB
SPPs	Small Power Producers
T&D	Transmission and Distribution
TL	Transmission and Bulk Supply Licensee holding License number EL/T/09-002
TOU	Time of Use
WIP	Work-in-Progress

1. ALLOWED REVENUE

1.1 Allowed revenue for 2014

Transmission allowed revenue and distribution allowed revenues were adjusted as per sections 2.3.2.9 and 3.1.2.8 of the approved *Tariff Methodology* respectively. Approved allowed revenues for 2012 (Table 1and 2, *DECISION ON BULK SUPPLY TARIFFS- JANUARY- JUNE 2012*) were used to arrive at the allowed revenues for year 2014. Sales forecasts (Table 01) and relevant indices (Table 02) used for the calculation are as follows.

Table 1 – Sales forecast used for the revenue control formula

Forecast - Number of Consumers					
year	DL1	DL2	DL3	DL4	DL5
2012	1,382,460	1,507,420	1,160,892	881,073	485,733
2014	1,387,344	1,877,908	1,113,207	935,728	502,710
Forecast - Energy (GWh)					
2012	2,877	3,008	2,012	1,312	1,218
2014	3,080	3,253	1,835	1,415	1,261

Table 2 – Indices used for the revenue control formula

Relevant Indices			
year	LKR/USD	CCPI	PPIUS(capital equipment)
Dec-2011	113.90	154.40	161.30
Dec-2013	130.75	176.50	165.30
percentage change	17.85%	19.90%	4.89%

Table 3 – Allowed revenue calculated for year 2014

Allowed revenue (LKR Million)						
year	DL1	DL2	DL3	DL4	DL5	TL
2012	6,980	7,111	4,329	3,299	2,318	7,457
2014	8,308	9,280	4,748	4,029	2,755	8,643
Retail service price cap (LKR/Customer)						BSOB Revenue (LKR Million)
2012	454.91	571.34	421.03	457.43	625.05	123.77
2014	520.03	653.12	481.30	522.91	714.51	141.49

BSOB price cap and retail service price cap were adjusted as per sections 2.4.1 and 3.2.1 of the approved Tariff Methodology respectively. Same indices shown in Table 2 were used for the adjustment. Adjusted figures are shown in the Table 3.

1.2 Capital expenditure claw back for 2012

In terms of Sections 2.1.1 and 3.1.1 of the Decision on Electricity Tariffs 2011, the underutilized capital expenditure is clawed back. The actual vs. approved capital expenditure for year 2012 for each licensee is shown in Tables 1 to 6

Table 4- Approved Capex or Work-in Progress and Actual Expenditure for TL in 2012

Item	Year 2012 Approved Capex (LKR Millions)	Year 2012 actual Capex (LKR Millions)
Trincomalee Coal Power Project	115	0
Power Sector Development Transmission Project	-	0
Greater Colombo Grid Substation Project: Kotugoda extension	-	0
Augmentation of Grid Substations for Absorption of RE Projects	184	0
Beliatte Grid Substation Project	23	0
Vavuniya – Killinochchi Transmission Project	590	0
Killinochchi – Chunnakum Transmission Project	192	0
North East Power Transmission Development Project	3,440	0
Transmission System Strengthening: Line Project	64	0
Transmission System Strengthening:Eastern Project	349	0
New Galle Transmission Development Project	151	0
220 kV Protection Development Project	110	17.68
Puttalam GS Augmentation Project	-	
Transmission System Strengthening: GS Project	273	0
Augmentation of Vavuniya GS Project	-	
TOTAL Work In Progress	**5,491**	**17.68**

Table 5- Approved minor Capex and Actual Expenditure for TL in 2012

Item	Year 2012 Approved Capex (LKR Millions)	Year 2012 actual Capex (LKR Millions)
Establishment of Meter Lab in year 2012	80.0	0
Replacement CAPEX		
Purchase of Power Transformers	75.0	0
Trincomalee GS	52.0	
Kiribathkumbura GS	401.4	
Old Anuradhapura GS	642.0	
Reinforcement CAPEX		
Kotugoda GS	139.3	0.0
Transmission construction	-	0.0
Other CAPEX		
Capital: Vehicles, purchase of lands, buildings, etc. (Tax included)	350.0	91.6
Customs Duty & VAT for other minor CAPEX	24.0	0.0
Total minor CAPEX	**1,763.7**	**91.6**

Table 6- Approved Capex and Actual Expenditure for DL1 in 2012

Approved Capital Expenditure	Year 2012 Approved Capex (LKR Millions)	Year 2012 actual Capex (LKR Millions)
LV Development Plan (System Augmentation)	826	
LV ABC Conversion	814	
MV Development Plan	2,262	1,194
RE8: Iran	863	3,166
RE4: SIDA		
Lighting NCP	3,227	3,139
Lighting: NWP		53
Uthuru Wasanthya	1,946	1,787
CAARP		203
Augmentation of Primaries, Sub D & Sub J		
Colombo City Electricity		298
New Buildings (Area Offices, CSCs, etc.)	397	52
E Shops	22	
New Computers & Other Equipment	47	39
Loss Reduction	179	
Vehicles	150	108
Furniture	15	7
Other Capital Expenditure	34	28
Consumer Contribution		
PCB	78	
DCB	100	360
Service Mains	1,395	1,555
Bulk Supply	700	617
Others	111	
TOTAL CAPEX	**13,164**	**12,606**

Table 7- Approved Capex and Actual Expenditure for DL2 in 2012

Item	Year 2012 Approved Capex (LKR Millions)	Year 2012 actual Capex (LKR Millions)
Transfer from WIP(Distribution)	11,887	4,793
Freehold Land	0	6
Freehold Buildings(Constructed)	250	48
Motor Vehicles	100	41
Office Equipment	40	51
Furniture & Fittings	3	8
Plant & Machinery	23	53
Other Assets (IT Equipment)	40	0
TOTAL CAPEX	12,343	5,000

Table 8- Approved Capex and Actual Expenditure for DL3 in 2012

Item	Year 2012 Approved Capex (LKR Millions)	Year 2012 actual Capex (LKR Millions)
Distribution system augmentation	1,033	697
MV distribution network reinforcement (including augmentation of primaries & MV lines)	907	0
Land	-	0
Buildings	215	0
Motor vehicles	182	118
Office equipment and tools	28	26
Furniture & fittings	11	4
Machinery & tools	40	18
Lighting Sri Lanka Ratnapura Project	708	153
Rural Electrification: Iran	420	207
UvaUdanaya	2,720	1000
Bulk supply	200	255
Service connections	1,046	982
TOTAL CAPEX	**7,508**	**3,460**

Table 9- Approved Capex and Actual Expenditure for DL4 in 2012

Item	Year 2012 Approved Capex (LKR Millions)	Year 2012 actual Capex (LKR Millions)
Distribution system augmentation	752	622
Medium voltage distribution network reinforcement (including augmentation of primaries & MV lines)	565	17
Distribution Development Project: Dehiwala-Mt. Lavinia	1,632	17
Interconnection Dehiwala GS & Dehiwala PS	-	0
Computerisation& IT installation	20	11
Land	6	0
Buildings	60	15
Motor vehicles	100	55
Office equipment	10	4
Furniture & fittings	10	8
Machinery & Tools	75	92
RE4: SIDA Project	-	4
RE:8 Iran Project	184	408
Lighting Sri Lanka Hambantota Project	-	222
Lighting Sri Lanka Galle District	-	352
Lighting Sri Lanka Matara District	-	
Lighting Sri Lanka Kalutara District	-	16
Sub Total	**3,414**	**1,843**
Customer Contribution for New Connections		
Third Party Jobs (a) Bulk Supply	668	366
(b) Service Connections	864	545
(c) DCB RE	319	228
Sub Total	**1,851**	**1,139**
TOTAL CAPEX	**5,265**	**2,982**

Table 10- Approved Capex and Actual Expenditure for DL5 in 2012

Item	Year 2012 Approved Capex (LKR Millions)	Year 2012 actual Capex (LKR Millions)
Vehicles	65.0	159.5
Plant		
Heavy machinery	35.0	
Line construction tools	10.8	
Metering equipment	4.2	
Meter calibration program	4.0	
Fault detection and diagnostic program	18.0	
Computers, software and IT equipment		
Servers, network hardware, plotters, printers etc.	9.9	
Software	6.0	
ERP	50.0	28.0
Regulatory and customer support (Call Centre)		
Office equipment		
Fax machines ,telephone ,photocopy	2.4	
Furniture	1.2	
Radio Communication	64.0	25.8
VHF sets	0.8	
Antenna towers	0.2	
Repeater Equipment	1.2	
Buildings		
Kotte Branch Office	85.0	15.8
Kalutara	7.0	
TOTAL other CAPEX	364.7	229.2
TOTAL network CAPEX	460.9	484.7
TOTAL CAPEX	**825.6**	**713.9**

1.3 Amendment of capital claw back methodology

Capital claw back for underutilized capital expenditure was carried out until 2013 using the cash flow model that was used to determine initial revenue caps (Table 11, *DECISION ON ELECTRICITY TARIFFS 2011*) for licensees. The capital claw backed, finalized revenue caps (Table 10, *DECISION ON ELECTRICITY TARIFFS 2013*) using the cash flow model until 2013 are shown in Table 8 below. But due to complexity of that exercise, the capital claw back was done again using a much simpler methodology (explained later in the document) and revenue caps given in Table 8 below were revised. Revised revenue caps are shown in the Table 9 below.

Table 11- revenue caps calculated using the cash flow model

	Variable revenue cap (LKR Million)		
Licensee	**2011**	**2012**	**2013**
DL 1	5,978	6,332	7,366
DL 2	6,772	6,629	7,697
DL 3	3,970	4,000	4,522
DL 4	3,334	3,167	3,684
DL 5	2,120	2,159	2,455
TL	6,895	7,239	8,046

Table 12 – Revised revenue caps as per the new methodology

	Variable revenue cap (LKR Million)		
Licensee	**2011**	**2012**	**2013**
DL 1	6,110	6,479	7,573
DL 2	6,852	6,712	7,634
DL 3	4,002	3,948	4,391
DL 4	3,295	3,086	3,551
DL 5	2,213	2,264	2,550
TL	6,949	7,122	7,760

Revised revenue caps as per the new methodology for years 2011, 2012 and 2013 (Table 9) were compared with allowed revenue caps (Table 8) and the variances were added to the revenue caps of year 2014, of which the calculations are shown below.

1.4 Allowed revenue and capital claw back for the year 2014

Capital claw back for the year 2014 was done in a straightforward manner. Inflated revenue caps were calculated without any capital claw back, starting from those figures, two percent of not utilized capital as the Return on Assets (ROA) and relevant depreciation of not utilized assets were removed. Variances of years 2011, 2012 and 2013 were added as mentioned in 1.1 above, to arrive at the revenue cap for year 2014.

Table 13 – Approved revenue caps for the year 2014

Adjustment for underutilized capex of year 2011 (LKR Million) for year 2014						
Licensee	**DL1**	**DL2**	**DL3**	**DL4**	**DL5**	**TL**
Depreciation	291	153	190	116	44	130
ROA (2%)	196	99	115	64	6	163
Adjustment for underutilized capex of year 2012 (LKR Million) for year 2014						
Licensee	**DL1**	**DL2**	**DL3**	**DL4**	**DL5**	**TL**
Depreciation	46	224	121	74	32	96
ROA (2%)	14	148	77	32	4	143
Total that should be removed from the revenue caps for year 2014	**548**	**624**	**503**	**286**	**85**	**532**
Adjusting the revenue cap for underutilized capex						
Inflated revenue caps for 2014 without capital claw back	**8,308**	**9,280**	**4,748**	**4,029**	**2,755**	**8,643**
Total deduction due to capital claw back for year 2014	**(548)**	**(624)**	**(503)**	**(286)**	**(85)**	**(532)**
Net adjustment of year 2011, 2012 and 2013- readjusted for new (revised) methodology	**485**	**100**	**(152)**	**(252)**	**293**	**(349)**
Approved revenue caps for 2014	**8,246**	**8,757**	**4,092**	**3,490**	**2,963**	**7,762**

2 APPROVED LOSSES FOR THE PERIOD (As per the Decision on Electricity Tariffs – 2011)

Approved network loss target as per *DECISION ON ELECTRICITY TARFF 2011* for year 2014 are shown in Table 12 below.

Table 14- Approved Network Loss For 2014

Licensee	DL 1	DL 2	DL 3	DL 4	DL 5	TL
Approved loss	8.3%	10.4%	8.3%	9.2%	5.2%	3.0%

3 SHORT TERM DEBT LEVY

Repayment of short terms debts of Ceylon Electricity Board that were budgeted for the period Jan – June 2014 was allowed in this decision. The Commission has approved LKR 13,646 Million of short term debt repayment to be added to the capacity charge for the period.

4 GENERATION COSTS

The approved generation dispatch for Jan – June 2014 is shown in Table 13 below.

Table 15- Dispatch Approved By the Commission for Jan-June 2014

			Month of year 2014						
Month	Code	Unit	January	February	March	April	May	June	Total
Independent Power Producers (IPPs)									
ASIA Power – 45 MW	DAPL	GWh	25.0	22.0	25.0	24.0	15.7	15.2	126.9
AES Kelanitissa – 165 MW	CAES	GWh	-	-	40.6	-	-	-	40.6
Barge – 60 MW	DCPL	GWh	37.9	34.3	37.9	36.7	33.0	31.8	211.6
Heladhanavi – Put. – 99 MW	DPUT	GWh	62.6	56.5	62.6	60.6	62.6	60.6	365.5
ACE – Embilipitiya – 99 MW	DEMB	GWh	57.7	51.3	57.7	47.0	49.2	19.0	281.9
Kerawalapitiya – 270 MW	CCKW	GWh	37.7	32.3	75.4	-	-	-	145.4
TOTAL IPP		GWh	220.9	196.4	299.2	168.3	160.5	126.6	1,171.9
CEB GL's Thermal Generation									
Sapu Old 4 x 18 MW	DSP1	GWh	32.7	29.6	32.7	31.7	32.7	31.7	191.1
Sapu Ext. 8 x 9 MW	DSP2	GWh	40.5	36.6	40.5	39.2	40.5	39.2	236.5
KPS GT 5 x 17 MW	GT16	GWh	-	1.5	2.1	-	-	-	3.6
KPS GT 1 x 115 MW	GT07	GWh	-	17.3	17.3	-	-	-	34.6
KPS Combined – 165 MW	CCKP	GWh	77.6	67.5	77.6	54.6	-	-	277.3
Coal – Puttlam 300 MW	CPUT	GWh	307.8	278.0	307.8	297.9	307.8	297.9	1,797.2
Total CEB GL's Thermal Generation		GWh	458.6	430.5	478.0	423.4	381.0	368.8	2,540.3
Renewable energy	NCRE	GWh	39.4	33.4	35.4	61.4	61.4	80.4	311.4
Chunnakam	DCHU	GWh	0.5	0.5	0.5	0.5	0.5	0.5	3.0
New Chunnakam	DNCHU	GWh	15.2	13.7	15.2	14.7	15.2	14.7	88.7
Northern Power	DNOR	GWh	10.0	9.1	10.0	9.7	10.0	9.7	58.5
Total Northern generation		GWh	25.7	23.3	25.7	24.9	25.7	24.9	150.2
CEB GL's Hydropower Generation		GWh	254.0	252.4	219.1	287.0	425.3	422.9	1,860.7
Total Generation		GWh	998.6	936.0	1,057.4	965.0	1,053.9	1,023.6	6,034.5

Forecast system coincident peak generation demand and the approved monthly capacity costs of each generation plant/ hydro scheme are shown in Table 14 below.

Table 16- Approved Capacity payments to GL by TL for Jan-June 2014

Item\Month	Unit	January	February	March	April	May	June
System Coincident Peak demand	MW	1,932	2,013	2,058	1,881	1,999	1,963

Capacity Payment

Plant\Month	Unit	January	February	March	April	May	June
Mahaweli	Mn. LKR	610.32	610.32	610.32	610.32	610.32	610.32
Laxapana	Mn. LKR	184.69	184.69	184.69	184.69	184.69	184.69
Other Hydro	Mn. LKR	190.27	190.27	190.27	190.27	190.27	190.27
GTSM	Mn. LKR	30.21	29.29	29.29	30.21	30.21	30.21
DSP	Mn. LKR	100.86	100.86	100.86	100.86	100.86	100.86
DSPX	Mn. LKR	113.46	113.46	113.46	113.46	113.46	113.46
DAPL	Mn. LKR	146.56	146.56	146.56	146.56	146.56	146.56
CCKP	Mn. LKR	268.12	268.12	268.12	268.12	268.12	268.12
CAES	Mn. LKR	42.65	38.52	42.65	41.27	42.65	41.27
DCPL	Mn. LKR	89.72	81.20	89.72	86.88	78.12	75.28
DPUT	Mn. LKR	116.83	116.83	116.83	116.83	116.83	116.83
DEMB	Mn. LKR	77.68	77.68	77.68	77.68	77.68	77.68
CCKW	Mn. LKR	639.94	578.01	639.94	619.30	639.94	619.30
CPUT	Mn. LKR	366.96	366.96	366.96	366.96	366.96	366.96
RENW	Mn. LKR	0.00	0.00	0.00	0.00	0.00	0.00
GT7	Mn. LKR	40.87	39.62	39.62	40.87	40.87	40.87
DCHU	Mn. LKR	7.21	7.21	7.21	7.21	7.21	7.21
DNOR	Mn. LKR	66.92	60.44	66.92	64.76	66.92	64.76
DNCHU	Mn. LKR	28.87	28.87	28.87	28.87	28.87	28.87
TOTAL	Mn. LKR	3,122.14	3,038.92	3,119.97	3,095.13	3,110.54	3,083.53
Depreciation Provision Excluded from CEB GL	Mn. LKR	947.44	947.44	947.44	947.44	947.44	947.44
Return of Equity allowed for CEB GL	Mn. LKR	189.49	189.49	189.49	189.49	189.49	189.49

Generation Capacity cost

	Unit	January	February	March	April	May	June
Average Generation Capacity cost	**LKR/MW**	**1,223,803**	**1,133,333**	**1,147,547**	**1,242,831**	**1,176,939**	**1,184,742**

Forecast monthly generation from each generation plant along with approved average cost LKR/kWh is shown in Table 15 below.

Table 17- Approved Energy Payments to GL by TL for Jan-June 2014

Plant\Month	Unit	January	February	March	April	May	June
Hydro	GWh	254.0	252.4	219.1	287.0	425.3	422.9
	LKR/kWh	0.0	0.0	0.0	0.0	0.0	0.0
GTSM	GWh	0.0	1.5	2.1	0.0	0.0	0.0
	LKR/kWh		63.2	62.7			
DSP	GWh	32.7	29.6	32.7	31.7	32.7	31.7
	LKR/kWh	24.5	24.9	24.5	24.6	24.5	24.6
DSPX	GWh	40.5	36.6	40.5	39.2	40.5	39.2
	LKR/kWh	23.3	23.6	23.3	23.4	23.3	23.4
DAPL	GWh	25.0	22.0	25.0	24.0	15.7	15.2
	LKR/kWh	24.2	24.2	24.2	24.2	24.4	24.4
CCKP	GWh	77.6	67.5	77.6	54.6	0.0	0.0
	LKR/kWh	26.5	26.6	26.5	26.9		
CAES	GWh	0.0	0.0	40.6	0.0	0.0	0.0
	LKR/kWh			27.4			
DCPL	GWh	37.9	34.3	37.9	36.7	33.0	31.8
	LKR/kWh	23.0	23.0	23.0	23.0	23.0	23.1
DPUT	GWh	62.6	56.5	62.6	60.6	62.6	60.6
	LKR/kWh	21.4	21.4	21.4	21.4	21.4	21.4
DEMB	GWh	57.7	51.3	57.7	47.0	49.2	19.0
	LKR/kWh	24.3	24.4	24.3	24.4	24.4	25.5
CCKW	GWh	37.7	32.3	75.4	0.0	0.0	0.0
	LKR/kWh	28.1	28.8	25.8			
CPUT	GWh	307.8	278.0	307.8	297.9	307.8	297.9
	LKR/kWh	6.4	6.5	6.4	6.4	6.4	6.4
RENW	GWh	39.4	33.4	35.4	61.4	61.4	80.4
	LKR/kWh	16.1	16.7	17.0	18.0	18.0	17.8
GT7	GWh	0.0	17.3	17.3	0.0	0.0	0.0
	LKR/kWh		40.3	40.3			
DCHU	GWh	0.5	0.5	0.5	0.5	0.5	0.5
	LKR/kWh	56.8	56.8	56.8	56.8	56.8	56.8
DNOR	GWh	10.0	9.1	10.0	9.7	10.0	9.7
	LKR/kWh	25.0	24.7	24.7	24.7	24.7	24.7
DNCHU(Jaffna)	GWh	15.2	13.7	15.2	14.7	15.2	14.7
	LKR/kWh	23.3	23.5	23.3	23.3	23.3	23.3
TOTAL generated energy	GWh	**998.6**	**936.0**	**1,057.4**	**965.0**	**1,053.9**	**1,023.6**
Monthly Energy Cost	LKR Million	12,324	11,835	15,117	10,673	9,141	8,542
Total Energy cost for six-months	LKR Million	67,632					
Total energy dispatch for six-months	GWh	6,035					
Six-month average energy cost	LKR/kWh	11.21					

5 ENERGY COSTS IN EACH INTERVAL FOR TOU PRICING

Using the approved Methodology, the Commission has determined that the peak adjustment factors to be as given in Table 16 below.

Table 18- Approved Peak Adjustment Factors

Time interval for TOU pricing	Factor	Value
0530-1830	k1	1
1830-2230	k2	1.25
2230-0530	k3	0.75

The energy dispatches and costs in each interval are provided in table below. The Commission has assessed the energy dispatches in each interval using historic information on the load profile on typical weekdays, week-ends and holidays.

Table 19- Monthly Energy Dispatches and Costs in the TOU Regime for Jan-June 2014

Average Generation Energy cost in each month

	Unit	January	February	March	April	May	June
Generation Energy cost	LKR/kWh	12.34	12.64	14.30	11.06	8.67	8.34

Month 1 - TOU tariffs				
Interval	Energy dispatched (GWh)	k Factor (#)	Adjusted k Factor (#)	Charge (LKR/kWh)
B1 (day)	567	1	0.99	12.27
B2 (peak)	227	1.25	1.24	15.34
B3 (off-peak)	205	0.75	0.75	9.21

Month 2 - TOU tariffs				
Interval	Energy dispatched (GWh)	k Factor (#)	Adjusted k Factor (#)	Charge (LKR/kWh)
B1 (day)	532	1	0.99	12.58
B2 (peak)	212	1.25	1.24	15.72
B3 (off-peak)	192	0.75	0.75	9.43

Month 3 - TOU tariffs				
Interval	Energy dispatched (GWh)	k Factor (#)	Adjusted k Factor (#)	Charge (LKR/kWh)
B1 (day)	601	1	0.99	14.22
B2 (peak)	240	1.25	1.24	17.77
B3 (off-peak)	217	0.75	0.75	10.66

Month 4 - TOU tariffs				
Interval	Energy dispatched (GWh)	k Factor (#)	Adjusted k Factor (#)	Charge (LKR/kWh)
B1 (day)	548	1	0.99	11.00
B2 (peak)	219	1.25	1.24	13.75
B3 (off-peak)	198	0.75	0.75	8.25

Month 5 - TOU tariffs				
Interval	Energy dispatched (GWh)	k Factor (#)	Adjusted k Factor (#)	Charge (LKR/kWh)
B1 (day)	599	1	0.99	8.63
B2 (peak)	239	1.25	1.24	10.78
B3 (off-peak)	216	0.75	0.75	6.47

Month 6 - TOU tariffs				
Interval	Energy dispatched (GWh)	k Factor (#)	Adjusted k Factor (#)	Charge (LKR/kWh)
B1 (day)	581	1	0.99	8.30
B2 (peak)	232	1.25	1.24	10.37
B3 (off-peak)	210	0.75	0.75	6.22

6 COMBINED COSTS OF SINGLE BUYER, AND TRANSMISSION AND BSOB

The allowed capacity costs of generation and energy costs of generation have been combined with the allowed transmission and BSOB costs to calculate the Bulk Supply Tariffs (BST) for sales by the TL to DLs. The approved average BST in each month in each TOU interval is given below and provides the six-month average.

Table 20- Combined Transfer Price from TL to DLs for Jan-June 2014

Capacity Charge

	Unit	Month					
		January	February	March	April	May	June
Capacity Charge							
Generation capacity	LKR/MW	1,223,802.53	1,133,333.14	1,147,547.48	1,242,831.02	1,176,939.08	1,184,741.88
Transmission	LKR/MW	334,845.96	321,406.93	314,270.29	343,983.46	323,611.33	329,541.41
Bulk Supply and Operations Business (Including short term loans)	LKR/MW	1,183,393.38	1,135,897.94	1,110,676.05	1,215,686.64	1,143,688.59	1,164,646.36
BST (C)	**LKR/MW**	2,742,041.86	2,590,638.01	2,572,493.82	2,802,501.12	2,644,239.00	2,678,929.65
BST (C) 6-Month Weighted average	**LKR/MW. month**	**2,669,489.67**					

Energy Charge

	Unit	Month					
		January	February	March	April	May	June
Interval 1 (day)							
Transmission Loss Factor B1	%	3.08%	3.08%	3.08%	3.08%	3.08%	3.08%
Generation energy Cost B1	LKR/kWh	12.27	12.58	14.22	11.00	8.63	8.30
BST (E1)	**LKR/kWh**	12.65	12.96	14.66	11.34	8.89	8.55
Interval 2 (peak)							
Transmission Loss Factor B2	%	3.93%	3.93%	3.93%	3.93%	3.93%	3.93%
Generation energy Cost B2	LKR/kWh	15.34	15.72	17.77	13.75	10.78	10.37
BST (E2)	**LKR/kWh**	15.95	16.34	18.47	14.29	11.21	10.78
Interval 3 (off-peak)							
Transmission Loss Factor B3	%	2.18%	2.18%	2.18%	2.18%	2.18%	2.18%
Generation energy Cost B3	LKR/kWh	9.21	9.43	10.66	8.25	6.47	6.22
BST (E3)	**LKR/kWh**	9.41	9.64	10.90	8.43	6.61	6.36

Table 21- Approved Six-month Average Bulk Supply Tariffs for Jan-June 2014

	Unit	BST (E)
BST day (E1) **6-Month weighted average**	**LKR/kWh**	**11.49**
BST peak (E2) **6-Month weighted average**	**LKR/kWh**	**14.48**
BST off-peak (E3) **6-Month weighted average**	**LKR/kWh**	**8.54**

BST = Bulk Supply Tariff, means the average transfer price from Transmission to Distribution Licensees

E1, E2, E3 refer to the energy delivered in the three time intervals in the time-of-use tariffs regime. ie 0530-1830, 1830-2230 and 2230-0530, respectively.

7 APPROVED BST FROM TL TO EACH DL

Owing to the requirement to maintain a Uniform National Tariff (UNT) and owing to the varying customer mix among Distribution Licensees, the BST to each DL was adjusted, to enable each Distribution Licensee to recover their full allowed revenues. The summary calculation as per section 5.2.1 of the tariff methodology, and the approved BSTs are shown in Table 20

The Transmission Licensee is hereby directed to invoice each Distribution Licensee at the rates shown in Table 20 as (i) Approved BST for payment on Coincident Maximum, and (ii) Approved BST for energy in each TOU interval. In addition, adjustment of sales to DL5 by DL2, DL3 and DL4 shall be done as per section 8.3 of the Decision on electricity Tariffs 2011.

Approved BST from Transmission to each Distribution Licensee

Table 22- Approved BST from Transmission to each Distribution Licensee

Description	**Units**	**DL1: CEB Region 1**	**DL2: CEB Region 2**	**DL3: CEB Region 3**	**DL4: CEB Region 4**	**DL5: LECO**	**Total**
Sales to end-use customers	GWh	3,080	3,253	1,835	1,415	1,261	10,845
Revenue based on approved customer tariffs (Jan-Dec),(excluding Fuel Adjustment Charge)	LKR Million	55,447	48,959	27,324	22,610	24,456	178,795
Coincident peak demand for purchases from Transmission	MW	523	572	385	276	218	
Approved BST for payment on Coincident Maximum Demand	LKR/MW/ month	2,669,490	2,669,490	2,669,490	2,669,490	2,669,490	
Amount payable to Transmission on account of Demand (Jan-June)	LKR Million	8,381	9,163	6,163	4,418	3,496	31,620

Revenue to be recovered by Transmission through energy charges (Jan-June)	LKR Million	14,668	10,165	5,092	4,821	6,977	41,722
Energy sold from Transmission at MV	GWh	1,649	1,779	978	760	666	5,833
Approved BST for energy in each TOU interval							
Day (0530-1830)	**LKR/kWh**	8.84	5.68	5.18	6.31	10.41	
Peak (1830-2230)	**LKR/kWh**	11.15	7.16	6.52	7.95	13.12	
Off Peak (2230-0530)	**LKR/kWh**	6.58	4.22	3.85	4.69	7.74	

Notes:

1. Loss adjustment for energy delivered to LECO is continue to done as per the section 8.3 of Decision on Electricity Tariffs - 2011

2. The generation prices from the Single Buyer are applicable only for the period January 2014 to June 2014, after which the correction mechanisms stated in the Methodology shall be applicable. Similarly, other corrections would be effective at the time intervals stated in the Methodology.