

# Electricity Sector Cost Report

## January-June 2013

July 2013

Public Utilities Commission of Sri Lanka

## Introduction

In early January 2013, the Ceylon Electricity Board (CEB) filed estimated costs for the supply of electricity for the year 2013 with the Public Utilities Commission of Sri Lanka. The CEB estimated the total electricity demand for the year 2013 to be 10.95 billion KWh and to cover this demand Rs. 268 billion would be required by the CEB. These estimated costs included the cost of electricity generation, transmission, distribution and other related supply costs.

The Commission assessed this estimate submitted by the CEB for appropriateness and whether such expenditure was prepared in line with approved tariff methodology. These assessments by the PUCSL revealed that Rs. 40 billion could be reduced from the original CEB cost estimates. In response the CEB submitted a revised cost estimate of Rs. 228 billion and the revised tariff proposal submitted by the CEB was announced publicly in March 2013 and public views were elicited on this new revised tariff proposal through a process of public consultation.

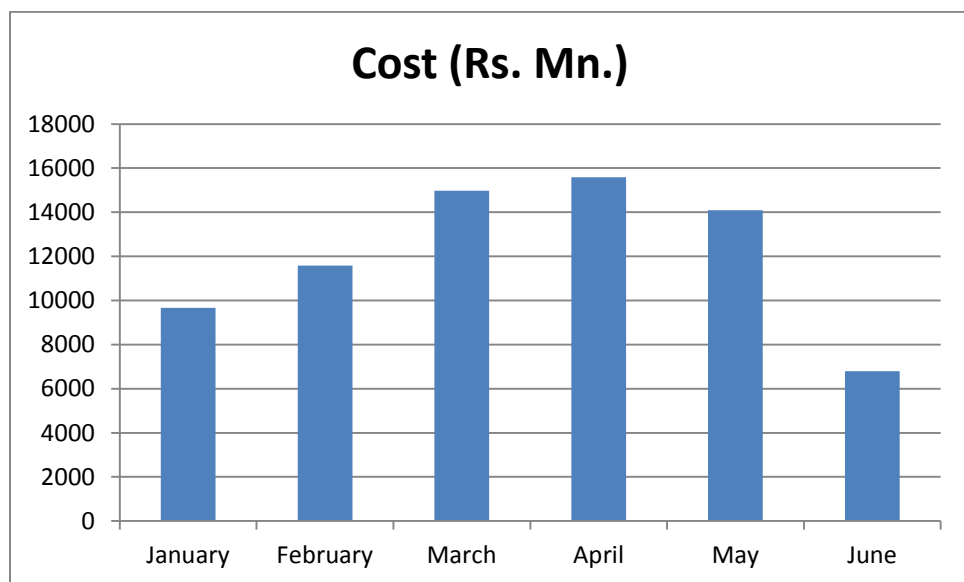
During the public consultation, proposals and recommendations highlighted the importance of ensuring transparency in electricity sector cost data and fairness of cost estimates. Consequently, this report contains the estimated cost for Supply of electricity based on the actual generation during January – June 2013. Assumptions on CEB Cost Estimates . The CEB cost estimation presented herein is based on the following assumptions.

1. Generation cost is estimated as per the actual electricity generation data submitted through the daily dispatch report by the Ceylon Electricity Board. The daily dispatch report of the CEB contains the daily electricity generation & reservoir statistics for a given day. In addition, monthly generation costs are estimated through the approved generation 'energy cost' and 'capacity costs' from the 'Decision of Electricity Tariffs 2013' announced by the Commission. Further, generation cost apportionments for CEB owned electricity generation plants, is taken into account as an overhead cost to CEB headquarters.
2. The estimated Transmission, Distribution and supply costs are the prorated annual revenue/price caps as approved by the Commission as per 'Decision on Electricity Tariffs 2013'.
3. Estimated Short Term debt costs are the prorated annual Short Term debt allowed in the 'Decision on Electricity Tariffs- 2013'.
4. The Non-Conventional Renewable Energy (NCRE) based generation costs, are based on the actual generation up to April 2013 (based on data submitted by CEB through the Licensee Information Submission System (LISS)). Adjustments were not done for incomplete NCRE generation data for the period May - June 2013.

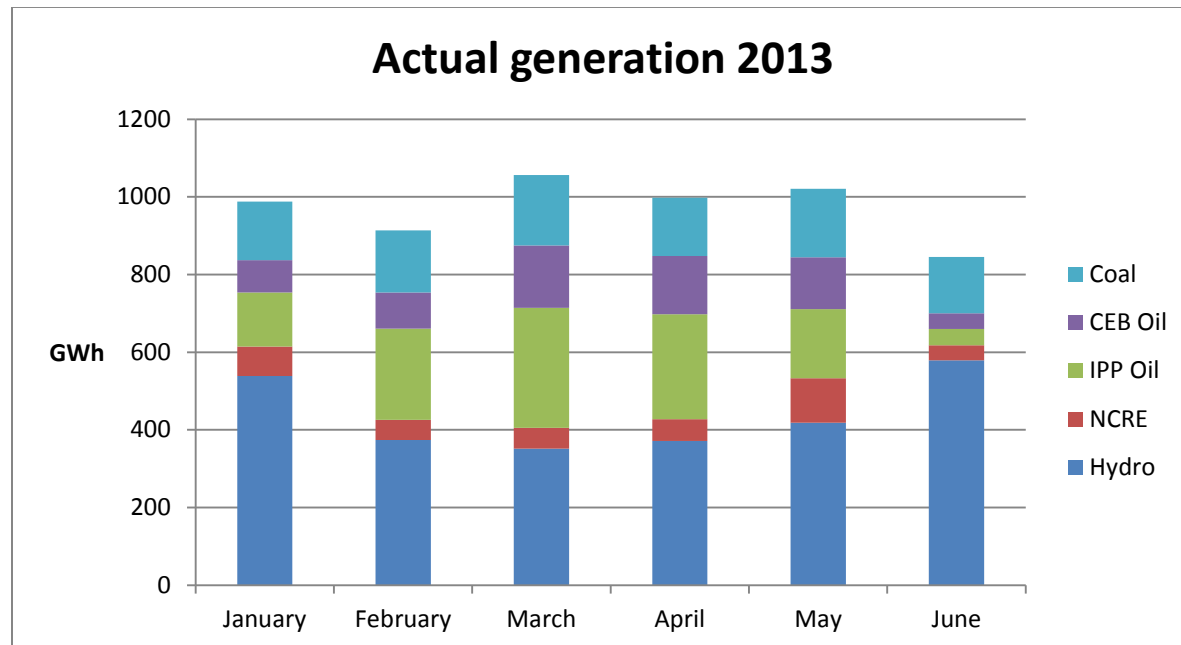
## Generation Costs

The costs shown below contain the fuel (purchased for thermal generations) price adjustment that came in to effect from April 2013. , The June NCRE generation costs have only taken into account the Wind Power Plants.

Plant/LKR Million	Jan	Feb	Mar	Apr	May	June
CEB Hydro	1,031	1,031	1,031	1,031	1,031	1,031
KPS Small GTs	40	23	28	37	27	29
KPS GT 7	28	28	49	289	110	49
KPS CCY	739	1,392	2,724	2,312	2,379	156
Sapugaskanda 1	333	280	370	498	286	259
Sapugaskanda 2	800	545	691	727	795	597
Puttalam Coal	1,424	1,499	1,674	1,423	1,630	1,375
Uthuru Janani	28	150	215	297	236	255
tChunnakam	156	11	11	11	11	11
Asia Power	247	513	589	855	555	291
Colombo Power	527	745	751	1,072	945	460
AES Kelanitissa	290	1,183	1,411	962	891	263
Heladhanavi	638	941	851	1,089	1,170	446
Ace Embilipitiya	504	898	1,187	1,438	943	193
West Coast	1,525	1,307	2,296	2,361	1,069	619
Northern Power	102	60	96	85	59	60
NCRE	1,260	969	998	1,023	1,952	706
<b>Total</b>	<b>9,672</b>	<b>11,576</b>	<b>14,970</b>	<b>15,509</b>	<b>14,087</b>	<b>6,801</b>



## Monthly Generation Mix



## Fuel Price

Fuel	Unit	Price (January-March)	Price (April-June)
Coal	LKR / kg	18.23	18.23
Diesel	LKR / L	115.00*	121.00
Furnace Oil	LKR / L	65.00	90.00
Heavy Fuel	LKR / L	65.00	90.00
Furnace Oil (low Sulphur)	LKR / L	75.00	100.00
Naphtha	LKR / L	90.00	90.00

\*Diesel Price increased to Rs. 121.00/ L on 22<sup>nd</sup> February 2013

## Average Unit Cost

Month	Average Generation Cost (Rs./kWh)	Average Supply Cost (Rs./kWh)
January	9.79	14.81
February	12.67	18.07
March	14.18	19.77
April	15.54	21.31
May	13.80	19.34
June	8.04	12.84

Note: Average supply cost is estimated assuming a 13% Transmission and Distribution loss

## Total Estimated Cost

The total electricity sector cost for the period January to June 2013 is shown below. This table also shows the cost filed by the Licensee for approval and approved cost ceiling by PUCSL

### Jan-June 2013

Item	Costs Filed by Licensees (Rs. Mn.)	Cost (Ceiling) Approved (Maximum allowed) by PUCSL (Rs. Mn.)	Estimated Actual Cost (Rs. Mn.)
Generation	95,144	89,480	72,614
Transmission and Distribution (revenue caps)	18,212	18,212	18,212
Allowed Short Term Debt	4,206	1,097	1,097
<b>Total Cost</b>	<b>117,562</b>	<b>108,789</b>	<b>91,923</b>