

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 2017 to 31<sup>st</sup> March 2017

## DECISION ON UNIFORM NATIONAL TARIFF ADJUSTMENT – JANUARY TO MARCH 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> January 2017 to 31<sup>st</sup> March 2017, 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 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

	Fixed charge (LKR Million)	Max. Demand charge (LKR Million)	Energy charge (LKR Million)	Total (LKR Million)
DL1	850	1,498	12,905	15,253
DL2	992	1,675	12,016	14,683
DL3	552	912	7,015	8,479
DL4	486	622	5,572	6,680
DL5	410	539	6,159	7,108

## 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 19 under Section 6 of “DECISION ON TRANSMISSION AND BULK SUPPLY TARIFFS” effective from 1<sup>st</sup> October 2016. Licensee-wise capacity payments for the period of January to March 2017 are shown in the table 2 below.

Table 2 – CAPACITY PAYMENT TO TRANSMISSION LICENSEE

	Capacity purchased (MW)	Capacity Charge (LKR/MW)	Capacity payment (LKR Millions)
DL1	1,808	2,539,621.55	4,592
DL2	1,945	2,539,621.55	4,938
DL3	1,112	2,539,621.55	2,824
DL4	916	2,539,621.55	2,327
DL5	718	2,539,621.55	1,823

## 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 22 under Section 7 of “DECISION ON TRANSMISSION AND BULK SUPPLY TARIFFS” effective from 1<sup>st</sup> October 2016. Energy payments for the period of January to March 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>	570,742	188,283	198,171	10.20	13.37	6.07	9,542
<b>DL2</b>	547,268	195,804	213,220	7.44	9.75	4.43	6,925
<b>DL3</b>	339,240	120,172	122,606	5.17	6.78	3.07	2,945
<b>DL4</b>	249,920	98,725	103,180	5.57	7.30	3.31	2,454
<b>DL5</b>	220,279	74,539	86,266	10.74	14.08	6.39	3,967

## 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 2017 is shown in the table 4 below.

Table 4 – ADJUSTED ACTUAL PURCHASES

	Invoiced purchases (MWh)	Adjusted actual purchases (MWh)
<b>DL1</b>	957,197	957,197
<b>DL2</b>	956,292	958,894
<b>DL3</b>	582,018	583,827
<b>DL4</b>	451,825	454,851
<b>DL5</b>	381,084	373,646

## 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	852,525	957,197	13,336	9.5%
DL2	967,522	958,894	9,003	-1.8%*
DL3	544,416	583,827	3,094	6.2%
DL4	415,336	454,851	4,685	7.7%
DL5	359,553	373,646	7,280	1.8%

\* Actual energy loss of Region 2 has become a negative figure due to the adjustments in energy purchases of DL2, applicable to the months in the previous year and subsequent months in the same year.

## 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	9,542	7.4%	9.5%	9,322
DL2	6,925	8.6%	-1.8%	7,714
DL3	2,945	7.6%	6.2%	2,990
DL4	2,454	7.9%	7.7%	2,461
DL5	3,967	4.8%	1.8%	4,091

### 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> October 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	10,153	500	1,531,007	10,918	2,730
DL2	13,046	463	2,065,143	14,002	3,501
DL3	7,440	572	1,200,385	8,127	2,032
DL4	6,944	593	1,008,571	7,542	1,886
DL5	3,817	951	556,018	4,345	1,086

### 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 2017 to 31<sup>st</sup> March 2017, as shown in the table 8 below.

Table 8 – UNT ADJUSTMENT

Item (LKR)	DL1	DL2	DL3	DL4	DL5
Total revenue	15,252,920,208.30	14,683,108,397.15	8,478,925,496.45	6,679,890,952.85	7,107,686,944.11
(Capacity payment)	(4,592,387,490.38)	(4,938,314,420.95)	(2,823,574,095.88)	(2,326,633,649.09)	(1,823,003,839.13)
(adjusted energy invoice)	(9,322,112,214.47)	(7,713,724,354.59)	(2,990,300,106.13)	(2,461,267,809.29)	(4,090,987,717.84)
(allowed revenue)	(2,729,573,597.83)	(3,500,503,109.43)	(2,031,743,122.90)	(1,885,565,772.75)	(1,086,333,528.38)
UNT adjustment*	(1,391,153,094.38)	(1,469,433,487.82)	633,308,171.54	6,423,721.73	107,361,858.76

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