



Your ref:

My ref: DGM(CS&RA)/TRF/TRF. 2023

Date: June 9, 2023

Director General  
Public Utilities Commission of Sri Lanka  
6th Floor, BOC Merchant Tower  
No.28, St, Michael's Road,  
Colombo 3.



Dear Sir,

**The Current Progress of the Conditions Stipulated Under the Decision Document for Tariff Revision - 2023**

This has reference to the following documents.

1. Your letter dated 2023-02-15 on Tariffs Revision 2023.
2. My even number letter dated 2023-02-23 regarding comments for the Tariff Revision – 2023.
3. My letter no. DGM (CS&RA)/TRF/Trf.2022 dated 2023-05-15 on implementation of Bulk Supply Tariff Account (BSTA), Power Purchase Agreement (PPA), Power Sales Agreement (PSA) and Fuel Supply Agreement (FSA).

The current progress of the conditions stipulated under the above decision document is updated and attached herewith for your necessary action, please.

Yours faithfully

CEYLON ELECTRICITY BOARD

Eng. Rohan Seneviratne

**General Manager**

**Ceylon Electricity Board** Eng. Rohan Seneviratne  
General Manager

Copy to:

1. Secretary, MoP&E - fi pl.
2. Chairman, PUCSL - fi pl.
3. Ms. Chathurika Wijesinghe, member PUCSL - fi pl.
4. Mr. Douglas N. Nanayakkara, member PUCSL - fi pl.
5. Mr. SG Senaratne, member PUCSL - fi pl.
6. Chairman, CEB - fi pl.
7. AGM (DD1, DD2, DD3, DD4) - fi pl.
8. AGM (Generation) - fi pl.
9. AGM (Transmission - NWO) - fi pl.
10. FM, CEB - fi pl.

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**The Current Progress of the Conditions Stipulated Under the Decision Document for Tariff  
Revision - 2023**

No.	The section referred to in the Decision on Electricity Tariffs – 2023	Comments of CEB
<b>Conditions stipulated in the Annexure to the counter submission of the three Commission members dated 2023-02-14</b>		
1.	CEB and LECO shall take immediate steps to ensure that consumers occupying all condominium properties are charged the applicable tariff for their category. CEB/ LECO may enter into agreements with the Management Corporations to ensure that common area consumption and other maintenance overheads are recovered through a service charge, as per Section 8(bb) of Sri Lanka Electricity Act No.20 (as amended).	<ul style="list-style-type: none"> <li>• It is to be noted that PUCSL is issuing certificates of exemption to respective Condominium Management Corporations from the requirement of obtaining a license to distribute and supply electricity within their premises.</li> <li>• As per the Tariff category determination guidelines, tariff categories are determined at present taking into consideration the purpose for which electricity is used.</li> <li>• The purpose of electricity used in Condominiums cannot be identified as purely domestic purposes as there are both commercial and domestic activities taking place.</li> <li>• Some Condos do not have separate wiring to measure the energy utilized by each apartment unit. This leaves the challenge in determining a single tariff category for the entire Condominium.</li> <li>• CEB is of the view that it is the responsibility of PUCSL to solve the above issue and introduce a separate “Domestic - Bulk” category or any other suitable tariff category for condominium apartments with the appropriate changes to the existing guidelines.</li> </ul>
2.	Consumption for streetlights shall be metered/estimated, billed and collected from the relevant Local Authority or the Road Authority.	<ul style="list-style-type: none"> <li>• Divisional Secretariates have been informed to take necessary actions to open accounts to bill the street light illuminations within their Local Authority limits by the Additional Secretary of the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government.</li> <li>• Further, all CEB, DLs were informed to make necessary arrangements to sign agreements with relevant Local Authorities and issue monthly bills accordingly.</li> <li>• A census survey has already been started to collect the data on street light illuminations through the Meter Readers.</li> </ul>
3.	As per the policy of the Government, the rotating power cuts shall be stopped immediately after the implementation of the tariff revision. And a rebate to all consumers shall be provided in case of any planned power cuts afterward.	<ul style="list-style-type: none"> <li>• Planned load shedding has already been stopped effective from 2023-02-16. However, it is to be noted that CEB is operating with marginal excess of installed capacity due to delays in implementing power plants given in LTGEP. Hence, during an unlikely event of extremely dry weather conditions where major hydropower capacities are limited and in situations of unforeseen breakdown in large Hydro/Thermal plants,</li> </ul>



No.	The section referred to in the Decision on Electricity Tariffs – 2023	Comments of CEB
		<p>the requirement to go for rotational power cuts may arise.</p> <ul style="list-style-type: none"> <li>It is essential to include the cost of power generation of CEB Thermal Power Plants (Barge, Uthuru Janani and 50x1MW Diesel Generators) in the Bulk Supply Tariff by PUCSL to meet the full system demand 24x7 of the country without load shedding.</li> <li>Please note that it is not possible to give a rebate to a target customer since energy saved from individual customers cannot be calculated separately.</li> </ul>
4.	Interest on any security deposit obtained for the supply of electricity shall be paid/ deducted from the monthly bill of all consumers.	<ul style="list-style-type: none"> <li>CEB has agreed and already informed the Supreme Court (Case SC(F/R) Application No. 232/2021) to pay the interest for the security deposits to the bulk customers with effect from 2023-07-01 and retail customers with effect from 2024-01-01.</li> </ul>
5.	CEB shall execute Fuel Supply Agreements with CPC and Lanka Coal Company	<ul style="list-style-type: none"> <li>Coal supply agreement is in operation and a copy has been given to PUCSL 2014-01-07.</li> <li>Fuel Supply Agreement (FSA) with CPC is finalized by both parties. However, CPC requested security by opening an LC worth three-month usage of fuel. The calculated amount of this request was approx. LKR 27 billion. Since CEB is not sound financially, to make such security, an effort was taken to obtain a Treasury Guarantee. However, Treasury denied it but offered to issue a Letter of Comfort instead. However, the letter of Comfort has not been received despite several reminders from the MOPE. This process is halted at this stage. If this is solved, legal clearance can be obtained and FSA can be signed by both parties. The same has been informed to you under my letter no. DGM (CS&amp;RA)/TRF/Trf.2022 dated 2023-05-15 which has been forwarded with the draft FSA for Commission's perusal.</li> </ul>
6.	CEB shall establish the Power Purchase Agreements (PPA) between CEB transmission and GEB generation plants and the Power Sales Agreements (PSA) between Distribution Licensees and CEB Transmission licensee.	<ul style="list-style-type: none"> <li>The already signed PPA and PSAs within CEB Licensee Divisions have already been submitted to PUCSL in August 2022 and further refinements of the agreements are being done at the moment.</li> <li>Second draft of the PPA is submitted after accommodating PUCSL comments via letter no. DGM(CS&amp;RA)/TRF/Trf.2022 dated 2023-01-10. PUCSL comments are pending. Further, ADB has agreed to provide necessary technical assistance to prepare equation based plant-wise PPAs for existing CEB power plants, etc.</li> <li>The refinements are already done for the draft PSAs within CEB and the same have been submitted to relevant DLs for their comments.</li> </ul>



No.	The section referred to in the Decision on Electricity Tariffs – 2023	Comments of CEB
		<ul style="list-style-type: none"> <li>• Draft PSA between LECO and CEB has been prepared and forwarded to LECO for their comments and the same has been forwarded to the Commission under my letter no. DGM (CS&amp;RA)/TRF/Trf.2022 dated 2023-05-15. Once the LECO comments/concurrence is received, the PSA will be forwarded to Attorney General's Department for legal clearance.</li> </ul>
7.	<p>All due payments to Renewable Energy based electricity generators (including small-scale rooftop solar) shall be settled as soon as possible.</p>	<ul style="list-style-type: none"> <li>• Due to the absence of a cost-reflective tariff since 2013, by 2023-02-15, it has accumulated around LKR 35.74 billion and LKR 4.11 billion as payables for NCRE and Rooftop Solar customers respectively. However, the tariff proposal 2023 of CEB has been prepared to recover only the current costs of 2023.</li> <li>• Nevertheless, with the direction of PUCSL, after the February 15<sup>th</sup>, 2023 tariff revision, CEB has started settling certain amount of due payments to NCRE developers and Rooftop solar customers through internal cash generation.</li> <li>• It is to be noted that CEB is settling all the NCRE and RT Solar monthly payments from 2023 April onwards and arrears have not been accumulated since then.</li> <li>• The remainders of the past dues of NCRE and RT Solar payments as at 2023-05-31 are as follows. <ul style="list-style-type: none"> <li>○ Total NCRE payable – LKR 35.24 billion</li> <li>○ Total RT Solar payable – LKR 2.35 billion</li> </ul> </li> <li>• Please note that provision should be kept in the next tariff revision in July 2023 to effect payment of reasonable amount of arrears accumulated previously.</li> </ul>
8.	<p>To propose an optional prepaid tariff for all retail consumers</p>	<ul style="list-style-type: none"> <li>• Prepaid meters are generally installed in utilities where the non technical losses are very high. In CEB, non technical losses are less than 1%. Moreover, the total installation cost of a prepaid meter is in the range of 100US\$. The change of 7.0Million domestic meters to prepaid meters will cost about US\$700Million and financing such large amount is a challenge for CEB at this time.</li> </ul>