

PUBLIC UTILITIES COMMISSION OF SRI LANKA

DECISION ON UNIFORM NATIONAL TARIFF ADJUSTMENT

For the period of 1st October 2015 to 31st December 2015

DECISION ON UNIFORM NATIONAL TARIFF ADJUSTMENT – October to December 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”), amended on 15th 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 1st October 2015 to 31st December 2015, 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 October to December 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	813	1,418	12,326	14,557
DL2	955	1,559	11,232	13,746
DL3	523	830	6,238	7,591
DL4	464	584	5,058	6,106
DL5	401	511	5,736	6,648

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 July 2015. Licensee-wise capacity payments for the period of October to December 2015 are shown in the table 2 below.

Table 2 – CAPACITY PAYMENT TO TRANSMISSION LICENSEE

	Capacity purchased (MW)	Demand Charge(LKR/MW)	Capacity payment (LKR Millions)
DL1	1,698	2,713,469.00	4,608
DL2	1,935	2,713,469.00	5,251
DL3	1,019	2,713,469.00	2,765
DL4	882	2,713,469.00	2,395
DL5	693	2,713,469.00	1,880

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 July 2015. Energy payments for the period of October to December 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	544,551	173,698	182,498	8.71	10.98	6.48	7,833
DL2	581,332	207,874	222,721	6.40	8.07	4.76	6,458
DL3	321,286	119,189	94,983	5.82	7.34	4.33	3,156
DL4	247,714	94,331	93,465	6.40	8.07	4.76	2,792
DL5	215,137	70,965	80,163	10.73	13.52	7.97	3,907

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 October to December 2015 is shown in the table 4 below.

Table 4 – ADJUSTED ACTUAL PURCHASES

	Invoiced purchases (MWh)	Adjusted actual purchases (MWh)
DL1	900,747	900,747
DL2	1,011,927	1,014,482
DL3	535,458	537,222
DL4	435,509	438,345
DL5	366,264	359,110

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)	Street lamp allowed for the period (MWh)	Actual loss
DL1	810,341	900,747	10,433	8.9%
DL2	914,483	1,014,482	12,099	8.7%
DL3	499,633	537,222	3,277	6.4%
DL4	385,169	438,345	4,812	11.0%
DL5	346,974	359,110	6,776	1.5%

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	7,833	8.2%	8.9%	7,775
DL2	6,458	10.0%	8.7%	6,554
DL3	3,156	8.2%	6.4%	3,218
DL4	2,792	8.6%	11.0%	2,717
DL5	3,907	5.0%	1.5%	4,051

3. ALLOWED REVENUE

A quarter of the total allowed revenue as per the *DECISION ON TRANSMISSION AND BULK SUPPLY TARIFFS*, effective from 1st July 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	527.98	1,399,935	8,805	2,201
DL2	8,654	663.11	1,936,251	9,938	2,484
DL3	4,609	488.66	1,140,251	5,166	1,292
DL4	3,719	530.90	961,417	4,230	1,057
DL5	2,703	725.44	536,058	3,092	773

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 October 2015 to 31st December 2015, as shown in the table 8 below.

Table 8 – UNT ADJUSTMENT

Item (LKR)	DL1	DL2	DL3	DL4	DL5
Total revenue	14,557,327,935.95	13,746,111,724.50	7,590,875,594.55	6,105,949,552.95	6,647,609,632.91
(Capacity payment)	(4,607,950,646.01)	(5,251,433,538.55)	(2,764,742,710.22)	(2,394,614,684.75)	(1,880,200,658.67)
(adjusted energy invoice)	(7,774,936,464.16)	(6,554,055,905.21)	(3,218,337,811.99)	(2,717,196,180.59)	(4,050,996,800.37)
(allowed revenue)	(2,201,219,544.14)	(2,484,383,283.39)	(1,291,587,327.61)	(1,057,471,673.88)	(772,930,256.79)
UNT adjustment *	(26,778,718.36)	(543,761,002.65)	316,207,744.72	(63,332,986.28)	(56,518,082.92)

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