

ලංකා විදුලිබල මණ්ඩලය

இலங்கை மின்சார சபை

CEYLON ELECTRICITY BOARD



22.7.22  
3.00 PM

Your ref:

My ref: DGM(CS&RA)/TRF/Trf. 2022

Date: July 01, 2022

Secretary,  
Ministry of Power & Energy

**Objections for the Public Notice of PUCSL for Tariff revision with an outdated tariff proposal**

This refers to the public notice of PUCSL for stake holder consultation on the proposed electricity Tariff 2022 dated 2022-06-28 (**Annex – 1**).

This to be informed that PUCSL has not considered the latest tariff proposal dated 2022-06-20 prepared considering the Fuel price revisions up to May 2022 and the Exchange rate variation subsequent to the LKR floating decision of the Government in March 2022.

**Table 1**

	Proposal 1	Proposal 2 (PUCSL pursuing currently)	Proposal 3	Proposal 4 (updated up to May 2022)
Expenditure (Rs. Mn.)	416,123	505,148	748,415	868,626
Income (Rs. Mn.)	276,893*	276,893*	264,029	264,029
Surplus (Rs. Mn.)	-139,230	-228,255	-484,386	-604,596
Surplus as a % of Rev.	-50.3%	-82.4%	-183.5%	-229.0%
Est. subsidy from the Govt. if the proposal no. 4 is not implemented (Rs. Mn.)	152,503	363,478	620,386	0
Status of Update	Up to December 2021 fuel hike	Up to March 2022 fuel hike and LKR Float	Up to April 2022 fuel hike and subsequent Exchange rate variation	Up to May 2022 fuel hike and subsequent Exchange rate variation

\*Includes income other than sale of electricity

From the above table it is evident that if the proposal 2 is pursued, Government has to bear a LKR 363.4 billion subsidy which is not feasible with the current financial crisis of the country. On the other hand, the act of PUCSL to pursue the 2<sup>nd</sup> Tariff proposal will not solve the current financial crisis of CEB. The issues such as, non payment to Lenders, CPC, Coal, IPP, NCRE Material Suppliers and limiting service connections to the available material etc. will remain as at present with settling payments with a less lagging time.

Further, CEB wishes to bring your attention to following statutory provisions.

Provision	Clause
section 30 (2) (b) of the Sri Lanka Electricity Act No.20 of 2009	"permit the relevant licensee to recover all reasonable costs incurred in the carrying out of the activities authorized by its license on an effective basis"

**OFFICE OF THE GENERAL MANAGER**

Third Floor, No. 50, Sir Chittampalam A. Gardiner Mawatha, Colombo 00200, Sri Lanka.  
Tel: +94 11 232 0953/5340 / Fax: +94 11 232 3935| e-mail: gm@ceb.lk | www.ceb.lk



Clause 10 of General Policy Guidelines on the Electricity Industry	"Tariff chargeable by the licensees, namely, Transmission Licensee in the case of transmission and bulk sale tariffs, and distribution licensees in the case of distribution and supply tariff should reflect the costs reasonably associated with delivering the services"
Clause 2.4.3.1 of Tariff Methodology 2021	<p><b>TRANSMISSION LICENSEE LIMITED LIABILITY</b></p> <p>The Transmission Licensee (Bulk Supply Operations Business) shall make payments from the funds available in the Bulk Supply Transactions Account. In situations of cash shortfalls, the Transmission Licensee's (Bulk Supply Operations Business) liability shall be limited to the funds available in the Bulk Supply Transactions Account.</p>

Therefore, your intervention is sought for following and as per the discussion with IMF team dated 2022-06-21.

1. Implement the tariff proposal No 4 submitted on 2022-06-20 backed by a Cabinet decision.
2. Take immediate action to obtain accumulated Government Subsidy as per the Extraordinary Gazette no 1978/22 dated 2016-08-02 (part II attached)

Yours faithfully

CEYLON ELECTRICITY BOARD

*Steeb my*  
Eng. (Dr.) D.C.R. Abeysekera  
**Actg. General Manager**  
**Ceylon Electricity Board**  
Eng. (Dr.) D.C.R. Abeysekera  
Copy: *Actg.* General Manager  
Ceylon Electricity Board

1. Hon. Kanchana Wijesekera, Min. - *fi and immediate intervention pl. of P&E*
2. Secretary to the Treasury - *fi & na and commitment for Govt. Subsidy as per Table 1 and according to the discussion with IMF team dated 2022-06-21 pl.*
3. Auditor General - *fi pl.*
4. Dir. General, Dept. of Pub. Enter - *fi and as per the discussion with IMF team dated 2022-06-21 pl.*
5. **Chairman, PUCSL** - *fi & na pl.*
6. Chairman, CEB - *fi & na pl.*
7. Addl. GM (CS) - *fi pl.*
6. FM, CEB - *fi pl.*

**OFFICE OF THE GENERAL MANAGER**

Third Floor, No. 50, Sir Chittampalam A. Gardiner Mawatha, Colombo 00200, Sri Lanka.  
Tel: +94 11 232 0953/5340 / Fax: +94 11 232 3935 | e-mail: gm@ceb.lk | www.ceb.lk