

PUBLIC UTILITIES COMMISSION OF SRI LANKA

DECISION ON UNIFORM NATIONAL TARIFF ADJUSTMENT

For the period of 1st January 2015 to 31st March 2015

DECISION ON UNIFORM NATIONAL TARIFF ADJUSTMENT – JANUARY TO MARCH 2015

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”) 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 methodology, uniform national tariff (UNT) adjustment shall be estimated and communicated by the Commission to the transmission licensee for each six-month period. The adjustment amount shall be credited/debited to each distribution licensee in the next invoicing immediately after the Commission approval.

In order to accelerate the process of UNT adjustment on the request of distribution licensees, the Commission decided to approve the UNT adjustment quarterly.

The commission hereby approve the UNT adjustment for the period of 1st January 2015 to 31st March 2015, 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 January to March 2015 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	749	1,342	11,290	13,382
DL2	880	1,497	10,095	12,472
DL3	488	804	5,765	7,057
DL4	432	559	4,703	5,694
DL5	379	493	5,368	6,240

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 10 under Section 6 of *DECISION ON TRANSMISSION AND BULK SUPPLY TARIFFS* effective from 1st January 2015. Licensee-wise capacity payments for the period of January to March 2015 are shown in the table 2 below.

Table 2 – CAPACITY PAYMENT TO TRANSMISSION LICENSEE

	Capacity purchased (MW)	LKR/MW	Capacity payment (LKR Millions)
DL1	1,655	2,734,024	4,524
DL2	1,780	2,734,024	4,867
DL3	927	2,734,024	2,536
DL4	856	2,734,024	2,339
DL5	673	2,734,024	1,841

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 12 under Section 7 of *DECISION ON TRANSMISSION AND BULK SUPPLY TARIFFS* effective from 1st January 2015. Energy payments for the period of January to March 2015 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	487,715	160,703	165,412	8.67	10.93	6.45	7,052
DL2	550,680	202,669	219,177	6.33	7.98	4.71	6,135
DL3	317,220	116,766	112,310	5.71	7.19	4.24	3,127
DL4	228,605	90,352	88,436	6.30	7.94	4.68	2,571
DL5	200,317	68,116	76,417	10.73	13.52	7.98	3,680

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 2015 is shown in the table 4 below.

Table 4 – ADJUSTED ACTUAL PURCHASES

	Invoiced purchases (MWh)	Adjusted actual purchases (MWh)
DL1	813,830	813,830
DL2	972,526	974,876
DL3	546,296	547,953
DL4	407,393	410,117
DL5	344,850	338,119

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
DL1	745,311	813,830	10,206	7.2%
DL2	834,443	974,876	11,836	13.2%
DL3	467,534	547,953	3,205	14.1%
DL4	362,787	410,117	4,707	10.4%
DL5	325,961	338,119	6,629	1.6%

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	7,052	8.2%	7.2%	7,131
DL2	6,135	10.0%	13.2%	5,918
DL3	3,127	8.2%	14.1%	2,926
DL4	2,571	8.6%	10.4%	2,521
DL5	3,680	5.0%	1.6%	3,810

3. ALLOWED REVENUE

A quarter of the total allowed revenue as per the *DECISION ON TRANSMISSION AND BULK SUPPLY TARIFFS*, effective from 1st January 2015 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	8,066	528	1,517,307	8,867	2,217
DL2	8,654	663	1,883,155	9,902	2,476
DL3	4,609	489	1,114,124	5,154	1,288
DL4	3,719	531	938,197	4,218	1,054
DL5	2,703	725	528,879	3,087	772

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 January 2015 to 31st March 2015, as shown in the table 8 below.

Table 8 – UNT ADJUSTMENT

Item (LKR)	DL1	DL2	DL3	DL4	DL5
Total revenue	13,381,847,790	12,472,435,450	7,056,954,809	5,693,904,150	6,239,519,862
(Capacity payment)	(4,524,014,384)	(4,867,487,105)	(2,535,569,548)	(2,339,468,931)	(1,841,050,859)
(adjusted energy invoice)	(7,131,366,030)	(5,917,876,073)	(2,926,389,049)	(2,521,044,964)	(3,810,483,260)
(allowed revenue)	(2,216,712,226)	(2,475,581,176)	(1,288,395,558)	(1,054,389,818)	(771,628,207)
UNT adjustment*	(490,244,849)	(788,508,905)	306,600,654	(220,999,564)	(183,642,464)

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