

DECISION ON ELECTRICITY TARIFFS

(Effective from 1st January 2011)

Public Utilities Commission of Sri Lanka

DECISION ON ELECTRICITY TARIFFS- 2011

In exercising the powers and 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", and, 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 (DLs). The Methodology is available as a separate document¹.

In accordance with condition 32(11) of the license issued to the TL and condition 31(10) of licenses issued to each DL, and in accordance with section 30(3)(a) of the Act, the Commission has issued a procedure for the review of tariffs, and each such licensee has submitted by 9th September 2010, their revenue requirements for the period 2011 to 2015. The Commission has reviewed the revenue requirements filed by each licensee, requested clarifications as appropriate, made revisions required to adhere to the Methodology and has made a number of adjustments to the filed revenue requirements in determining the allowed revenue of each licensee.

In consideration of Section 30(3)(b) of the Act, in which for the purpose of allowing consumers and other interested parties to participate in setting the tariffs in accordance with the cost-reflective methodology approved by the Commission, the Commission published a "Consultation Paper on Setting Tariffs for the Period 2011-2015" (Consultation Paper) dated 23rd November 2010, inviting public comments on the contents therein, and conducted a Public Hearing on 15th December 2010.

Written and oral submissions received from licensees and the public in response to the call for public comments and at the public hearing, respectively, are provided in the "Minutes of the Public Hearing" which is available for reference (i) at the Office of the Commission at Level 6, BOC Merchant Tower, No. 28, St. Michael's Road, Colombo 03, (ii) on the website of the Commission www.pucsl.gov.lk.

Therefore, giving due consideration to the relevant elements in the budget speech 2011, the relevant elements arising from the Public Hearing, and subsequent communications the Commission had with the General Treasury and the Ministry of Power and Energy, the Commission established and set in place electricity tariffs, exercising its powers under the provisions in section 30(4) of the Act. The consequent approvals of the Commission are hereby published in this 'decision on electricity tariffs' for compliance by the licensees and for the information of the general public. This 'decision on electricity tariffs' is effective from 1st January 2011.

Signed,



Dr. Jayatissa De Costa PC,
Chairman of the Commission



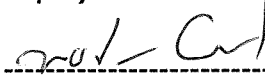
Prof. R. Attalage, Commissioner



Mr. Prasad Galhena, Commissioner



Dr. Bandula Perera,
Deputy Chairman of the Commission



Mr. Sanjaya Gamage, Commissioner

signed in Colombo on this ^{24th} day of ^{July} July..., 2011.

¹ available upon request to the Commission or it may be downloaded from www.pucsl.gov.lk

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LIST OF ABBREVIATIONS

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 EL/GB/09-001
GWh	Gigawatt 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
MGEA	Minimum Guaranteed Energy Amount
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
VAT	Value Added Tax
WIP	Work-in-Progress

Decision on Electricity Tariffs - 2011

1. SALES FORECAST AND ALLOWED LOSSES

1.1. SALES FORECASTS AND LOSS ALLOWANCE FILED BY LICENSEES

Sales forecasts, purchases from the Transmission Licensee (TL) and the loss allowances filed by the Distribution Licensees (DLs) are shown in Table 1. Sales to DLs, purchases from generation and loss allowances filed by the TL are shown in Table 2.

Table 1- Sales Forecasts and Loss Allowances Filed by Distribution Licensees

Year	DL1			DL2			DL3			DL4			DL5		
	As filed			As filed			As filed			As filed			As filed		
	Purchases (GWh)	Sales (GWh)	Loss	Purchases (GWh)	Sales (GWh)	Loss	Purchases (GWh)	Sales (GWh)	Loss	Purchases (GWh)	Sales (GWh)	Loss	Purchases (GWh)	Sales (GWh)	Loss
2009	2,663	2,354	11.6%	3,208	2,734	14.8%	2,033	1,809	11.0%	1,764	1,544	12.5%	1,120	1,030	8.1%
2010	2,849	2,519	11.6%	3,421	2,925	14.5%	2,175	1,936	11.0%	1,850	1,628	12.0%	1,232	1,132	8.1%
2011	3,003	2,673	11.0%	3,670	3,156	14.0%	2,348	2,090	11.0%	1,868	1,644	12.0%	1,276	1,172	8.1%
2012	3,199	2,847	11.0%	3,899	3,361	13.8%	2,501	2,226	11.0%	1,990	1,751	12.0%	1,321	1,214	8.1%
2013	3,406	3,032	11.0%	4,143	3,580	13.6%	2,664	2,371	11.0%	2,119	1,865	12.0%	1,367	1,256	8.1%
2014	3,628	3,229	11.0%	4,402	3,812	13.4%	2,837	2,525	11.0%	2,257	1,986	12.0%	1,413	1,298	8.1%
2015	3,864	3,439	11.0%	4,667	4,060	13.0%	3,021	2,689	11.0%	2,390	2,115	11.5%	1,459	1,341	8.1%

Note: Loss are given as a % of purchases by each licensee

Table 2- Sales Forecast and Loss Allowances Filed by the Transmission Licensee

Year	Sales forecast filed by TL (GWh)	Input to TL filed by TL (GWh)	Losses filed by TL (as a % of input)
2010	10,347	10,634	2.70%
2011	10,890	11,185	2.64%
2012	11,559	11,917	3.00%
2013	12,266	12,645	3.00%
2014	13,022	13,424	3.00%
2015	13,802	14,229	3.00%

1.2. ADJUSTMENTS TO FILED SALES FORECASTS AND LOSS ALLOWANCES

The Commission has made the following adjustments to the loss allowances filed by the licensees:

- The Commission reviewed the losses filed for year 2009. The total filed sales of CEB DLs was 8441 GWh (including sales to DL5- LECO) corresponding to total purchases of 9668 GWh. On the basis that TL's losses in year 2009 were 2.7%, the calculated input to the TL's network would be 9936 GWh. Therefore, the total CEB licensees' (TL, and DL1, 2, 3 and 4) network loss for 2009 as a share of input to TL would be 15.0%. With the addition of power plant auxiliary power requirements and power plant step-up transformer losses, CEB reported elsewhere, that the total loss was 14.6%, which is lower than the 15.0% transmission and distribution loss implied in the filed losses. This mismatch was resolved by reducing the estimated losses of all CEB DLs for 2009 to reflect overall network loss of 14.6% for TL and CEB DLs.
- The Commission observes the even with the above adjustments, the total transmission and distribution network loss of Sri Lanka for year 2009 is estimated to have been 14.2%, which fell short of the policy target of 13.5% in 2009 established in the National Energy Policy and Strategies².
- The losses (as filed) for the total transmission and distribution network in 2015 was 14.4%. The adjustments made by the Commission indicate a total network loss of 13.3% in 2015. A target of 12% of transmission and distribution losses (as a share of net generation) has been established

² National Energy Policy and Strategies, The Gazette of the Democratic Socialist Republic of Sri Lanka, Extraordinary, No. 1553/10 – TUESDAY, JUNE 10, 2008. <http://www.mope.gov.lk/>

for year 2016, in the Government's ten-year plan³. Therefore, allowed losses of all distribution licensees were further adjusted downwards, to enable a target transmission and distribution loss of 12.1% to be reached by year 2015.

(d) The losses of the TL as a share of input to the TL's network were allowed as filed.

The following adjustments were made to the sales forecasts filed by the licensees:

- (a) The sales forecast filed by the TL for 2012-2015 did not match with the purchases filed by DL1, 2, 3 and 4, who are direct customers of TL. This mismatch was corrected, considering at this stage, that DLs' purchase forecasts are correct.
- (b) The sale growth forecasts for DL1, 2, 3 and 4 for year 2010 were in the range of 5.5% to 7.0%, whereas DL5 forecast a sales growth of 9.9%. Sales by DL1, 2, 3 and 4 were increased to represent a more realistic 7.9% growth for all sales in Sri Lanka in year 2010.
- (c) DL5 has filed some of the sales for street lighting as losses. Based on the response to a clarification, this was corrected and identified under sales.
- (d) DL4 has filed a lower sales growth for year 2011 of 1.0%, which was corrected to 5.0%.

1.3. APPROVED SALES FORECAST AND ALLOWED LOSSES

Accordingly, the Commission has determined that the sales forecast and allowed losses shall be as shown in Table 3.

Table 3- Approved Sales Forecast, Purchases and Allowed Losses

Year	DL1							
	Filed				Approved			
	Purchases (GWh)	Sales (GWh)	Sales growth	Loss	Purchases (GWh)	Sales (GWh)	Sales growth	Allowed loss
2009	2,663	2,354		11.6%	2,614	2,354		10.0%
2010	2,849	2,519	7.0%	11.6%	2,828	2,547	8.2%	10.0%
2011	3,003	2,673	6.1%	11.0%	2,983	2,704	6.2%	9.3%
2012	3,199	2,847	6.5%	11.0%	3,164	2,882	6.6%	8.9%
2013	3,406	3,032	6.5%	11.0%	3,360	3,071	6.6%	8.6%
2014	3,628	3,229	6.5%	11.0%	3,568	3,272	6.5%	8.3%
2015	3,864	3,439	6.5%	11.0%	3,797	3,486	6.5%	8.2%

Year	DL2							
	Filed				Approved			
	Purchases (GWh)	Sales (GWh)	Sales growth	Loss	Purchases (GWh)	Sales (GWh)	Sales growth	Allowed loss
2009	3,208	2,734		14.8%	3,149	2,734		13.2%
2010	3,421	2,925	7.0%	14.5%	3,396	2,958	8.2%	12.9%
2011	3,670	3,156	7.9%	14.0%	3,645	3,193	8.0%	12.4%
2012	3,899	3,361	6.5%	13.8%	3,858	3,403	6.6%	11.8%
2013	4,143	3,580	6.5%	13.6%	4,074	3,626	6.6%	11.0%
2014	4,402	3,812	6.5%	13.4%	4,311	3,863	6.5%	10.4%
2015	4,667	4,060	6.5%	13.0%	4,573	4,116	6.5%	10.0%

³ A Ten-year Horizon Development Framework 2006-2016, Department of National Planning, Ministry of Finance and Planning. <http://www.treasury.gov.lk/EPPRM/npd/publication.htm>

Year	DL3							
	Filed				Approved			
	Purchases (GWh)	Sales (GWh)	Sales growth	Loss	Purchases (GWh)	Sales (GWh)	Sales growth	Allowed loss
2009	2,033	1,809		11.0%	1,995	1,809		9.3%
2010	2,175	1,936	7.0%	11.0%	2,159	1,957	8.2%	9.3%
2011	2,348	2,090	8.0%	11.0%	2,332	2,115	8.1%	9.3%
2012	2,501	2,226	6.5%	11.0%	2,474	2,253	6.6%	8.9%
2013	2,664	2,371	6.5%	11.0%	2,627	2,401	6.6%	8.6%
2014	2,837	2,525	6.5%	11.0%	2,790	2,558	6.5%	8.3%
2015	3,021	2,689	6.5%	11.0%	2,969	2,726	6.5%	8.2%

Year	DL4							
	Filed				Approved			
	Purchases (GWh)	Sales (GWh)	Sales growth	Loss	Purchases (GWh)	Sales (GWh)	Sales growth	Allowed loss
2009	1,764	1,544		12.5%	1,732	1,544		10.9%
2010	1,850	1,628	5.5%	12.0%	1,836	1,646	6.6%	10.4%
2011	1,868	1,644	1.0%	12.0%	1,930	1,730	5.1%	10.4%
2012	1,990	1,751	6.5%	12.0%	2,051	1,843	6.6%	10.1%
2013	2,119	1,865	6.5%	12.0%	2,173	1,964	6.6%	9.6%
2014	2,257	1,986	6.5%	12.0%	2,305	2,093	6.5%	9.2%
2015	2,390	2,115	6.5%	11.5%	2,440	2,230	6.5%	8.6%

Year	DL5							
	Filed				Approved			
	Purchases (GWh)	Sales (GWh)	Sales growth	Loss	Purchases (GWh)	Sales (GWh)	Sales growth	Allowed loss
2009	1,120	1,030		8.1%	1,120	1,051		6.2%
2010	1,232	1,132	9.9%	8.1%	1,231	1,155	9.9%	6.2%
2011	1,276	1,172	3.6%	8.1%	1,273	1,198	3.7%	5.9%
2012	1,321	1,214	3.6%	8.1%	1,314	1,241	3.6%	5.6%
2013	1,367	1,256	3.5%	8.1%	1,357	1,284	3.5%	5.4%
2014	1,413	1,298	3.3%	8.1%	1,399	1,327	3.3%	5.2%
2015	1,459	1,341	3.3%	8.1%	1,442	1,370	3.3%	5.0%

Year	TL							
	Filed				Approved			
	Purchases (GWh)	Sales (GWh)	Sales growth	Loss	Purchases (GWh)	Sales (GWh)	Sales growth	Allowed loss
2009					9,754	9,491		2.7%
2010	10,347	10,634		2.7%	10,503	10,219	7.7%	2.7%
2011	10,890	11,185	5.2%	2.6%	11,185	10,890	6.6%	2.6%
2012	11,559	11,917	6.5%	3.0%	11,903	11,546	6.0%	3.0%
2013	12,266	12,645	6.1%	3.0%	12,612	12,233	6.0%	3.0%
2014	13,022	13,424	6.2%	3.0%	13,375	12,974	6.1%	3.0%
2015	13,802	14,229	6.0%	3.0%	14,206	13,780	6.2%	3.0%

Year	Total TL and all DL networks								Policy target for Sri Lanka T&D losses
	Summarised from filed sales and losses				Summarised from approved sales and losses				
	Sales to End-use Customers (GWh)	Sales growth	Input to TL's network (GWh)	Sri Lanka T&D Loss	Sales to End-use Customers (GWh)	Sales growth	Input to TL's network (GWh)	Sri Lanka T&D Loss	
2009	8,351				8,371	-	9,754	14.2%	13.5%
2010	8,908	6.7%	10,634	16.2%	9,031	7.9%	10,503	14.0%	
2011	9,460	6.2%	11,185	15.4%	9,667	7.0%	11,185	13.6%	
2012	10,078	6.5%	11,917	15.4%	10,308	6.6%	11,903	13.4%	
2013	10,736	6.5%	12,645	15.1%	10,989	6.6%	12,612	12.9%	
2014	11,437	6.5%	13,424	14.8%	11,713	6.6%	13,375	12.4%	
2015	12,184	6.5%	14,229	14.4%	12,485	6.6%	14,206	12.1%	
2016									12.0%

Note: In the approved sales forecast and allowed losses listed above, DL5 is considered to be purchasing from DL2, DL3 and DL4.

1.4. REPORTING OF ACTUAL SALES AND LOSSES

Not later than the 45th day after the end of each month, each DL shall submit to the Commission, the actual sales to each customer category within the billing cycle corresponding to the month.

The Commission has determined that all DLs are required to implement a plan complete their billing cycles for all customers within the calendar month.

Not later than the 15th day after the end of each month, the TL shall submit to the Commission, the actual capacity and energy purchases from generation and the actual sales to each DL, in terms of the coincident peak demand served and the energy sold in each time interval of the Time-of-Use (TOU) regime.

2. ALLOWED REVENUE OF DISTRIBUTION LICENSEES

As provided for in the Methodology, the allowed revenue of each DL shall consist of the following components:

- Distribution allowed revenue (representing initial regulatory asset base, approved CAPEX, depreciation of existing non-depreciated assets, return on capital, approved OPEX)
- Retail service tariffs, (representing costs of service provision, metering, billing and revenue collection)
- Retail supply tariffs (representing bulk supply pass-through tariff for capacity and energy purchased by DL from the TL, and sold to end-use customers).

2.1. DISTRIBUTION ALLOWED REVENUE

2.1.1. ALLOWED CAPITAL EXPENDITURE OF DLs

For each Distribution Licensee DLs 1 to 5, the Commission has approved the capital expenditure stated in Tables 4 to 8 respectively, to be incurred over years 2011 to 2015. CAPEX in year 2010 is stated for information only.

Each DL is hereby directed to submit a Statement of Actual Capital Expenditure (CAPEX Statement) incurred during year 2011, by 30th June 2012. Any under-expenditure shall be clawed back and applied as an adjustment to the Distribution Allowed Revenue of year 2013. Justification of any over-investment on approved projects or investments on projects not listed in the approved CAPEX for year 2011, may, at the discretion of the licensee, also be included in the CAPEX Statement for the consideration of the Commission for compensation.

Table 4: Approved CAPEX and Depreciation Provision for DL1

DL1 (in LKR million)						
Approved Capital Expenditure	2010	2011	2012	2013	2014	2015
LV Development Plan (System Augmentation)	1,000	826	826	826	826	826
LV ABC Conversion		814	814	814	814	814
MV Development Plan		1,685	2,262	1,519	584	176
RE8: Iran	1,422	2,375	863			
RE4: SIDA	823	655				
Lighting: NCP	420	3,227	3,227	3,227		
Lighting: NWP	100	600				
Uthuru Wasanthya	540	1,946	1,946	1,946		
CAARP	550					
Augmentation of Primaries, Sub D & Sub J	500	475				
Colombo City Electricity						
Distribution Development Project	2,475	552				
New Buildings (Area Offices, CSCs, etc.)	100	324	397	254	160	175
E Shops		49	22	23	24	26
New Computers & Other Equipment		46	47	33	32	32
Loss Reduction		185	179	209	208	218
Vehicles	50	102	150	96	150	137
Furniture	30	13	15	12	11	12
Other Capital Expenditure	200	38	34	36	38	41
Consumer Contribution						
PCB	77	77	78	72	71	72
DCB	108	108	100	91	93	90
Service Mains	1359	1352	1395	1435	1480	1525
Bulk Supply	659	656	700	735	773	820
Others	107	106	111	113	114	115
TOTAL CAPEX	10,569	16,208	13,164	11,441	5,377	5,079

DL1 (in LKR million)							
Approved Depreciation							
Asset category	Dep rate	2010	2011	2012	2013	2014	2015
Distribution Assets	2.86%	1,796	1,802	1,835	1,829	1,818	1,807
Add. from WIP	2.86%	-	236	617	962	1,299	1,511
Loss Reduction	2.86%	-	-	5	10	16	22
HT/LT UG (40 Y)	2.50%	208	199	253	253	253	253
HT UG (50 Y)	2.00%	39	39	39	36	35	35
Buildings	2.50%	80	82	87	97	103	107
Lands	0.00%	-	-	-	-	-	-
Motor Vehicles	14.29%	140	136	151	177	176	194
E-shops & Carder System	20.00%	-	-	173	177	182	187
Office Equipment	20.00%	35	32	40	48	52	58
Other, Fun. M&T	20.00%	36	82	91	100	97	107
Total		2,333	2,608	3,292	3,690	4,032	4,280

Table 5: Approved CAPEX and Depreciation Provision for DL2

DL2 (in LKR million)						
Approved Capital Expenditure	2010	2011	2012	2013	2014	2015
Transfer from WIP (Distribution)	4,614	8,932	11,887	10,218	7,359	6,093
Freehold Land	-	-	-	-	-	-
Freehold Buildings (Constructed)	70	250	250	200	200	200
Motor Vehicles	92	100	100	75	75	75
Office Equipment	46	40	40	40	40	40
Furniture & Fittings	3	3	3	3	3	3
Plant & Machinery	23	23	23	23	23	23
Other Assets (IT Equipment)	21	64	40	40	40	40
TOTAL CAPEX	4,869	9,412	12,343	10,599	7,740	6,474

DL2 (in LKR million)						
Approved Depreciation	2010	2011	2012	2013	2014	2015
Freehold Land	-	-	-	-	-	-
Freehold Buildings	18	19	26	32	37	42
Distribution Network	1,900	2,029	2,281	2,617	2,906	3,112
Motor Vehicles	101	113	127	145	156	166
Office Equipment	29	38	46	54	62	70
Furniture & Fittings	2	2	3	4	4	5
Plant & Machinery	13	17	22	26	31	36
Other Assets	9	13	26	34	42	50
TOTAL	2,071	2,232	2,531	2,912	3,238	3,481

Table 6: Approved CAPEX for DL3

DL3 (in LKR million)						
Approved Capital Expenditure	2010	2011	2012	2013	2014	2015
Distribution system augmentation	500	1,180	1,033	920	897	897
MV distribution network reinforcement (including augmentation of primaries & MV lines)	1,107	1,284	907	900	1,054	695
Land	82	55	-	-	-	-
Buildings	356	238	215	218	143	150
Motor vehicles	638	204	182	117	84	240
Office equipment and tools	15	121	28	23	21	21
Furniture & fittings	0.25	-	11	9	8	8
Machinery & tools	18	42	40	13	12	67
Lighting Sri Lanka Ratnapura Project	600	1,180	708	-	-	-
Lighting Sri Lanka Monaragala Project	200	-	-	-	-	-
Lighting Sri Lanka Kegalle, Kalutara Projects	48	-	-	-	-	-
Rural Electrification: SIDA	745	-	-	-	-	-
Rural Electrification: Iran	848	1,158	420	-	-	-
Uva Udanaya	425	2,720	2,720	-	-	-
Bulk supply	150	350	200	209	218	226
Service connections	850	1,000	1,046	1,095	1,145	1,198
TOTAL CAPEX	6,581	9,531	7,508	3,503	3,580	3,501

DL3 did not provide a breakdown of its depreciation schedule

Table 7: Approved CAPEX and Depreciation Provision for DL4

DL4 (in LKR million)						
Approved Capital Expenditure	2010	2011	2012	2013	2014	2015
Distribution system augmentation	600	885	752	767	782	797
Medium voltage distribution network reinforcement (including augmentation of primaries & MV lines)	415	708	565	1,175	649	649
Distribution Development Project: Dehiwala-Mt. Lavinia	127	192	1,632	-	-	-
Interconnection Dehiwala GS & Dehiwala PS	103	50	-	-	-	-
Computerisation & IT installation	17	26	20	20	20	20
Land	35	28	6	9	7	-
Buildings	56	111	60	56	39	45
Motor vehicles	260	90	100	115	132	152
Office equipment	8	9	10	11	12	13
Furniture & fittings	10	8	10	11	12	13
Machinery & Tools	40	93	75	83	91	100
RE4: SIDA Project	445	-	-	-	-	-
RE:8 Iran Project	347	500	184	-	-	-
Lighting Sri Lanka Hambantota Project	2,320	1,050	-	-	-	-
Lighting Sri Lanka Galle District	682	440	-	-	-	-
Lighting Sri Lanka Matara District	1,526	700	-	-	-	-
Lighting Sri Lanka Kalutara District	125	150	-	-	-	-
Sub Total	7,115	5,040	3,414	2,247	1,744	1,789
Customer Contribution for New Connections						
Third Party Jobs	490	608	668	735	735	735
(a) Bulk Supply						
(b) Service Connections	580	720	864	325	260	260
(c) DCB RE	144	177	319	271	81	16
Sub Total	1,214	1,505	1,851	1,331	1,076	1,011
TOTAL CAPEX	8,329	6,545	5,265	3,577	2,820	2,800

DL4 (in LKR million)						
Approved Depreciation	2010	2011	2012	2013	2014	2015
Land & buildings	12	13	16	18	19	20
Plant & machinery	13	19	38	48	63	76
Transformers & distribution lines	1,189	1,395	1,553	1,656	1,765	1,838
Motor vehicles	77	100	110	115	125	128
Office equipment	13	16	23	29	34	41
Total	1,303	1,543	1,740	1,866	2,006	2,104

Table 8: Approved CAPEX and Depreciation Provision for DL5

DL5 (in LKR million)					
Approved Capital Expenditure	2011	2012	2013	2014	2015
Vehicles	65.0	65.0	65.0	65.0	65.0
Plant					
Heavy machinery	35.0	35.0	35.0	35.0	35.0
Line construction tools	10.8	10.8	10.8	10.8	10.8
Metering equipment	4.2	4.2	4.2	4.2	
Meter calibration program	4.0	4.0	4.0	4.0	4.2
Measurement equipment					4.0
Fault detection and diagnostic program	6.0	18.0			
Loss control program			24.0		
Computers, software and IT equipment					
Computers					
Servers, network hardware, plotters, printers etc.	9.9	9.9	9.9	9.9	9.9
Software	6.0	6.0	6.0	6.0	6.0
ERP	50.0	50.0			
Billing			20.0		
Regulatory and customer support (Call Centre)	2.0				

Office equipment					
Fax machines ,telephone ,photocopy	2.4	2.4	2.4	2.4	2.4
Furniture	1.2	1.2	1.2	1.2	1.2
Radio Communication	64.0	64.0	64.0	64.0	64.0
VHF sets	0.8	0.8	0.8	0.8	0.8
Antenna towers		0.2	3.0	3.0	3.0
Repeater Equipment		1.2	1.2	1.2	1.2
UHF link stations			1.2	1.2	1.2
Buildings					
Kotte Branch Office		85.0			
Kelaniya				60.0	
Customer Service Centres					
Panadura, building	10.5				
Keselwatte					
Moratuwa South, building			10.5		
Pita Kotte (Refurbishment), building	10.5				
Kotikawatte, land			40.0		
Kotikawatte, building				10.5	
Dalugama, land					60.0
Ja-ela, land			60.0		
Ja-ela, Building				10.5	
BE Quarters					
Kalutara		7.0			
CSS Quarters					
Maharagama					7.0
TOTAL other CAPEX	282.3	364.7	363.2	289.7	275.7
TOTAL network CAPEX	433.2	460.9	482.5	495.4	449.2
TOTAL CAPEX	715.5	825.6	845.6	785.1	724.9

DL5 (in LKR million)					
Approved Depreciation	2011	2012	2013	2014	2015
Total Depreciation	833.0	826.0	853.0	906.0	1,138.0

2.1.2. APPROVED OPERATING EXPENDITURE OF DLs

The following are the key features of the approved Operating Expenditure (OPEX) for DLs.

Salary costs of Distribution Business of DL1-4: Considering that the last salary increase for employees of DL1-4 has been in year 2009, the approved OPEX includes a salary increase of 21.6% in real terms for the year 2012. Thereafter, the provision for salaries shall remain constant in real terms until 2014. From 2015 onwards, a salary increase of 3.5% per annum in real terms has been allowed.

Salary costs for headquarters expenses of DL1-4: The same principle was applied in assessing the salary cost at the headquarters of DL1-4.

Salary costs of Distribution Business of DL5: For DL5, a salary increase of 8.5% has been allowed in 2011. Thereafter an annual increase of 3.5% in real terms is allowed from 2012-2015.

Rate of increase of non-salary O&M costs: Non salary O&M expenses of all DLs has been adjusted to increase (in real terms) in proportion to the actual annual growth rate of the number of customers of each DL.

Table 9: Approved Operating Expenditure of DLs

Approved OPEX		2011	2012	2013	2014	2015
DL1	LKR million	3,664.6	4,292.3	4,353.7	4,309.1	4,481.8
DL2	LKR million	4,801.5	5,558.4	5,629.0	5,688.9	5,910.8
DL3	LKR million	2,624.2	3,031.7	3,067.3	3,102.0	3,225.7
DL4	LKR million	2,135.9	2,456.5	2,470.6	2,484.6	2,569.5
DL5	LKR million	1,531.5	1,568.6	1,617.9	1,668.5	1,720.5
Total Distribution OPEX	LKR million	14,757.7	16,907.5	17,138.4	17,253.2	17,908.5
Forecast Sales	GWh	9,460	10,078	10,736	11,437	12,184
Distribution OPEX per kWh sold	LKR/kWh	1.56	1.68	1.60	1.51	1.47

2.2. APPROVED RETAIL SERVICE REVENUE OF DLs

The Commission has approved the retail services revenue shown in Table 10 on the basis that it is increased in proportion to the actual annual growth rate of the number of customers, in case of DLs.

Table 10: Approved Retail Services Revenue for DLs

Approved Retail Services Revenue		2011	2012	2013	2014	2015
DL1	LKR million	557.7	583.3	609.9	634.7	663.6
DL2	LKR million	831.0	863.6	907.5	945.1	984.3
DL3	LKR million	446.3	460.7	481.8	502.8	524.2
DL4	LKR million	338.5	368.9	377.5	385.5	393.0
DL5	LKR million	295.5	302.7	325.0	332.2	324.4
Total Retail Services Rev.	LKR million	2,469.0	2,579.2	2,701.6	2,800.3	2,889.6
Total forecast customers	million	5.22	5.45	5.67	5.87	6.08
Retail service rev/customer	LKR/year	472.81	473.58	476.65	477.02	474.98

2.3. APPROVED REVENUE OF DLs

2.3.1. APPROVED DISTRIBUTION REVENUE CAP

The approved distribution revenue cap for each DL, representing the allowed remuneration for capital employed and the approved OPEX previously stated in Table 9, is given in Table 11. Adjustments stated in the Methodology shall be applicable to the approved revenue cap each year, commencing from 2012.

Table 11: Approved Distribution Variable Revenue Cap

Approved Distribution Variable Revenue Cap		2011	2012	2013	2014	2015
DL1	LKR million	6,306	6,598	6,886	7,171	7,484
DL2	LKR million	6,951	7,273	7,609	7,930	8,264
DL3	LKR million	4,117	4,301	4,490	4,683	4,882
DL4	LKR million	3,359	3,477	3,596	3,716	3,836
DL5	LKR million	2,219	2,279	2,338	2,397	2,456
Total Distribution Rev cap	LKR million	22,952	23,926	24,918	25,897	26,922
Forecast Sales	GWh	9,460	10,078	10,736	11,437	12,184
Rev cap per kWh sold	LKR/kWh	2.43	2.37	2.32	2.26	2.21

2.3.2. APPROVED RETAIL SERVICES PRICE CAP

The approved retail services price cap for each DL, representing the approved retail services revenue previously stated in Table 10, is given in Table 12. Adjustments stated in the Methodology will be applicable to the approved price cap, each year commencing from 2012.

Table 12: Approved Retail Services Price Cap

Approved Retail Services Price Cap		2011	2012	2013	2014	2015
DL1	LKR/customer	433.7	433.7	433.7	433.7	433.7
DL2	LKR/customer	544.7	544.7	544.7	544.7	544.7
DL3	LKR/customer	401.4	401.4	401.4	401.4	401.4
DL4	LKR/customer	436.1	436.1	436.1	436.1	436.1
DL5	LKR/customer	595.9	595.9	595.9	595.9	595.9

2.3.3. ALLOWED TOTAL REVENUE FOR EACH DL

Approved revenues for distribution and for retail services, previously stated in the form of a revenue cap and a price cap, are re-stated here for the convenience in assessing the allowed total revenue of each DL.

Table 13: Allowed Total Revenue of each DL

Approved Distribution and retail services revenue		2011	2012	2013	2014	2015
DL1	LKR million	6,864.0	7,180.8	7,495.5	7,805.8	8,147.6
DL2	LKR million	7,781.9	8,136.4	8,516.3	8,874.7	9,248.4
DL3	LKR million	4,563.4	4,761.3	4,971.3	5,185.7	5,406.1
DL4	LKR million	3,697.8	3,845.5	3,973.3	4,101.4	4,229.2
DL5	LKR million	2,514.4	2,581.4	2,663.0	2,729.3	2,780.1
Total Distribution and retail services revenue	LKR million	25,421.5	26,505.4	27,619.4	28,696.8	29,811.4

3. ALLOWED REVENUE OF THE TRANSMISSION LICENSEE

As provided for in the Methodology, the allowed revenue of the TL shall consist of the following components:

- Transmission allowed revenue (representing initial regulatory asset base, approved minor CAPEX, depreciation of existing non-depreciated assets, return on capital, approved OPEX, taxes)
- Bulk Supply and Operating Business (BSOB) revenue (representing the bulk supply and operations business and working capital allowance for the bulk supply transactions account)

3.1. TRANSMISSION REVENUE

3.1.1. ALLOWED CAPITAL EXPENDITURE OF THE TL

For the Transmission Licensee, the Commission has approved the capital expenditure stated in Table 14, to be incurred during years 2011 to 2015. CAPEX in year 2010 is stated for information only. A breakup is provided for work-in-progress and minor CAPEX.

The Commission has decided to allow the on-going projects (including those filed to commence construction in year 2011) as work-in-progress, even if such capital expenditure is above the threshold of LKR 500 million, which requires a separate filing at the time of commissioning such assets, because such investments are classified as large CAPEX in the Methodology.

The Transmission Licensee is hereby directed to submit a Statement of Actual Capital Expenditure (CAPEX Statement) incurred during year 2011, by 30th June 2012. Any under-expenditure shall be clawed back and applied as an adjustment to the Transmission Allowed Revenue of year 2013, along

with an adjustment for depreciation. Justification of any over-investment on approved projects or investments on projects not listed in the approved CAPEX for year 2011, may, at the discretion of the licensee, also be included in the CAPEX Statement for the consideration of the Commission for compensation. Similar CAPEX statements shall be filed by the TL for each year in the Tariffs Period.

Table 14: Approved CAPEX and Depreciation Provision for the TL

TL (in LKR million)							
Approved Capital Expenditure for Work-in Progress	2009	2010	2011	2012	2013	2014	2015
Trincomalee Coal Power Project	103	168	186	115	115	115	115
Power Sector Development Transmission Project	729	190	50	-	-	-	-
Greater Colombo Grid Substation Project: Kotugoda extension	21	116	16	-	-	-	-
Augmentation of Grid Substations for Absorption of RE Projects	8	128	654	184	30	-	-
Beliatte Grid Substation Project	36	62	219	23	-	-	-
Vavuniya – Killinochchi Transmission Project	10	263	1,532	590	207	-	-
Killinochchi – Chunnakum Transmission Project	9	186	370	192	77	-	-
North East Power Transmission Development Project	3	126	3,252	3,440	1,589	417	191
Transmission System Strengthening: Line Project	10	78	182	64	23	-	-
Transmission System Strengthening: Eastern Project	4	55	284	349	88	36	13
New Galle Transmission Development Project	17	15	231	151	84	36	20
220 kV Protection Development Project	-	82	117	110	5	-	-
Puttalam GS Augmentation Project	-	-	-	-	-	-	-
Transmission System Strengthening: GS Project	4	70	321	273	85	-	-
Augmentation of Vavuniya GS Project	-	-	-	-	-	-	-
TOTAL	954	1,478	7,304	5,413	2,280	603	339

TL (in LKR million)						
Approved Minor Capital Expenditure	2010	2011	2012	2013	2014	2015
Purchase of new Energy Meters	-	-	-	-	-	-
Establishment of Meter Lab in year 2012	-	-	80.0	-	-	-
Fixing of Correct CT/PTs at delivery points	-	-	-	200.0	200.0	-
Fixing of Correct CT/PTs at receiving points	-	-	-	-	-	250.0
Replacement CAPEX						
Purchase of Power Transformers	150.0	150.0	75.0	75.0	75.0	75.0
Trincomalee GS	-	14.3	52.0	7.8	-	-
Kiribathkumbura GS	-	110.2	401.4	59.7	-	-
Old Anuradhapura GS	-	176.4	642.0	95.5	-	-
Reinforcement CAPEX						
Kotugoda GS	-	38.3	139.3	20.8	-	-
Transmission construction	21.5	117.0	-	-	-	-
Other CAPEX						
Capital: Vehicles, purchase of lands, buildings, etc. (Tax included)	343.0	362.0	350.0	350.0	350.0	350.0
Customs Duty & VAT for other minor CAPEX	1.6	17.7	24.0	60.0	60.0	75.0
Total minor CAPEX	516.1	985.9	1,763.7	868.8	685.0	750.0

TL (in LKR million)						
Approved Depreciation	2010	2011	2012	2013	2014	2015
Project Assets						
Vehicles	2.1	2.1	2.1	2.1	2.1	2.1
Office Equipment	14.5	14.5	14.5	14.5	14.5	14.5
Other Assets						
Vehicles	-	-	-	-	-	-
Office Equipment	1.0	1.0	1.0	1.0	1.0	1.0
Furniture and fittings	1.4	1.4	1.4	1.4	1.4	1.4
Machinery and tools	0.1	0.1	0.1	0.1	0.1	0.1
Transmission lines, substations, switchgear and communication lines (existing)	0.1	0.1	0.1	0.1	0.1	0.1
Transmission lines, substations, switchgear and communication lines (work-in-progress)	2,309.9	2,309.9	2,309.9	2,309.9	2,309.9	2,309.9
Buildings	-	200.0	237.0	802.8	1,103.6	1,549.5
Adjustments (+ve)	22.9	22.9	22.9	22.9	22.9	22.9
Adjustments (-ve)	-	10.4	21.4	33.6	46.3	53.0
Total	2,351.9	2,541.5	2,567.5	3,121.1	3,409.2	3,848.4

3.1.2. ALLOWED OPERATING EXPENDITURE OF THE TL

Salary costs for Operations & Maintenance (O&M) of the TL: Considering that the last salary increase of TL's employees has been in year 2009, the approved OPEX includes a salary increase of 21.6% in real terms for the year 2012. Thereafter, the salaries shall remain constant in real terms until 2014. From 2015 onwards, a salary increase of 3.5% per annum in real terms has been allowed.

Salary costs for headquarters expenses of the TL: The same principle was applied in assessing the salary cost at the headquarters of the TL.

Table 15: Approved Transmission OPEX of the TL

Approved OPEX		2011	2012	2013	2014	2015
TL	LKR million	2,268.3	2,018.2	1,991.3	2,026.8	2,107.1

3.2. APPROVED BULK SUPPLY AND OPERATING BUSINESS REVENUE

In the case of the BSOB, the Commission has approved a 15% increase in 2011 for non-salary expenditure, and a further 21.6% salary increase is allowed in 2012. Thereafter, the salaries and other costs will remain constant until 2014. For 2015, a salary increase of 3.5% in real terms was allowed.

Table 16: Approved BSOB Revenue of the TL

Approved BSOB revenue		2011	2012	2013	2014	2015
TL	LKR million	100.4	121.6	121.6	121.6	125.8

3.3. APPROVED REVENUE CAP OF THE TL

The approved revenue cap for Transmission and for BSOB, representing the approved transmission and BSOB revenue previously stated, is given in Table 17. Adjustments stated in the Methodology will be applicable to each approved revenue cap, each year commencing from 2012.

Table 17: Transmission and BSOB Revenue Cap

Approved Revenue Cap		2011	2012	2013	2014	2015
Transmission Revenue Cap	LKR million	7,113.4	7,113.4	7,113.4	7,113.4	7,113.4
BSOB Revenue Cap	LKR million	118.0	118.0	118.0	118.0	118.0
Total allowed revenue	LKR million	7,231.4	7,231.4	7,231.4	7,231.4	7,231.4

4. CONSIDERATION OF DEBTS

4.1. LONG-TERM DEBTS

Capital repayments and interest payable thereon, and interest during construction on loans for on-going capital expenditure projects had been filed by DL1-4, and the TL.

In assessing the costs of long-term debt, the Commission is guided by the certified minutes of the meeting held at the Ministry of Finance and Planning on August 6, 2010, chaired by Secretary to the Treasury. The minutes stated under item (3) a., **"Total outstanding debt stock (of CEB licensees) to the Treasury and (Ceylon Petroleum Corporation) CPC as at 31.12.2009 should be considered as zero. In other words, as at 01.01.2010 CEB has no outstanding debt"**. At the same treasury meeting, the minute under item (3) c. states **"The servicing of debt including repayment of capital and interest for the investment of about US\$3bn (made by the government) during the period from 01.01.2010 – 31.12.2013 should be borne by CEB. However, CEB need not bear the cost of interest for the investment made by the government prior to 31.12.2009. Until a decision is taken, for the purpose of the tariffs calculation the interest cost should not be considered"**.

Accordingly, debt service costs have not been allowed for the entire Tariff Period 2011-2015. DL1-4 and the TL are hereby directed to submit a comprehensive schedule of debt repayments due from January 2014 onwards. This schedule shall be provided to the Commission not later than 30th June 2011.

4.2. INTERIM PROVISION FOR SHORT-TERM DEBTS

DL1, 2, 3, and 4, and the TL have filed the cost of repayment of short-term debts. Owing to inadequate information, the Commission hereby approves an interim provision of LKR 2800 million for the period 1st January 2011 to 30th June 2011.

This provision shall be applied as a special levy on the Bulk Supply Tariff (BST), and shall be paid out of the Bulk Supply Transactions Account as defined in the Methodology.

The Transmission Licensee is hereby directed to provide the following information **on or before 31st May 2011**, if any provisions for short-term debts are required for the period 1st July 2011 to 31st December 2015. The following guidelines shall apply:

- (i) Provisions for short-term debts are applicable only for such debts outstanding and entered into agreements with relevant banks, as of 31st December 2010.
- (ii) Information to be provided shall include the details of each loan, its repayment schedule, interest payments due and interest rates, and this information should be provided for each month of the Tariff Period 1st January 2011 to 31st December 2015.
- (iii) Copies of the relevant Loan Agreements should be submitted to the Commission
- (iv) A statement as to how the Transmission Licensee intends re-negotiating the terms of such short-term debts with the lenders should be provided
- (v) A statement on any actions already taken or intended to be taken that would enable the short-term debts to be converted to long-term debts or other financial instruments, to smoothen the impacts on customers, should be submitted.

5. ALLOWED REVENUE OF THE SINGLE BUYER

5.1. POWER PLANT DISPATCH

The Single Buyer (SB) has filed the dispatch shown in Table 18, and the Commission has approved the dispatch with the following observations.

- (a) **Hydropower Dispatch:** The Single Buyer has not stated whether the filed hydropower dispatch would comply with the probability of occurrence of 70% stated in the Methodology. As the full claw-back provisions are available, the Commission has approved the filed hydropower dispatch.
- (b) **Un-dispatched power plant:** The power plant GT07 has not been dispatched at all during the six-month period covered in the revenue filing of the Single Buyer, and the filing states that spares are not available. Capacity charges for this power plant have been filed, but were removed, pending a final decision by TL and submission of the relevant information to the Commission. An ex-post adjustment would be allowed for this power plant's capacity charges, should the TL dispatch the power plant within the six-month period under consideration, but with prior approval of the relevant PPA by the Commission.

5.2. POWER GENERATION COSTS

5.2.1. CAPACITY COSTS

The SB has filed capacity costs to be paid to Independent Power Producers (IPPs) and to CEB Generation Licensee's (CEB GL's) plants. The capacity costs filed for IPPs were evaluated and allowed, while the following adjustments were done to the capacity costs of CEB GL's Power Purchase Agreements (PPAs) with the SB.

- The capacity costs filed by the SB for CEB GL's PPAs were adjusted to remove the depreciation provisions
- The capacity costs of CEB GL's PPAs were adjusted by including a provision for return of equity.

Table 18 - Dispatch Filed and Approved by the Commission

			Month of year 2011						
Month	Code	Unit	1	2	3	4	5	6	Total
Independent Power Producers (IPPs)									
Lakdhanavi Sapu. – 22.5 MW	DLDL	GWh	14.23	11.02	12.39	10.1	12.39	11.93	72.06
ASIA Power – 45 MW	DAPL	GWh	30.99	27.99	25.99	24.99	26.99	25.99	162.94
AES Kelanitissa – 165 MW	CAES	GWh	9.08	6.6	9.08	0	0	0	24.76
Barge – 60 MW	DCPL	GWh	37.94	34.27	37.94	36.72	33.05	31.82	211.74
ACE – Matara – 20 MW	DMAT	GWh	15.18	13.71	12.73	12.24	13.22	14.69	81.77
ACE – Horana – 20 MW	DHOR	GWh	15.18	13.71	15.18	14.69	11.26	10.77	80.79
Heladhanavi – Put. – 99 MW	DPUT	GWh	62.61	56.55	62.61	60.59	62.61	60.59	365.56
ACE – Embilipitiya – 99 MW	DEMB	GWh	69.97	63.2	69.97	45.14	51.92	49.66	349.86
Kerawalapitiya – 270 MW	CCKW	GWh	142.29	140.9	133.11	91.8	83.54	80.33	671.97
TOTAL IPP	-		397.47	367.95	379.00	296.27	294.98	285.78	2021.45
CEB GL's Thermal Generation									
Sapu Old 4 x 18 MW	DSP1	GWh	34.15	30.84	34.15	33.05	34.15	33.05	199.39
Sapu Ext. 8 x 9 MW	DSP2	GWh	42.18	38.1	42.18	40.82	42.18	40.82	246.28
KPS GT 5 x 17 MW	GT16	GWh	0.38	0.19	0.38	0.19	0.38	0.19	1.71
KPS GT 1 x 115 MW	GT07	GWh		0	0	0	0	0	
KPS Combined – 165 MW	CCKP	GWh	55.04	15.6	55.04	51.6	37.84	34.4	249.52
Naptha Diesel		GWh							
Coal – Puttlam 300 MW	CPUT	GWh	57.86	139.38	162.46	101.54	128.24	128.08	717.56
Total CEB GL's Thermal Generation			189.62	224.12	294.21	227.21	242.8	236.55	1414.51
Renewable energy	NCRE	GWh	40.0	20.0	20.0	60.0	65.0	65.0	270.0
Chunnakam Aggreko		GWh							
Northern Power		GWh	17.44	16.46	18.35	16.64	17.82	17.27	103.98
Total Northern generation	DNOR	GWh	17.44	16.46	18.35	16.64	17.82	17.27	103.98
CEB GL's Hydropower Generation		GWh	279.92	244.12	261.31	281.81	323.91	310.7	1701.77
Total Generation		GWh	924.5	872.7	972.9	881.9	944.5	915.3	5511.71
Coincident Peak Demand		MW	2193	2185	2153	2151	2250	2065	

Table 19 - Generation Capacity Costs Filed: indicative costs for January 2011

Power plant	Owner	Technology	Fuel	Capacity (MW)	MGEA (GWh/month) or estimate	In Jan 2011 Capacity cost (LKR million/month)	In Jan 2011 Capacity charge (LKR/kWh MGEA)
DLDL	IPP	Diesel IC	180 cSt	22.5	13.00	35.24	2.71
DAPL	IPP	Diesel IC	380 cSt	51.0	27.50	116.98	4.25
CAES	IPP	CCGT	Auto diesel	163.2	95.28	237.40	2.49
DCPL	IPP	Diesel IC	180 cSt	60.0	35.00	45.92	1.31
DHOR	IPP	Diesel IC	180 cSt	20.0	13.92	35.24	2.53
DMAT	IPP	Diesel IC	180 cSt	20.0	13.92	37.05	2.66
DPUT	IPP	Diesel IC	180 cSt	99.0	58.17	100.12	1.72
DEMB	IPP	Diesel IC	180 cSt	99.0	58.08	137.34	2.36
CCKW	IPP	CCGT	180 cSt (low S)	270.0	137.97	568.20	4.12
AGGR	EPP	Diesel IC	Auto diesel				
DNOR	IPP	Diesel IC	180 cSt	20			
Subtotal	IPP			824.7	452.8	1,313.5	2.90
MAHW	CEB GL	Hydro		1203		393.31	
LAXA	CEB GL	Hydro				225.23	
OHYD	CEB GL	Hydro				171.38	
DSP1	CEB GL	Diesel IC	380 cSt	64		70.37	
DSP2	CEB GL	Diesel IC	380 cSt	72		71.09	
GT16	CEB GL	CGT	Auto diesel	85		36.52	
GT07	CEB GL	CGT	Auto diesel	115			
CCKP	CEB GL	CCGT	Auto diesel, Naphtha	165		140.76	
CPUT	CEB GL	STG	Coal	300		66.45	
DCHU	CEB GL	Diesel IC	Auto diesel	0		12.05	
Subtotal	CEB GL			2004.0		1,187.16	
NCRE	SPP	NCRE	NCRE	200			
Total						2,500.65	

Note 1: Pricing formulae for some IPPs cause capacity charges to vary from month to month. What is shown above are the estimated capacity charges for Jan 2011, as filed by the SB.

Note 2: The allowed revenue for CEB GL's power plants is lower than the filed revenue shown in this table. Please see Table 20.

5.2.2. ALLOWED CAPACITY COSTS PAYABLE BY THE SINGLE BUYER

The allowed capacity costs payable by the SB for generation is shown in Table 20. The adjustments to depreciation and the allowance for the return of equity of CEB GL shown in Table 20 are based on estimates by the Commission.

The allowed capacity charges shown in Table 21 shall be the basis of capacity payments to each generation licensee's power plant in period from January to June 2011. It should be noted that the adjustment for CEB GLs depreciation has been made only to the hydropower plants, as an interim measure, until the PPAs between the CEB GL and the TL are finalised by the Commission.

Table 20- Details of Filed and adjusted Capacity Payments for Generation by the SB (Jan-Jun 2011)

Item\Month	Unit	1	2	3	4	5	6
System Coincident Peak Demand on Transmission	MW	2,193	2,185	2,153	2,151	2,250	2,065
Capacity Payment							
Plant\Month	Unit	1	2	3	4	5	6
MAHW	million LKR	393.31	393.31	393.31	393.31	393.31	393.31
LAXA	million LKR	225.23	225.23	225.23	225.23	225.23	225.23
OHYD	million LKR	171.38	171.38	171.38	171.38	171.38	171.38
GT16	million LKR	36.52	36.52	36.52	36.52	36.52	36.52
DSP1	million LKR	70.37	70.37	70.37	70.37	70.37	70.37
DSP2	million LKR	71.09	71.09	71.09	71.09	71.09	71.09
DLDL	million LKR	35.24	35.24	35.24	35.24	35.24	35.24
DAPL	million LKR	116.98	116.98	116.98	116.98	116.98	116.98
CCKP	million LKR	140.76	140.76	140.76	140.76	140.76	140.76
CAES	million LKR	237.40	237.40	237.40	237.40	237.40	237.40
DCPL	million LKR	45.92	45.92	45.92	45.92	45.92	45.92
DHOR	million LKR	35.24	33.99	33.36	33.36	33.36	33.36
DMAT	million LKR	37.05	33.13	32.50	32.50	32.50	32.50
DPUT	million LKR	100.12	100.52	100.71	100.71	100.71	100.71
DEMB	million LKR	137.34	132.76	127.52	123.60	117.71	66.67
CCKW	million LKR	568.20	577.96	587.62	618.48	638.40	642.12
DNOR	million LKR	23.75	23.75	23.75	23.75	23.75	23.75
CPUT	million LKR	66.45	66.45	66.45	66.45	66.45	66.45
DCHU	million LKR	12.05	12.05	12.05	12.05	12.05	12.05
NCRE	million LKR						
TOTAL	million LKR	2,524.40	2,524.80	2,528.16	2,555.10	2,569.13	2,521.81
Dep provision excluded for CEB GLs	million LKR	556.74	556.74	556.74	556.74	556.74	556.74
Return of equity allowed for CEB GL	million LKR	111.35	111.35	111.35	111.35	111.35	111.35
TOTAL allowed	million LKR	2,079	2,079	2,083	2,110	2,124	2,076
Generation Capacity cost							
Generation Capacity cost	Unit	1	2	3	4	5	6
	LKR/MW	948,017	951,673	967,379	980,802	943,882	1,005,529

Table 21: Allowed Capacity Payments for Generation by the TL(SB) (Jan-Jun 2011)

Item\Month	Unit	1	2	3	4	5	6
System Coincident Peak Demand	MW	2,193	2,185	2,153	2,151	2,250	2,065

Capacity Payment							
Plant\Month	Unit	1	2	3	4	5	6
MAHW	million LKR	148.95	148.95	148.95	148.95	148.95	148.95
LAXA	million LKR	101.20	101.20	101.20	101.20	101.20	101.20
OHYD	million LKR	94.37	94.37	94.37	94.37	94.37	94.37
GT16	million LKR	36.52	36.52	36.52	36.52	36.52	36.52
GT07	million LKR						
DSP1	million LKR	70.37	70.37	70.37	70.37	70.37	70.37
DSP2	million LKR	71.09	71.09	71.09	71.09	71.09	71.09
DLDL	million LKR	35.24	35.24	35.24	35.24	35.24	35.24
DAPL	million LKR	116.98	116.98	116.98	116.98	116.98	116.98
CCKP	million LKR	140.76	140.76	140.76	140.76	140.76	140.76
CAES	million LKR	237.40	237.40	237.40	237.40	237.40	237.40
DCPL	million LKR	45.92	45.92	45.92	45.92	45.92	45.92
DHOR	million LKR	35.24	33.99	33.36	33.36	33.36	33.36
DMAT	million LKR	37.05	33.13	32.50	32.50	32.50	32.50
DPUT	million LKR	100.12	100.52	100.71	100.71	100.71	100.71
DEMB	million LKR	137.34	132.76	127.52	123.60	117.71	66.67
GTKW (retired)	million LKR						
CCKW	million LKR	568.20	577.96	587.62	618.48	638.40	642.12
DNOR	million LKR	23.75	23.75	23.75	23.75	23.75	23.75
CPUT	million LKR	66.45	66.45	66.45	66.45	66.45	66.45
DCHU	million LKR	12.05	12.05	12.05	12.05	12.05	12.05
NCRE	million LKR						
TOTAL	million LKR	2,079.00	2,079.41	2,082.77	2,109.71	2,123.73	2,076.42

5.2.3. ENERGY AND OTHER VARIABLE COSTS: DISPATCHED GENERATION

- (a) **Pricing of Petroleum fuels:** Fuel Supply Agreements (FSA) were not filed with the Commission. TL provided the most recent invoices or communications with Ceylon Petroleum Corporation stating the prices, and these were used as the basis for fixing the prices of all petroleum fuels used for power generation. The following fuel prices were allowed:
- Fuel oil 180 cSt (1500 s) for CEB and IPPs: price 42.55 LKR/litre
 - Fuel oil 380 cSt (3500 s) for CEB and one IPP: price 40.00 LKR/litre
 - Fuel oil (low sulphur, for West Coast Power Plant): price 52.00 LKR/litre
- (b) **Coal pricing:** The Fuel Supply Agreement (FSA) has not been submitted to the Commission. Therefore, the pricing was based on an invoice. The Commission observes the following: VAT has been included for coal, whereas for other fuels, VAT is not applicable. Therefore, VAT was removed from coal pricing. A sum of USD 5.65 per tonne has been included as depreciation and overheads within the price calculation for coal, for which the purpose is unclear. This was not allowed. The price of coal allowed shall therefore be as follows:

Cost of coal	USD/MT
FOB	96.00
Freight	15.20
Barging	4.75
CIF Value	115.95
VAT (12%)	-
Total	115.95

A comprehensive pricing formula including the internationally published indices to which the pricing is linked, requires to be filed along with the next Single Buyer's filing for the period July-December 2011. This filing is due on or before 31st May 2011.

Energy costs were allowed as filed, based on (i) the contractual heat rates or fuel consumption rates for IPPs and filed, and (ii) the indicative heat rates for CEB GL's thermal power plants. The Methodology requires the heat rates for CEB GL's power plants to be independently verified. The Commission hereby directs the CEB Generation Licensee to conduct the heat rate test on each of CEB GL's thermal power plants **on or before 31st March 2012**. Upon approval by the Commission, the respective PPAs shall be revised, and such heat rates shall be used for the filing of generation costs for the period **1st July to December 2012**.

5.2.4. ENERGY AND OTHER VARIABLE COSTS: NON-DISPATCHABLE EMBEDDED GENERATION UNDER SPPAS

The Commission has assessed the payments to embedded generation to be as summarised in Table 22.

Table 22- Filed and Allowed Payments to Non-dispatchable NCRE Power Plants Jan-Jun 2011

Type	Pricing basis of agreement	Forecast energy purchased (GWh)		Forecast price (LKR/kWh)		Allowed payments (LKR million)	Payment on avoided costs (LKR million)	Additional burden on customers	
		Filed	Adjusted	Filed	Adjusted	Adjusted		(LKR million)	(LKR/kWh of end-use sales)
Minihydro	Avoided cost	188.0	197.7	11.98	11.50	2,273	2,273	0.0	0.00
	3-tier	9.6	10.1	14.27	11.77	119	116	2.7	0.00
Biomass	Avoided cost	1.2	1.3	14.00	11.50	15	15	0.0	0.00
	3-tier	12.0	12.6	22.00	9.90	125	145	-20.2	-0.00
Wind	3-tier	46.0	48.4	24.73	23.58	1,140	556	584.2	0.12
Total		256.8	270.0			3,672	3,105	566.8	0.12

Note: The above information is for the six-month period January to June 2011.

Purchases from Non-conventional Renewable Energy (NCRE) are approved on the basis of the following:

- (a) **Avoided cost calculations:** The Commission observes that the Small Power Purchase Agreements (SPPAs) signed before 2007 are paid on the basis of a tariff that represents avoided costs. Calculation of avoided costs and the corresponding NCRE tariffs for year 2011, payable to contracts signed before 2007 have not been included in the filing. The Commission hereby allows the following avoided cost-based tariffs for year 2011: 11.00 LKR/kWh (wet season), 12.00 LKR/kWh (dry season). The TL (SB) is hereby directed to file the calculation of avoided costs in year 2011 for the approval of the Commission, on or before 31st March 2011. If no such submission is made, the tariffs allowed by the Commission shall be final, with no provision for ex-post corrections allowed in the Methodology.
- (b) **Tariffs payable under each SPPA:** The SB is required to submit to the Commission, not later than 31st March 2011, the detailed tariffs schedule for monthly payments under each SPPA during year 2011, for all SPPAs (i) signed before 2007 (avoided cost-based tariffs), (ii) signed after 2007 (technology-specific, cost-reflective tariffs), and (iii) SPPAs maturing and are likely to be extended during year 2011. This submission shall be in strict conformity with the instructions issued by the Ministry of Power and Energy from time to time, and the announcements made by Sri Lanka Sustainable Energy Authority from time to time. These instructions to be followed shall cover, and be not limited to, (i) tariffs payable, (ii) type of each power plant, (iii) time-bound options for migration from the avoided cost-based SPPA to the new cost-reflective tariffs regime announced in 2007 and 2008, and (iv) conditions for extension approved or stated by the Government or the Sri Lanka Sustainable Energy Authority for SPPAs that did not opt to migrate from the avoided-cost based tariffs to the new cost-reflective tariffs regime in response to offers in 2007 and 2008.

The estimated total payments under SPPAs in year 2011 have exceeded the avoided costs. The Commission hereby approves an interim provision of LKR 566.8 million for the period January to June 2011. This provision is not included in SB's approved energy costs but shall be identified as a special levy, applied as an adjustment to the Bulk Supply Tariffs (BST). The Commission has determined that the levy on the Single Buyer's pass-through costs allowed to pay for non-dispatchable renewable energy power plants shall be withdrawn on 30th June 2011, if the conditions listed under (a), (b) and (c) are not met by the TL (SB) to the satisfaction of the Commission.

5.2.5. APPROVED ENERGY AND VARIABLE COSTS PAYABLE TO GENERATION BY THE SB

Table 23 provides the allowed energy-related generation costs approved by the Commission. Table 24 provides more detailed plant-by-plant information about generation costs, for each month in year 2011. These costs shall be allowed subject to the reconciliation mechanism being applied ex-post, for any variations in fuel prices and any variations in the dispatch, as provided for in the Methodology.

Table 23- Allowed Energy Costs of Generation payable by SB (Jan-Jun 2011)

Plant	Owner	Type	Fuel	Total energy cost (LKR m)	Total dispatch (GWh)	Capacity factor for six-months	Total operating cost (LKR/kWh)
DLDL	IPP	Diesel IC	180 cSt	812.9	72.06	73.7%	11.28
DAPL	IPP	Diesel IC	380 cSt	1,653.1	162.94	73.5%	10.15
CAES	IPP	CCGT	Auto diesel	470.0	24.76	3.5%	18.98
DCPL	IPP	Diesel IC	180 cSt	2,170.1	211.74	81.2%	10.25
DHOR	IPP	Diesel IC	180 cSt	821.8	81.77	94.1%	10.05
DMAT	IPP	Diesel IC	180 cSt	857.5	80.79	93.0%	10.61
DPUT	IPP	Diesel IC	180 cSt	3,535.3	365.56	85.0%	9.67
DEMB	IPP	Diesel IC	180 cSt	3,543.8	349.86	81.4%	10.13
CCKW	IPP	CCGT	180 cSt (low S)	8,473.4	671.97	57.3%	12.61
AGGR	EPP	Diesel IC	Auto diesel	0.0		57.8%	Not used
DNOR	IPP	Diesel IC	180 cSt	1,185.3	103.98	0.0%	11.40
Subtotal	IPP			23,523.1	2,125.4		11.07
MAHW	CEB	Hydro			1701.77		
LAXA	CEB GL	Hydro					
OHYD	CEB GL	Hydro					
DSP1	CEB GL	Diesel IC	380 cSt	2,322.1	199.39	71.7%	11.65
DSP2	CEB GL	Diesel IC	380 cSt	2,654.9	246.28	78.7%	10.78
GT16	CEB GL	CGT	Auto diesel	63.1	1.71	0.5%	36.89
GT07	CEB GL	CGT	Auto diesel			0.0%	Not used
CCKP	CEB GL	CCGT	Naphtha	3,150.8	249.52	34.8%	12.63
CPUT	CEB GL	STG	Coal	3,669.5	717.56	55.1%	5.11
DCHU	CEB GL	Diesel IC	Auto diesel	53.4			Not used
Subtotal CEB GL's thermal plants				11,913.7	1,414.5		8.42
NCRE	SPP	NCRE	NCRE	3,070.0	270.00	31%	11.37
Total				38,506.8	5511.66		6.99

Note: NCRE is valued at estimated avoided cost.

Table 24- Details of Allowed Energy Cost of Generation (Jan-Jun 2011)

Plant\Month	Unit	1	2	3	4	5	6
All hydro	GWh	279.92	244.12	261.31	281.81	323.91	310.70
	LKR/kWh						
GT16	GWh	0.38	0.19	0.38	0.19	0.38	0.19
	LKR/kWh	36.88	36.89	36.89	36.90	36.90	36.91
GT07	GWh	0.00	0.00	0.00	0.00	0.00	0.00
	LKR/kWh	0.00	0.00	0.00	0.00	0.00	0.00
DSP1	GWh	34.15	30.84	34.15	33.05	34.15	33.05
	LKR/kWh	11.58	11.84	11.58	11.66	11.58	11.66
DSP2	GWh	42.18	38.10	42.18	40.82	42.18	40.82
	LKR/kWh	10.73	10.93	10.73	10.79	10.73	10.79
DLDL	GWh	14.23	11.02	12.39	10.10	12.39	11.93
	LKR/kWh	11.28	11.28	11.28	11.28	11.28	11.28
DAPL	GWh	30.99	27.99	25.99	24.99	26.99	25.99
	LKR/kWh	10.15	10.15	10.15	10.15	10.15	10.15
CCKP	GWh	55.04	15.60	55.04	51.60	37.84	34.40
	LKR/kWh	12.40	14.15	12.40	12.45	12.72	12.82
CAES	GWh	9.08	6.60	9.08	0.00	0.00	0.00
	LKR/kWh	18.98	18.98	18.98	0.00	0.00	0.00
DCPL	GWh	37.94	34.27	37.94	36.72	33.05	31.82
	LKR/kWh	10.25	10.25	10.25	10.25	10.25	10.25
DHOR	GWh	15.18	13.71	15.18	14.69	11.26	10.77
	LKR/kWh	10.17	10.17	10.17	10.17	10.17	10.17
DMAT	GWh	15.18	13.71	12.73	12.24	13.22	14.69
	LKR/kWh	10.49	10.49	10.49	10.49	10.49	10.49
DPUT	GWh	62.61	56.55	62.61	60.59	62.61	60.59
	LKR/kWh	9.67	9.67	9.67	9.67	9.67	9.67
DEMB	GWh	69.97	63.20	69.97	45.14	51.92	49.66
	LKR/kWh	10.13	10.13	10.13	10.13	10.13	10.13
CCKW	GWh	142.29	140.90	133.11	91.80	83.54	80.33
	LKR/kWh	12.19	12.21	12.30	13.04	13.28	13.38
DNOR	GWh	17.44	16.46	18.35	16.64	17.82	17.27
	LKR/kWh	11.40	11.40	11.40	11.40	11.40	11.40
CPUT	GWh	57.86	139.38	162.46	101.54	128.24	128.08
	LKR/kWh	5.27	5.09	5.07	5.14	5.10	5.10
DCHU	GWh	0.36	0.41	0.51	0.69	0.60	0.47
	LKR/kWh	17.64	17.60	17.54	17.47	17.50	17.56
NCRE	GWh	40.00	20.00	20.00	60.00	65.00	65.00
	LKR/kWh	11.00	12.00	12.00	12.00	11.00	11.00
TOTAL generated energy	GWh	924.80	873.05	973.38	882.61	945.10	915.76

Note 1: For CEB GL's hydropower plants, only a capacity charge is allowed. There are no energy charges.

Note 2: GT07 power plant will be allowed, if the SB decides to dispatch the power plant, subject to its PPA being reviewed by the Commission

Note 3: For power plant names, please refer to table 18.

Energy

		Month of year 2011					
Month	Unit	1	2	3	4	5	6
TOTAL generated energy	GWh	924.80	873.05	973.38	882.61	945.10	915.76
Monthly Energy Cost	LKR million	6,893.8	6,229.1	7,030.9	6,180.9	6,172.5	5,999.7
Total Energy cost for six-months	LKR million	38,506.8					
Total energy dispatch for six-months	GWh	5,514.7					
Six-month average energy cost	LKR/kWh	6.98					

5.3. 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 25. The value of peak adjustment factor k2 provided in the transition provisions in the Methodology for Tariffs is hereby amended from 2.1 to 1.3.

Table 25: Approved Peak Adjustment Factors

Time interval for TOU pricing	Factor	Value
0530 – 1830	k1	1.0
1830-2230	k2	1.3
2230-0530	k3	0.7

The energy dispatches and costs in each interval are provided in Table 26. 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 26- Monthly Energy Dispatches and Costs in the TOU Regime (Jan-Jun 2011)

Average Generation Energy cost in each month							
	Unit	1	2	3	4	5	6
Generation Energy cost	LKR/kWh	7.45	7.13	7.22	7.00	6.53	6.55

Month 1 - TOU tariffs				
Interval	Energy dispatched (GWh)	k Factor (#)	Adjusted k Factor (#)	Charge (LKR/kWh)
B1 (day)	519.3	1.00	1.00	7.44
B2 (peak)	206.5	1.30	1.30	9.67
B3 (off-peak)	198.6	0.70	0.70	5.20

Month 2 - TOU tariffs				
Interval	Energy dispatched (GWh)	k Factor (#)	Adjusted k Factor (#)	Charge (LKR/kWh)
B1 (day)	488.8	1.00	1.00	7.12
B2 (peak)	195.4	1.30	1.30	9.25
B3 (off-peak)	188.5	0.70	0.70	4.98

Month 3 - TOU tariffs				
Interval	Energy dispatched (GWh)	k Factor (#)	Adjusted k Factor (#)	Charge (LKR/kWh)
B1 (day)	548.0	1.00	1.00	7.20
B2 (peak)	216.9	1.30	1.30	9.36
B3 (off-peak)	208.0	0.70	0.70	5.04

Month 4 - TOU tariffs				
Interval	Energy dispatched (GWh)	k Factor (#)	Adjusted k Factor (#)	Charge (LKR/kWh)
B1 (day)	492.1	1.00	1.00	6.99
B2 (peak)	198.0	1.30	1.30	9.08
B3 (off-peak)	191.8	0.70	0.70	4.89

Month 5 - TOU tariffs				
Block	Energy dispatched (GWh)	k Factor (#)	Adjusted k Factor (#)	Charge (SLR/kWh)
B1 (day)	529.1	1.00	1.00	6.52
B2 (peak)	211.5	1.30	1.30	8.47
B3 (off-peak)	203.9	0.70	0.70	4.56

Month 6 - TOU tariffs				
Block	Energy dispatched (GWh)	k Factor (#)	Adjusted k Factor (#)	Charge (SLR/kWh)
B1 (day)	515.1	1.00	1.00	6.53
B2 (peak)	204.2	1.30	1.30	8.49
B3 (off-peak)	196.0	0.70	0.70	4.57

5.4. 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 in Table 27 and

Table 28 provide the six-month average.

Table 27: Approved Monthly Average BST from the TL to DLs

Capacity Charge

Month	Unit	1	2	3	4	5	6
Capacity Charge							
Generation capacity	LKR/MW	948,017	951,673	967,379	980,802	943,882	1,005,529
Transmission	LKR/MW	270,307	271,297	275,329	275,585	263,459	287,062
Bulk Supply and Operations Business	LKR/MW	4,483	4,499	4,566	4,570	4,369	4,761
BST (C)	LKR/MW	1,222,807	1,227,469	1,247,274	1,260,957	1,211,710	1,297,352
BST (C) 6-Month Weighed average	LKR/MW.month	1,243,880					

Energy Charge

Month	Unit	1	2	3	4	5	6
Interval 1 (day)							
Transmission Loss Factor B1	%	2.67%	2.67%	2.67%	2.67%	2.67%	2.67%
Generation energy Cost B1	LKR/kWh	7.44	7.12	7.20	6.99	6.52	6.53
BST (E1)	LKR/kWh	7.64	7.31	7.40	7.18	6.69	6.71
Interval 2 (peak)							
Transmission Loss Factor B2	%	3.41%	3.41%	3.41%	3.41%	3.41%	3.41%
Generation energy Cost B2	LKR/kWh	9.67	9.25	9.36	9.08	8.47	8.49
BST (E2)	LKR/kWh	10.01	9.58	9.70	9.41	8.77	8.79
Interval 3 (off-peak)							
Transmission Loss Factor B3	%	1.89%	1.89%	1.89%	1.89%	1.89%	1.89%
Generation energy Cost B3	LKR/kWh	5.20	4.98	5.04	4.89	4.56	4.57
BST (E3)	LKR/kWh	5.31	5.08	5.14	4.99	4.65	4.66

Table 28: Approved Six-month Average Bulk Supply Tariffs for Transfers from TL

		Economic dispatch	Short-term debt recovery	Renewable energy above avoided costs	Total BST (E)
BST day (E1) 6-Month weighed average	LKR/kWh	7.16	0.52	0.11	7.78
BST peak (E2) 6-Month weighed average	LKR/kWh	9.37	0.52	0.11	10.00
BST off-peak (E3) 6-Month weighed average	LKR/kWh	4.97	0.52	0.11	5.60

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.

5.5. TOTAL REVENUE REQUIREMENTS IN YEAR 2011

In the previous sections of this Decision Document, the Commission has allowed the revenues, inclusive of special provisions, which are summarized in Table 29.

Table 29: Allowed Total Revenue Requirements for 2011

Summary cost of supply		2011
DL1	LKR million	6,864.0
DL2	LKR million	7,781.9
DL3	LKR million	4,563.4
DL4	LKR million	3,697.8
DL5	LKR million	2,514.4
TL (Transmission and BSOB)	LKR million	7,231.4
TL (Single Buyer) [see note 1]	LKR million	111,366.8
Total allowed revenue	LKR million	144,019.6

Note1: Single Buyer's costs have been estimated by extrapolating the six-month allowed revenue for the Single Buyer and at the peak demand for the period, calculated at the rate per unit of coincident maximum demand

6. THE DETAILED MARKET FORECAST

Table 30 shows the detailed market forecast developed. This detailed forecast was the basis for calculation of costs of supply to each customer category. Table 31 provides the number of customers in each category.

Table 30- Detailed Market Forecast 2011

Customer category as of December 2010	Forecast sales to end-use customers (GWh)					Category Individual Maximum Demand, non-coincident (MVA)				
	DL1	DL2	DL3	DL4	DL5	R1	R2	R3	R4	DL5
LV RETAIL										
Households	953	1,089	696	580	535	402	471	306	252	240
Religious	19	14	8	7	8	9	6	4	3	4
General Purpose	392	251	167	142	197	110	70	47	40	56
Industrial	66	75	40	31	26	25	28	15	12	8
Hotel	0	-	0	1	-	0	0	0	0	-
Street Lighting	48	39	15	20	27	13	10	4	5	6
Total LV	1,478	1,468	927	780	793	559	586	376	313	314
LV BULK										
General Purpose 2	481	103	91	74	126	153	44	31	27	47
Industrial 2	217	472	440	238	194	77	208	157	80	68
Industrial 2 TOD	17	67	44	35	12	8	35	17	20	5
Hotels 2 TOD	0	0	-	2	-	0	0	-	1	-
Hotels 2 (GP)	4	1	1	23	44	1	1	0	6	10
Hotels 2 (IP)	22	26	6	-	-	5	9	1	-	-
Total LV bulk	741	670	581	372	376	244	296	207	133	129
MV Bulk										
General Purpose 3	145	64	14	0	-	32	15	5	-	-
Industrial 3	220	545	212	43	16	51	181	34	15	5
Industrial 3 TOD	52	37	37	6	11	15	15	14	1	4
Hotels 3	-	-	-	7	1	-	-	-	1	0
Hotel 3 TOD	70	-	-	-	1	9	-	-	-	0
Total MV	487	645	264	56	29	107	212	53	18	10
Total sales	2,706	2,783	1,772	1,208	1,198	910	1,093	636	464	453
Grand total Sri Lanka	9667					3555				

Table 31- Forecast Number of Customers in 2011

Customer category as of December 2010	Forecast number of customers (GWh)				
	DL1	DL2	DL3	DL4	DL5
LV RETAIL					
Households	1,115,356	1,267,695	986,013	763,720	417,980
Religious	9,781	8,045	5,848	3,749	2,178
General Purpose	145,109	144,054	101,970	81,623	59,812
Industrial	12,397	11,337	6,382	4,675	3,426
Hotel	129	53	62	76	0
Street Lighting					
Total LV	1,282,772	1,431,184	1,100,275	853,842	483,397
LV BULK					
General Purpose 2	1,757	603	426	364	723
Industrial 2	811	1,061	1,015	728	532
Industrial 2 TOD	65	135	112	108	20
Hotels 2 TOD	4	1	0	6	0
Hotels 2 (GP)	6	7	9	49	23
Hotels 2 (IP)	27	42	8	0	23
Total LV bulk	2,670	1,849	1,570	1,255	1,320
MV Bulk					
General Purpose 3	39	13	16	1	0
Industrial 3	29	82	23	12	10
Industrial 3 TOD	3	10	5	1	5
Hotels 3	0	0	0	1	3
Hotel 3 TOD	5	0	0	0	3
Total MV	76	105	44	15	21
Total for each DL	1,285,518	1,433,138	1,101,889	855,112	484,738
Grand total Sri Lanka	5,160,395				

7. APPROVED CUSTOMER TARIFFS AND TRANSITION PROVISIONS

7.1. APPROVED CUSTOMER TARIFFS JANUARY – JUNE 2011

The Commission hereby approves the customer tariffs stated in Table 32 for implementation over the period January to June 2011. All Distribution Licensees are hereby directed to implement these tariffs from 1st January 2011, subject to,

- (a) the transition provisions on metering stated in sections 7.3 and 7.4,
- (b) special provision on accounting and charging for street lighting stated in section 7.5
- (c) guidelines on determining the Government Institutions eligible to receive a 25% discount on energy charges stated in section 9.6.

Table 32: Approved Tariffs for Sales to end-use Customers for the Period 1st January 2011 to 30th June 2011

Customer Category and consumption per month	Energy Charge (LKR/kWh)	Fixed Charge (LKR/ month)	Maximum Demand Charge per month (LKR/kVA)
Domestic (D-1)			
0-30	3.00	30	-
31-60	4.70	60	-
61-90	7.50	90	-
91-120	21.00	315	-
121-180	24.00	315	-
>180	36.00	315	-
Religious (R-1)			
0-30	1.90	30	-
31-90	2.80	60	-
91-120	6.75	180	-
121-180	7.50	180	-
>180	9.40	240	-
Street lighting			
	15.60	-	-

Customer Category and the time interval, if applicable	Energy Charge (LKR/kWh)	Fixed Charge (LKR/ month)	Maximum Demand Charge per month (LKR/kVA)
Industry (I)			
I-1	10.50	240	-
I-2			
Day	10.45	3,000	850
Peak	13.60		
Off-peak	7.35		
I-3			
Day	10.25	3,000	750
Peak	13.40		
Off-peak	7.15		
Hotel (H)			
H-1	19.50	240	-
H-2			
Day	13.00	3,000	850
Peak	16.90		
Off-peak	9.10		
H-3			
Day	12.60	3,000	750
Peak	16.40		
Off-peak	8.85		
General Purpose (G)			
GP-1	19.50	240	-
GP-2	19.40	3,000	850
GP-3	19.10	3,000	750

Notes on tariffs below are provided for information

1. "Month" means a 30-day billing period.
2. No charge for consumption on street lighting within allowed energy limits for each Licensee given in Table 33
3. Hotels which presently pay either the Industrial rates or General Purpose rates are unified into a single customer category identified as Hotels.
4. Customers in I2, I3, H2 and H3 would pay the energy charges on the basis of mandatory Time of Use (TOU) tariffs. Time intervals applicable shall be as follows.

Interval Description	Interval (hours)
Day	0530 to 1830
Peak	1830 to 2230
Off-peak	2230 to 0530

7.2. METERING REQUIREMENTS

All meters measuring demand and energy transfers from

- (i) Generation Licensees to the Transmission Licensee, and
- (ii) Transmission Licensee to Distribution Licensees,

shall record the following parameters from 1st January 2011, for each monthly billing period.

- (a) maximum real power demand, measured in kW for averaging periods of 15-minute or 30-minute intervals, and the maximum real power demand coincident with the System Peak Demand
- (b) energy transferred in kWh in each time interval of the TOU tariff regime
- (c) reactive energy transferred in kvarh in each time interval of the TOU tariff regime

All meters measuring sales from Distribution Licensees to the customer categories I2, I3, H2, H3, GP2 and GP3 shall record the following parameters from 1st January 2011, for each monthly billing period.

- (a) maximum apparent power demand, measured in kVA for averaging periods of 15-minutes
- (b) energy sold in kWh in each time interval of the TOU regime
- (c) reactive energy transferred in kvarh in each time interval of the TOU regime

If for any reason, the available meters are not suitable or not programmed to read the parameters as stated above, the following transition provisions are applicable.

7.3. TRANSITION PROVISIONS FOR METERING: INTER-LICENSEE TRANSFERS

For meters measuring transfers from **Generation Licensees to the Transmission Licensee**, and from the **Transmission Licensee to Distribution Licensees**, the meters should be read manually and the relevant information should be reported to the Commission, and used for invoicing. If any meter is not capable of measuring energy for each time interval, such reading may be estimated.

On or before 30 April 2011, the Transmission Licensee shall provide a comprehensive plan to the Commission, about the status of the transfer meters, and a specific time-bound plan to upgrade the metering or other measures to be adopted, to adhere to the requirements specified in the Methodology.

7.4. TRANSITION PROVISIONS FOR METERING: DISTRIBUTION LICENSEE SALES TO END-USE CUSTOMERS

For meters measuring sales from **Distribution Licensees to end-use customers** of the customer categories I2, I3, H2, H3, GP2 and GP3, billing of any customer whose meter as of 1st January 2011 is not suitable or has not been programmed to reflect the time intervals in the TOU tariff regime, the Distribution Licensees shall follow the procedure below:

- (i) if the customer's meter is of the suitable type and if remote meter reading facility is available or can be made available to the Distribution Licensee, such remote readings shall be used to fully adhere to the new TOU tariffs when billing such customers.
- (ii) if the customer's meter is of the suitable type, but not programmed to reflect the relevant time intervals, the Distribution Licensee shall take immediate steps to program the meter and/or enable remote reading, as required.
- (iii) if the customer's meter is not of the suitable type, the Distribution Licensee shall take immediate steps to replace the meter and program it, as required.

As soon as (i) or (ii) or (iii) have been fulfilled, commencing from the next billing month, billing the customer under TOU tariffs should commence.

Until such time, all the energy sold to the customer throughout the day should be billed at the day-time Energy Charge (0530 to 1830) applicable to the relevant customer category.

This is an interim provision applicable only for the period 1st January 2011 to 31st March 2011. As of 31st March 2011, all customer meters of the categories I2, I3, H2, H3, GP2 and GP3 should be of the suitable type and programmed to reflect the requirements of recording

- (a) maximum demand, measured in kVA for each 15-minute interval
- (b) energy sold in kWh in each time interval
- (c) reactive energy transferred in kvarh in each time interval

Energy sold in each time interval shall be included in the invoice to the customer, including for customers in GP2 and GP3 categories, although customers in categories GP2 and GP3 are not charged on TOU tariffs in this Decision Document.

7.5. SPECIAL PROVISIONS AND GUIDELINES ON ACCOUNTING AND CHARGING FOR STREET LIGHTING

To enable the due revenues to be collected by the Distribution Licensees and to enable the Distribution Licensees to actively promote efficient use of electricity in street lighting, the Commission has determined the following:

- (i) There shall be two types of street lighting customers, public and private:
 - (a) street lighting for public use, where the street lights are fixed along public roads, and where the road belongs to or is maintained by a Local Authority or a Provincial Authority or the Road Development Authority, and where the road users do not pay a fee for the use of such roadways and have unhindered access
 - (b) street lighting for private use along roadways belonging to any individual or institution other than the Authorities listed in (a) above. Roadways in which ownership is not specifically defined and any other premises other than a roadway belonging to the authorities listed in (a) including areas designated for recreation (such as parks including roads leading to such parks) or other services (such as offices and depots, and roads leading to such offices and depots), shall be considered as private.
- (ii) The policy of charging for street lighting shall be as follows:
 - (a) street lighting for public use shall continue to be metered, invoiced, and approved by the relevant Local, Provincial or Road authority but not collected, but the costs shall be passed on to electricity customers in the manner described in section 7.5, whereas
 - (b) street lighting for private use shall continue to be metered, invoiced and collected from the respective customers (individuals, institutions or authorities), at the tariff applicable to street lighting stated in Table 32.
- (iii) For each DL, the Commission has approved the allowances for energy sold to public street lighting shown in Table 33. These allowances shall be final with no provisions for claw-back for under-utilisation or additional allowances for excessive deliveries.
- (iv) The practice of some Distribution Licensees in assigning all or a portion of energy sold to street lighting as losses shall be discontinued forthwith.

Table 33- Allowed Energy Sold to Public Street Lighting to be Recovered through tariffs

Distribution Licensee	Allowed energy sold to public street lighting to be recovered through other customer tariffs for the year 2011 (GWh)	Allowed energy for street lighting as a share of the forecast sales (this information is provided for information only)
DL1	47.0	1.74%
DL2	38.0	1.37%
DL3	14.6	0.82%
DL4	20.3	1.68%
DL5	24.0	2.00%

- (v) For year 2011, each Distribution Licensee shall ensure that street lighting for public use in their respective areas shall be served with energy allowed shown in Table 33 without any hindrance or restrictions. Distribution Licensees shall ensure that adequate metering, and other control and monitoring systems will be installed to enable the allowed quantity of energy to be provided, measured and used in the most efficient manner.
- (vi) The inclusion of energy costs of public street lighting in the customer tariffs does not provide any rights to individuals or institutions to request energy to be provided for street lighting of their choice. This recovery of revenue is allowed on the basis that all customers are benefited by public street lighting used anywhere in the country.
- (vii) To enable the Commission to re-assess the energy served to public street lighting, Distribution Licensees are required to submit to the Commission, a statement on the number and type of street lamps, their operating hours and energy served to each street in the Local, Provincial or Road Development Authority, certified by the relevant Authority. These certified statements shall be provided to the Commission along with the extraordinary tariff filing scheduled for 31st July 2011.

7.6. COSTS, CROSS SUBSIDIES AND GOVERNMENT SUBSIDY UNDER THE APPROVED TARIFFS

Through the approved tariffs for sales to end-use customers provided in Table 32, the costs, cross-subsidies and the additional subsidy required from the Government to fulfill the subsidy requirements are provided in Table 34.

Table 34- Costs, cross-subsidies and the additional subsidy required in year 2011 with the Approved Tariffs

Customer Category in year 2010 tariffs (and kWh/month for households)	Total Sales (GWh)	Total Cost (LKR million)	Total revenue (LKR million)	Total (Subsidy) or surcharge on customers (LKR million)	Cost of supply (LKR/kWh)	Forecast revenue (LKR/kWh)	Subsidy as a share of cost
LV Retail							
0-30	233	5,487	1,113	(4,373)	23.53	4.77	80%
31-60	756	15,830	3,695	(12,135)	20.94	4.89	77%
61-90	1,018	19,975	5,974	(14,001)	19.61	5.87	70%
91-120	666	11,747	7,075	(4,672)	17.64	10.62	40%
121-180	588	10,363	8,297	(2,066)	17.62	14.11	20%
181-600	492	8,303	10,732	2,429	16.89	21.83	-29%
>600	100	1,472	3,275	1,802	14.79	32.91	-122%
Sub Total	3,853	73,177	40,161	(33,016)	18.99	10.42	45%
Other LV							
Religious	57	1,010	396	(614)	17.77	6.97	61%
General Purpose 1	1,034	15,869	21,549	7,500	15.34	20.83	-36%
Government 1	115		1,820			15.83	-3%
Industrial 1	238	3,169	2,611	(558)	13.31	10.96	18%
Hotel 1	1	19	26	7	15.10	20.23	-34%
Street Lighting	148	2,310	-	(2,310)	15.56	-	100%
Sub Total	1,594	22,378	26,401	4,024	14.04	16.56	-18%
LV BULK							
General Purpose 2	788	9,719	18,175	9,942	12.34	23.08	-87%
Government 2	88		1,486			16.98	-38%
Industrial 2	1,561	19,817	21,763	1,947	12.69	13.94	-10%
Industrial 2 TOU	174	2,147	2,361	214	12.34	13.57	-10%
Hotels 2 TOU	2	26	35	9	11.04	14.64	-33%
Hotels 2 (GP)	73	822	1,122	299	11.19	15.27	-36%
Hotels 2 (IP)	54	653	848	195	12.21	15.85	-30%
Sub Total	2,739	33,184	45,790	12,606	12.11	16.72	-38%
MEDIUM VOLTAGE							
General Purpose 3	201	2,259	4,268	2,347	11.24	21.24	-89%
Government 3	22		338			15.14	-35%
Industrial 3	1,035	10,943	12,526	1,583	10.57	12.10	-14%
Industrial 3 TOU	143	1,373	1,776	403	9.62	12.44	-29%
Hotels 3	8	77	108	31	9.65	13.51	-40%
Hotel 3 TOU	71	629	885	256	8.88	12.50	-41%
Sub Total	1,480	15,281	19,900	4,619	10.32	13.44	-30%
Total	9,666	144,020	132,252	(11,767)	14.90	13.68	8%

Note 1: Customer categories Government 1, 2 and 3 are shown only for information. The respective costs are included under the corresponding General Purpose categories.

Note 2: In accordance with the decision of the Commission, public street lighting is considered as sales with no income.

Note3: The estimated subsidies shown are in addition to the Government subsidy to the sector by way of restructured debts/debt moratorium, and concessions on the price of fuel oil; estimated to be about Rs. 4.20/kWh additional subsidy on average which are not included in the above subsidy calculation.

Note 4: Cost of supply figures are estimated based on a study (to allocate systems costs and losses for different customer categories) using an indicative sample of customer load profiles and related network losses.

The degree of subsidy received or surcharge imposed on each customer category, is described in Table 34.

Table 35- Subsidies and Surcharges on each Customer Category under the Approved Tariffs for 2011

Customer Category in year 2010 tariffs (and kWh/month for households)	Subsidy or surcharge as a % of cost of supply		Volume of cross subsidy received or provided (LKR million/year)
	Subsidised customers	Customers paying a surcharge	
LV Retail			
0-30	80%		(4,373)
31-60	77%		(12,135)
61-90	70%		(14,001)
91-120	40%		(4,672)
121-180	20%		(2,066)
181-600		29%	2,429
>600		122%	1,802
Sub Total	45%		(33,016)
Other LV			
Religious	61%		(614)
General Purpose 1		36%	7,500
Government 1		3%	
Industrial 1	18%		(558)
Hotel 1		34%	7
Street Lighting	100%		(2,310)
Sub Total		18%	4,024
LV BULK			
General Purpose 2		87%	9,942
Government 2		38%	
Industrial 2		10%	1,947
Industrial 2 TOU		10%	214
Hotels 2 TOU		33%	9
Hotels 2 (GP)		36%	299
Hotels 2 (IP)		30%	195
Sub Total		38%	12,606
MEDIUM VOLTAGE			
General Purpose 3		89%	2,347
Government 3		35%	
Industrial 3		14%	1,583
Industrial 3 TOU		29%	403
Hotels 3		40%	31
Hotel 3 TOU		41%	256
Sub Total		30%	4,619
Total	8%		(11,767)

Note 1: Customer categories Government 1, 2 and 3 are shown only for information. The respective costs are included under the corresponding General Purpose categories.

Note 2: In accordance with the decision of the Commission, public street lighting is considered as sales with no income.

Note3: The estimated subsidies shown are in addition to the Government subsidy to the sector by way of restructured debts/debt moratorium, and concessions on the price of fuel oil; estimated to be about Rs. 4.20/kWh additional subsidy on average which are not included in the above subsidy calculation.

Note 4: Cost of supply figures are estimated based on a study (to allocate systems costs and losses for different customer categories) using an indicative sample of customer load profiles and related network losses.

Bulk supply tariffs shown in section 8 have been calculated on the basis that when each DL sells the allowed share of energy to street lighting and receives no income for such sales, the difference between the payments under the bulk supply tariffs and the income from sales to customers, appropriately adjusted for allowed losses, shall be zero.

These tariffs shall be applicable for the period 1st January 2011 to 30th June 2011. Based on the submission of generation costs by the Single Buyer for the period 1st July 2011 to 31st December 2011, the generation pass-through costs embedded in the tariffs will be revised. The revisions may be either positive or negative, and accordingly, the customer tariffs too will be revised on 1st July 2011.

8. BULK SUPPLY TARIFFS FOR SALES BY TRANSMISSION TO DISTRIBUTION

8.1. COSTS AND REVENUES OF EACH LICENSEE WITH PROPOSED TARIFFS

Each Distribution Licensee has a different customer mix. The Commission has approved the revenue requirements for each licensee as described in Table 29.

Each Distribution Licensee would in principle, be required to purchase from the Transmission Licensee at the approved monthly average BST stated in Table 27, and pass-through such costs to end-use customers. Application of the customer tariffs approved by the Commission stated in Table 32 would cause significant disparities in the Bulk-supply pass through tariffs collected by each Distribution Licensee. The estimated revenue shortfalls are given in Table 36.

Table 36- Costs and Revenues of Licensees with the Approved Tariffs for 2011

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	2,705	2,784	1,772	1,208	1,198	9,666
Average Cost of supply	LKR/kWh	14.23	15.59	14.73	16.00	13.95	14.90
Total cost of supply	LKR million	38,481	43,397	26,106	19,330	16,705	144,020
Total revenue based on approved customer tariffs	LKR/kWh	15.21	12.63	12.41	12.81	15.43	13.68
	LKR million	41,144	35,150	21,991	15,482	18,485	132,252
Shortfall of revenue for year 2011	LKR million	(2,663)	8,247	4,116	3,848	(1,780)	11,767

Note 1: These estimates are for year 2011. However, the approved Methodology for Tariffs would cause a review of the generation cost component included in the above tariffs, once in six months. The next such review will be for the period July-December 2011

Note 2: Approved sales to public street lighting stated in Table 33 are included in the sales forecast of each DL, but based on the Commission approval that such costs are paid by other customers, no revenue is included for sales to public street lighting.

To account for such disparities, the Methodology approved by the Commission provides for adjustments to be calculated by the Commission, and provide such adjustment as a correction to the BST. However, considering the significant disparities, the Commission has determined that (i) there shall be an upfront adjustment of the BST applicable to each Distribution Licensee, based on forecast sales to each customer category, and (ii) the corrections in the Methodology, with certain revisions, shall be applicable to adjust for any mismatch between the forecast sales and actual sales.

Therefore, a total revenue shortfall of LKR 11,767 shall be provided by the Government, on the basis of the description given in section 8.4.

8.2. 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 stated in Table 13. The summary calculation, and the approved BSTs are shown in Table 37.

The Transmission Licensee is hereby directed to invoice each Distribution Licensee at the rates shown in Table 37 as (i) Approved BST for payment on Coincident Maximum, and (ii) Approved BST for energy in each TOU interval.

Table 37: 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	2,705	2,784	1,772	1,208	1,198	9,666.3
Total revenue based on approved customer tariffs	LKR million	41,144	35,150	21,991	15,482	18,485	132,252.2
Coincident peak demand for purchases from Transmission	MW	558	698	406	315	272	
Approved BST for payment on Coincident Maximum Demand	LKR/ MW.mon th	1,243,880	1,243,880	1,243,880	1,243,880	1,243,880	
Amount payable to Transmission on account of Demand	LKR million	8,330	10,414	6,067	4,707	4,053	
Revenue to be recovered by Transmission through energy charges	LKR million	25,950	16,954	11,360	7,077	11,918	73,259.1
Energy sold from Transmission at MV	GWh	2,982	3,227	1,982	1,399	1,298	10,888.2
Approved BST for energy in each TOU interval							
Day (0530-1830)	LKR/kWh	8.67	5.24	5.71	5.04	9.15	
Peak (1830-2230)	LKR/kWh	11.15	6.73	7.34	6.48	11.76	
Off Peak (2230-0530)	LKR/kWh	6.24	3.77	4.11	3.63	6.58	

Note: Revenues and prices are shown for a nominal period of one-year. However, the generation prices from the Single Buyer are applicable only for the period 1st January 2011 to 30th June 2011, 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.

8.3. ADJUSTMENT OF SALES TO DL5 (LECO) BY DL2, DL3 AND DL4

Sales to DL5 shall be metered at the relevant points of purchase by DL5 from DL2, DL3 and DL4. Such meter readings shall be adjusted upwards by the Transmission Licensee for the energy loss incurred by DL2, DL3 and DL4 to serve DL5. BST shown in Table 37 shall then be applied to the adjusted sales to DL5. Correspondingly, the Transmission Licensee shall deduct the sales to DL5, and energy losses to the meter readings of DL2, DL3 and DL4, and then apply the relevant BST shown in Table 37.

The loss adjustments to be applied to meter readings shall be as given in Table 38.

Table 38: Loss Adjustments to be Applied to Meter Readings to account for wheeling losses to serve DL5 (LECO)

Description		DL2: CEB Region 2	DL3: CEB Region 3	DL4: CEB Region 4
Sum of sales to DL5 measured at metering points embedded in each licensee network	Energy (GWh)	EDL2 _{DL5}	EDL3 _{DL5}	EDL4 _{DL5}
	Coincident Peak Demand (MW)	CDL2 _{DL5}	CDL3 _{DL5}	CDL4 _{DL5}
Upwards adjustment for sales to DL5	Energy	2.1%	2.0%	1.9%
Energy sales to DL5 to which the Approved BST from TL to DL5 should be applied for invoicing	GWh	0.021 x EDL2 _{DL5}	0.020 x EDL3 _{DL5}	0.019 x EDL4 _{DL5}
Coincident peak demand of DL5 to which the Approved BST from TL to DL5 should be applied for invoicing	MW	2.0 + CDL2 _{DL5}	2.5 + CDL3 _{DL5}	3.0 + CDL4 _{DL5}

	Energy (GWh)	ETL _{DL2}	ETL _{DL3}	ETL _{DL4}
Sum of sales from TL to each DL	Coincident Peak Demand (MW)	CTL _{DL2}	CTL _{DL3}	CTL _{DL4}
Energy sales to each DL to which the Approved BST from TL to the respective DL should be applied for invoicing	GWh	ETL _{DL2} - (1.021 x EDL2 _{DL5})	ETL _{DL3} - (1.020 x EDL3 _{DL5})	ETL _{DL4} - (1.019 x EDL4 _{DL5})
Coincident peak demand of each DL to which the Approved BST from TL to the respective DL should be applied for invoicing	MW	CTL _{DL2} - (2.0 + CDL2 _{DL5})	CTL _{DL3} - (2.5 + CDL3 _{DL5})	CTL _{DL4} - (3.0 + CDL4 _{DL5})

8.4. THE ADDITIONAL SUBSIDY FROM THE GOVERNMENT

The Commission has determined that the application of the approved end-use customer tariffs provided in Table 32 which are in accordance with the requirements of the Government policy Guidelines, would require an additional subsidy of LKR 11,767 million to be paid to the Transmission Licensee (Single Buyer) in year 2011.

Giving due consideration to the relevant elements in the budget speech 2011, the relevant elements arising from the Public Hearing, and subsequent communications the Commission had with the General Treasury and the Ministry of Power and Energy, the Commission established and set in place electricity tariffs, exercising its powers under the provisions in section 30(4) of the Act.

9. DEFINITIONS OF CUSTOMER CATEGORIES

9.1. CUSTOMER TYPE: DOMESTIC

Customer Category D-1

This rate applies to supply of electricity used for domestic purposes in private residences.

9.2. CUSTOMER TYPE: RELIGIOUS AND CHARITABLE

Customer Category R-1

This rate shall apply to supplies of electricity to,

- (a) places of public religious worship including private residences of priests where such residences are associated with or are within the place of public religious worship,
- (b) homes for aged, orphanages and homes for the handicapped, which are specifically certified by the Director of Social Services as charitable institutions,

and the installation should not include any building used for commercial purposes.

9.3. CUSTOMER TYPE: INDUSTRIAL

Supply of electricity used wholly or mainly for motive power or for electro-chemical process in factories, workshops, foundries, oil mills, spinning and weaving mills, water supply and irrigation pumping stations, port and dock installations and other similar industrial installations.

Customer Category I-1

This rate shall apply to supplies at each individual point of supply delivered and metered at 400/230 Volt nominal and where the contract demand is less than or equal to 42 kVA.

Customer Category I-2

This rate shall apply to supplies at each individual point of supply delivered and metered at 400/230 Volt nominal and where the contract demand exceeds 42 kVA.

Customer Category I-3

This rate shall apply to supplies at each individual point of supply delivered and metered at 11,000 Volt nominal and above.

9.4. CUSTOMER TYPE: HOTEL

Supply of electricity used for hotels approved by the Sri Lanka Tourism Development Authority..

Customer Category H-1

This rate shall apply to supplies at each individual point of supply delivered and metered at 400/230 Volt nominal and where the contract demand is less than or equal to 42 kVA.

Customer Category H-2

This rate shall apply to supplies at each individual point of supply delivered and metered at 400/230 Volt nominal and where the contract demand exceeds 42kVA.

Customer Category H-3

This rate shall apply to supplies at each individual point of supply delivered and metered at 11,000 Volt nominal and above.

9.5. CUSTOMER TYPE: GENERAL PURPOSE

Supply of electricity to be used in shops, offices, banks, warehouses, public buildings, hospitals, educational establishments, places of entertainment and other premises not covered under any other tariffs.

Customer Category G-1

This rate shall apply to supplies at each individual point of supply delivered and metered at 400/230 Volt nominal and where the contract demand is less than or equal to 42 kVA.

Customer Category G-2

This rate shall apply to supplies at each individual point of supply delivered and metered at 400/230 Volt nominal and where the contract demand exceeds 42 kVA.

Customer Category G-3

This rate shall apply to supplies at each individual point of supply delivered and metered at 11,000 Volt nominal and above.

9.6. CUSTOMER TYPE: GOVERNMENT EDUCATIONAL ESTABLISHMENTS AND HOSPITALS

Supply of electricity to be used in schools, hospitals, vocational training institutions, and universities, which are fully owned by the Government and funded through the national budget and provide their services free of charge to the general public. These customers shall be of categories GP-1, GP-2 or GP-3.

Existing and new customers of the type described above may make an application in writing to the relevant distribution licensee for consideration of a 25% discount on energy charges under the tariffs GP-1, GP-2 or GP-3.

10. FORM OF THE MONTHLY STATEMENT OF ACCOUNT

In the Consultation Paper published on 23rd November 2010, the Commission proposed formats for the monthly statement of account to be provided by the DLs to the customers. DLs have provided to the Commission, sample statements based on the proposed format. The Commission is presently conducting a customer survey on the form of the monthly statement of account.

The Commission will be making a determination on the form of the monthly statement of account in due course.

11. THE NEXT TARIFFS REVISION

Based on the approved Methodology, the next decision shall be issued by the Commission on or before 30th June 2011, for the period 1st July 2011 to 31st December 2011. In issuing the next tariffs decision, the Commission shall take into consideration, (i) submissions by licensees under the approved Methodology and (ii) the licensee obligations to provide information stated in this document, and summarised in Annex 1 for the convenience of the Licensees.

Annex 1: Summary of Licensee Obligations to Furnish Information, as required in this Document

Licensee(s)	Obligation	Section reference	Optional or mandatory	Due Date	Method of filing	Default position (if any)
All DLs	Actual sales to each customer category	1.4	Mandatory	45 th day after end of each month	LISS	-
TL	Actual purchases from generation and sales to each DL and other Transmission customers	1.4	Mandatory	15 th day after end of each month	LISS	-
All DLs	Statement of Actual Capital Expenditure in 2011	2.1.1	Mandatory	30 th June 2012	Report, Basis: approved CAPEX	No provision for any over expenditure above allowed CAPEX. The Commission may conduct an independent verification.
TL	Statement of Actual Capital Expenditure in 2011 (Small CAPEX and WIP)	3.1.1	Mandatory	30 th June 2012	Report, Basis: approved CAPEX	No provision for any over expenditure above allowed CAPEX. The Commission may conduct an independent verification.
TL (SB)	Details of short term debts prevailing as of 31 st Dec 2010	4.2	Optional	31 st May 2011	Report, Commission to provide format	No provision in BST for short-terms debt recovery after 30 th June 2011
TL (SB)	Details of coal pricing and indices	5.2.3	Mandatory	31 st May 2011	Report	-
TL (SB) and CEB GL	Independent verification of thermal power plant heat rates	5.2.3	Mandatory	30 th September 2012	Report	-
TL (SB)	Submission of avoided cost-based tariffs calculations for year 2011	5.2.3	Mandatory	31 st March 2011	Report	Allowed tariffs in this document shall prevail with no provision for ex-post revisions
TL (SB)	Detailed tariffs schedule for monthly payments under each SPPA during year 2011	5.2.3	Mandatory	31 st March 2011	Report	Provision for NCRE above avoided costs shall be withdrawn after 30 th June 2011
TL (SB)	A comprehensive plan in which the licensee expects to satisfy the condition stated in the national energy policy with regard to Non-conventional Renewable Energy	5.2.3	Mandatory	31 st May 2011	Report	Provision for NCRE above avoided costs shall be withdrawn after 30 th June 2011
TL	A comprehensive plan about the status of transfer meters, and a specific time-bound plan to upgrade the metering system to fulfil the requirements of the Methodology.	7.3	Mandatory	30 April 2011	Report	-
All DLs	A statement on the number and type of street lamps, their operating hours and energy served to each street in the Local, Provincial or Road	7.5	Mandatory	31 st July 2011	Report	-

	Development Authority, certified by the relevant Authority					
TL (SB)	Actual dispatch and actual generation costs and statement of receipt of additional Government subsidy for the period 1st January to 30th June 2011	8.4	Mandatory	30 th September 2011	Report	-