

PUBLIC UTILITIES COMMISSION OF SRI LANKA

# DECISION ON UNIFORM NATIONAL TARIFF ADJUSTMENT

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For the period of 1<sup>st</sup> April 2019 to 30<sup>th</sup> June 2019

## DECISION ON UNIFORM NATIONAL TARIFF ADJUSTMENT – APRIL TO JUNE 2019

In exercising functions vested with the Public Utilities Commission of Sri Lanka (“the Commission”) under section 3(d) of the Sri Lanka Electricity Act No 20 of 2009 (the “Act”) “to regulate tariffs and other charges levied by licensees and other electricity undertakings, in order to ensure that the most economical and efficient service possible is provided to consumers”.

In accordance with Section 30(2) (a) of the Act, the Commission, on 15<sup>th</sup> July 2010, approved a cost-reflective Methodology for Tariffs (“the methodology”), amended on 15<sup>th</sup> October 2015 and subsequently issued the methodology to the transmission licensee (TL) and to each distribution licensee (DL).

In accordance with the Section 5.2.2 of the amended methodology, Uniform National Tariff (UNT) adjustment shall be estimated and communicated by the Commission to the transmission licensee for each three-month period. The adjustment amount shall be credited/debited to each distribution licensee in the next invoicing immediately after the Commission approval.

The Commission hereby approves the UNT adjustment for the period of 1<sup>st</sup> April 2019 to 30<sup>th</sup> June 2019, and directs the transmission licensee to credit/debit to each distribution licensee in the next invoice.

## List of Acronyms

BST	Bulk Supply Tariffs
DL	Distribution Licensee: Ceylon Electricity Board and Lanka Electricity Company (Pvt) Ltd
DL1	Distribution and Supply Licensee for CEB Distribution Region 1 holding license number EL/D/09-003
DL2	Distribution and Supply Licensee for CEB Distribution Region 2 holding license number EL/D/09-004
DL3	Distribution and Supply Licensee for CEB Distribution Region 3 holding license number EL/D/09-005
DL4	Distribution and Supply Licensee for CEB Distribution Region 4 holding license number EL/D/09-006
DL5	Distribution and Supply Licensee LECO holding license number EL/D/09-052
kVA	kilovolt ampere
LECO	Lanka Electricity Company (Pvt) Ltd.
LKR	Sri Lanka Rupee
MWh	Megawatt hour
TL	Transmission and Bulk Supply Licensee holding License

## 1. SALES REVENUE OF DISTRIBUTION LICENSEES

Sales revenue of each distribution licensee is the actual revenue collected for the period of April to June 2019 as per the approved end-user tariffs. A breakdown of licensee-wise sales revenue is shown in the table 1 below.

**Table 1 – SALES REVENUE OF EACH LICENSEE FOR THE PERIOD 01/04/2019-30/06/2019**

	<b>Fixed charge (LKR Million)</b>	<b>Max. Demand charge (LKR Million)</b>	<b>Energy charge (LKR Million)</b>	<b>Total Sales Revenue (LKR Million)</b>
<b>DL1</b>	1,142.0	1,726.4	16,467.9	19,336.3
<b>DL2</b>	1,274.9	1,947.7	14,752.7	17,975.2
<b>DL3</b>	682.1	1,054.4	8,118.9	9,855.4
<b>DL4</b>	618.9	699.9	6,746.0	8,064.8
<b>DL5</b>	490.4	628.0	7,320.8	8,439.1

## 2. COST OF SALES

### 2.1 CAPACITY PAYMENT

Actual capacity payment of the distribution licensee for the quarter is the payment for metered coincidental maximum demand (total of the three monthly readings) at the TL/DL boundary, calculated as per the capacity charge given in table 19 under Section 6 of “*DECISION ON TRANSMISSION AND BULK SUPPLY TARIFFS*” effective from 1<sup>st</sup> January 2019. Licensee-wise capacity payments for the period of April to June 2019 are shown in the table 2 below.

**Table 2 – ACTUAL CAPACITY PAYMENT TO TRANSMISSION LICENSEE FOR THE PERIOD 01/04/2019 – 30/06/2019**

	<b>Capacity purchased (MW)</b>	<b>Capacity Charge (LKR/MW)</b>	<b>Actual Capacity payment (LKR Millions)</b>
<b>DL1</b>	2,058.3	2,369,408.55	4,876.9
<b>DL2</b>	2,259.5	2,369,408.55	5,353.6
<b>DL3</b>	1,286.6	2,369,408.55	3,048.4
<b>DL4</b>	1,031.9	2,369,408.55	2,445.0
<b>DL5</b>	778.7	2,369,408.55	1,845.1

## 2.2 ENERGY PAYMENT

Actual energy payment is paid to the transmission licensees for the energy purchased by the distribution licensee (total for the three months). Relevant bulk supply tariffs are given in table 21 under Section 7 of “*DECISION ON TRANSMISSION AND BULK SUPPLY TARIFFS*” effective from 1<sup>st</sup> January 2019. Energy payments for the period of April to June 2019 are shown in the table 3 below. DL2, DL3, DL4 and DL5 Invoiced energy contain an adjustment for wheeling losses on account of energy supplied to DL5 via DL2, DL3 and DL4.

**Table 3 – ACTUAL ENERGY PAYMENT TO TRANSMISSION LICENSEE FOR THE PERIOD 01/04/2019-30/06/2019**

	Invoiced Energy (MWh)			Total Invoiced Energy (MWh)	Bulk Supply Tariff (LKR/kWh)			Actual Energy payment (LKR Million)
	Day	Peak	Off-peak		Day	Peak	Off-peak	
<b>DL1</b>	640,531.3	208,747.3	248,753.4	1,098,032.1	10.31	13.48	6.16	10,950.1
<b>DL2</b>	735,250.3	253,108.2	303,344.4	1,291,702.9	7.14	9.32	4.26	8,900.9
<b>DL3</b>	342,395.2	122,412.1	133,752.9	598,560.2	8.14	10.63	4.86	4,738.4
<b>DL4</b>	277,544.7	110,296.5	127,581.8	515,423.0	8.58	11.21	5.12	4,271.0
<b>DL5</b>	238,694.0	81,444.8	104,739.8	424,878.6	11.71	15.30	6.99	4,773.3

## 2.3 ADJUSTMENT TO ENERGY PURCHASES

Invoiced energy purchases are reverse adjusted to get to the actual energy transferred to the distribution licensees (to adjust for energy transferred through DL2, DL3 and DL4 for DL5). Actual energy transferred for the period of April to June 2019 is shown in the table 4 below.

**Table 4 – ACTUAL ENERGY PURCHASES DURING THE PERIOD 01/04/2019 – 30/06/2020**

	Invoiced energy purchase (MWh)	Actual energy purchase (MWh)
<b>DL1</b>	1,098,032.1	1,098,032.1
<b>DL2</b>	1,291,702.9	1,294,585.4
<b>DL3</b>	598,560.2	600,654.8
<b>DL4</b>	515,423.0	518,740.2
<b>DL5</b>	424,878.6	427,082.6*

\* Note: Apart from the adjustment, “Actual Energy purchase” of LECO includes energy purchases from Net Accounting, Net Metering and Net Plus which are not captured in the “Invoiced energy purchase”.

## 2.4 ACTUAL LOSS OF DISTRIBUTION LICENSEES

Actual loss is derived from actual sales deducting actual purchases and street lamp consumption allowed for the period. Actual loss of each distribution licensee is shown in the table 5 below.

**Table 5 - ACTUAL LOSS OF DISTRIBUTION LICENSEES DURING 01/04/2019 - 30/06/2020**

	Actual sales (MWh)	Actual purchases (MWh)	St. lamp consumption allowed for the period (MWh)	Actual loss
<b>DL1</b>	1,033,870.9	1,098,032.1	17,530.5	4.2%
<b>DL2</b>	1,114,787.5	1,294,585.4	15,642.7	12.7%
<b>DL3</b>	603,589.3	600,654.8	3,379.6	-1.1%*
<b>DL4</b>	472,234.0	518,740.2	4,737.0	8.1%
<b>DL5</b>	406,367.1	427,082.6	8,003.6	3.0%

\* Note: Actual energy loss of Region 3 has become negative figure due to the over estimation of sales to the customers and under estimation of purchases from the Transmission Licensee

## 2.5 LOSS ADJUSTMENT TO ENERGY INVOICE

An adjustment to the energy invoice is done for any variance between distribution loss allowed and actual distribution loss. Adjusted invoice values are shown in the table 6 below.

**Table 6 - LOSS ADJUSTED ENERGY INVOICE FOR THE PERIOD 01/04/2019 - 30/06/2020**

	Actual energy invoice (LKR Million)	Allowed loss	Actual loss	Loss adjusted energy invoice (LKR Million)
<b>DL1</b>	10,950.1	6.2%	4.2%	11,175.8
<b>DL2</b>	8,900.9	6.7%	12.7%	8,334.0
<b>DL3</b>	4,738.4	6.8%	-1.1%	5,136.4
<b>DL4</b>	4,271.0	7.2%	8.1%	4,230.4
<b>DL5</b>	4,773.3	4.2%	3.0%	4,835.8

### 3. ALLOWED REVENUE

A quarter of the total allowed revenue as per the “DECISION ON TRANSMISSION AND BULK SUPPLY TARIFFS” effective from 1<sup>st</sup> January 2019 is considered in UNT adjustment calculation. Relevant data is shown in the table 7 below.

**Table 7 – ALLOWED REVENUE FOR THE PERIOD 01/04/2019 – 30/06/2020**

	Annual Allowed revenue (wires) (LKR Million)	Annual Retail service price cap (LKR/annum/cust)	Actual customers (average for three months)	Total allowed revenue per annum (LKR Million)	Allowed revenue for the quarter (LKR Million)
<b>DL1</b>	12,487.5	555.67	1,850,725	13,515.9	3,379.0
<b>DL2</b>	16,859.8	514.54	2,198,831	17,991.2	4,497.8
<b>DL3</b>	9,262.3	635.68	1,303,538	10,091.0	2,522.7
<b>DL4</b>	8,613.9	658.86	1,061,302	9,313.1	2,328.3
<b>DL5</b>	4,590.5	1,056.21	583,126	5,206.4	1,301.6

### 4. UNIFORM NATIONAL TARIFF ADJUSTMENT (UNT ADJUSTMENT)

As per the Section 5.2.2 EX-POST CALCULATION OF COMPENSATION, of Decision Document on Tariff Methodology, the UNT adjustment is calculated for the period of 1<sup>st</sup> April 2019 to 30<sup>th</sup> June 2019, as shown in the table 8 below.

**Table 8 – UNT ADJUSTMENT FOR THE PERIOD 01/04/2019 – 30/06/2020**

Item (LKR)	DL1	DL2	DL3	DL4	DL5
<b>Total revenue</b>	19,336,345,797.55	17,975,198,050.70	9,855,412,373.40	8,064,788,610.50	8,439,137,079.80
<b>(Capacity payment)</b>	(4,876,868,319.76)	(5,353,633,599.96)	(3,048,388,633.50)	(2,444,952,402.80)	(1,845,120,042.51)
<b>(adjusted energy invoice)</b>	(11,175,750,712.32)	(8,333,965,362.49)	(5,136,436,769.76)	(4,230,394,080.73)	(4,835,822,076.90)
<b>(allowed revenue)</b>	(3,378,974,124.26)	(4,497,799,422.32)	(2,522,742,039.24)	(2,328,278,779.73)	(1,301,598,437.53)
<b>UNT adjustment*</b>	(95,247,358.78)	(210,200,334.07)	(852,155,069.10)	(938,836,652.76)	456,596,522.86

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