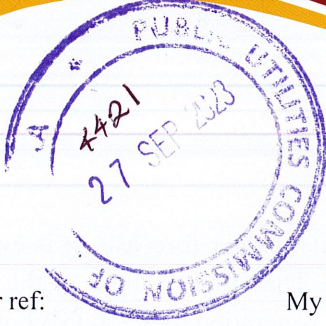




Your ref:

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

Date: September 26, 2023

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

Dear Sir,

Handwritten notes in blue ink:
Kanch
for the
present
Kanch
pls approve can
27/09/23

Present Financial Situation of CEB: Post Implications of Tariff Revision July – December 2023

This has reference to your letter no. PUC/E/Tariff/01 dated 2023-09-15 and further to my even number letter dated 2023-09-04 regarding the above.

Accordingly, the responses of CEB to the observations of the Commission are given below.

1. Hydro Condition

During the preparation of the revised SDDP submission in August 2023, the National System Control Centre (NSCC) has considered actual hydro inflows up to July 31, 2023. Thus, due to the very low inflows experienced during the initial seven months of the year, significant inflows have been already considered from September onwards. Further, it is to be noted that under the referred SDDP submission, around 437 GWh of inflows has been forecasted for the month of September 2023 whereas the actual inflows up to date in September is 294 GWh. Accordingly, even with improved inflow conditions in the first two weeks of September, it is unlikely to surpass the predicted inflows for September and thus we are in the view that predicted inflows in September are on par with the actuals.

Meanwhile, significant inflows of 531 GWh and 506 GWh have been already predicted for October and November 2023 under the revised SDDP simulation considering possible favorable weather conditions. Hence, with this realistic inflow prediction, we believe that the hydro condition is fairly represented in the generation dispatch which is prepared for 3,750 GWh hydropower annual generation. Meanwhile, it is also to be noted that present hydro storage has been severely depleted and accordingly this dispatch has been prepared while ensuring hydro storage is built up over 850 GWh by the end of the year to ensure adequate hydro storage until April 2024.

It is to be noted that PUCSL has considered the inflows of the first week of September which has considerable inflows for the prediction of probable hydro generation of 2023 even with the availability of data up-to-date. However, SDDP considers 40-year hydrology for such predictions.

OFFICE OF THE GENERAL MANAGER

	Net system Inflow (GWh)
Total inflows of Sept 2023 up to 2023-09-24	367.8
Average inflows of Sept 2023 up to 2023-09-24	15.3
Avg. inflows of 1 st week of Sept. taken by PUCSL for prediction of total hydro generation per year	20.72

Taking into account the aforementioned data and considering the latest weather forecasts, it is evident that the initial hydro inflow projection of 4,500 GWh is unattainable. Therefore, in light of the most current information available, the CEB has revised the expected hydro generation to 3,750 GWh which is a more practicable and achievable target for the year 2023.

Furthermore, it is important to note that, as you are already aware, the latest weather forecast provided by the Meteorological Department indicates that above-average rainfall can only be expected for the entire country during the month of October. In September, only the Western and Southern Provinces are projected to receive slightly above-average rainfall. Notably, the Central Province, where all the major hydro reservoirs are located, is anticipated to experience below-normal rainfall for the month of September.

2. Reduction in Coal dispatch

The reduced dispatch forecast of the Lakvijaya Power Station (LVPS) especially in the month of October, in the revised submission, is due to the rescheduling of LVPS unit 03 major overhaul. It is to be noted that although LVPS unit 03 was initially scheduled to facilitate from June to September 20, 2023, it was unable to release LVPS unit 03 as per the schedule due to unexpected breakdowns in the other two units. Accordingly, the LVPS unit 03 outage commenced only on July 31 2023 and thus plant is expected to make available in early November 2023. Thus, the revised generation dispatch forecast has been prepared while taking this revised LVPS maintenance schedule.

3. Increased electricity demand

Please note that the referred revised generation dispatch has been prepared estimating daily gross generation to be averaged to 44.4 GWh for the year 2023. Meanwhile, gross daily generation from February 16, 2023, onwards up until September 14, 2023, is averaged to 45.3 GWh. Thus, despite the present temporary electricity demand reduction, we believe that electricity demand is fairly represented under the revised dispatch.

It is also to be noted that the forecasted daily gross energy for the month of August under the revised submission is 46 GWh, which is way below the actual gross average of 48.6 GWh with mini hydro estimation. Moreover, PUCSL has to note that these daily generation values do not include Rooftop Solar from LECO Prosumers. Thus, after adjusting such provisions we believe that the estimated 46 GWh of daily gross generation in August under revised generation dispatch presents a more realistic demand. Therefore, considering the demand forecast for the year, 44.4 GWh of daily gross average demand presented under the latest submission is more relevant than the previous tariff submission.

4. Emergency power dispatch

It is to be noted that this revised dispatch forecast was prepared assuming the ACE Embilipitiya plant will be commissioned within August 2023 itself since there was an urgent requirement to connect adequate firm generation capacity to the Southern system following the depletion of Samanalawewa reservoir in August 2023. However, due to the delay in finalizing PPA, the ACE Embilipitiya plant was finally made available for commercial operation during the first week of September 2023.

OFFICE OF THE GENERAL MANAGER

5. Observed lower dispatch of emergency plant, ACE Matara

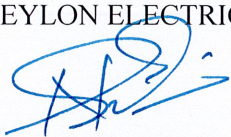
Please note that NSCC follows the merit order dispatch and accordingly, the ACE Matara plant has also been dispatched following the merit order. Further, this was emphasized by the PUCSL letter while granting the approval for supplementary power. It is also to be noted that due to the unforeseen heavy rains experienced, the increase of non-dispatchable generation sources at the Southern network led to a lower ACE Matara plant factor. Also, it is required to build up sufficient storage at Samanalawewa reservoir to ensure the availability of the power plant, especially during the first quarter of the year 2024.

Considering the current situation, CEB is forwarding the following tariff revision proposals to PUCSL for an extraordinary adjustment of the End User Electricity Tariff.

- Annex I- to be implemented as a surcharge across the existing tariff components, including the Energy Charge, Fixed Charge, and Demand Charge in simplifying the revenue adjustment.
- Annex II - Alternatively, the adjustment could be implemented as a fixed increase of 8 Rs./kWh solely within the Energy Charge. This dual approach would provide flexibility for PUCSL to make a final tariff decision based on the outcome of public consultations.

Yours faithfully

CEYLON ELECTRICITY BOARD



Eng. (Dr.) Narendra De Silva

Actg. General Manager

Ceylon Electricity Board

Copy: **Eng. (Dr.) Narendra De Silva**
Actg. General Manager
Ceylon Electricity Board

1. *Chairman, CEB*

- *fi pl.*

2. *Addl. GM (CS)*

- *fi pl.*

3. *FM, CEB*

- *fi pl.*

		PROPOSED TARIFF					
EFFECTIVE FROM (for each 30 - day billing period)		2023-10-01					
		Energy Charge (Rs./kWh)		Fixed Charge (Rs./mth)		Revenue Adjustment Charge (RAC)	
DOMESTIC							
Consumption 0 - 60 kWh per month							
Block 1 : 0 - 30 kWh		10.00		150.00			
Block 2 : 31 - 60 kWh		25.00		300.00			
Consumption above 60 kWh per month							
Block 1 : 0 – 60 kWh		32.00		N/A			
Block 2 : 61 – 90 kWh		32.00		400.00			
Block 3 : 91 – 120 kWh		50.00		1,000.00			
Block 4 : 121 – 180 kWh		50.00		1,500.00			
Block 5 : 181 kWh and above		75.00		2,000.00			
Optional Time of Use (ToU) Electricity Tariff for Dom. Consumers							
Day (05:30 – 18:30 hrs)		70.00		2,000.00			
Peak (18:30 – 22:30 hrs)		90.00					
Off Peak (22:30 – 05:30 hrs)		30.00					
RELIGIOUS & CHARITABLE INSTITUTIONS							
Consumption 0 - 180 kWh per month							
Block 1 : 0 – 30 kWh		10.00		150.00			
Block 2 : 31 – 90 kWh		20.00		250.00			
Block 3 : 91 – 120 kWh		35.00		600.00			
Block 4 : 121 – 180 kWh		45.00		1,500.00			
Block 5 : 181 kWh and above		50.00		2,000.00			
OTHER CONSUMER CATEGORIES		Industrial		Hotel		General Purpose / Government	
Volume differentiated monthly consumption		IP 1-1 (≤ 300 kWh/mth)	IP 1-2 (> 300 kWh/mth)	H 1-1 (≤ 180 kWh/mth)	H 1-2 (> 180 kWh/mth)	GP/GV 1-1 (≤ 180 kWh/mth)	GP/GV 1-2 (> 180 kWh/mth)
Rate 1	Supply at 400/230 V	18.00	25.00	18.00	25.00	35.00	45.00
Contract demand ≤ 42 kVA	Energy Charge (Rs. /kWh)						
	Fixed Charge (Rs./mth)	300.00	1,000.00	300.00	1,000.00	600.00	1,500.00
Rate 2	Supply at 400/230 V	Day (05:30 – 18:30 hrs)		34.00		47.00	
Contract demand > 42 kVA	Charge (Rs./kW)	Peak (18:30 – 22:30 hrs)		37.00		55.00	
		Off Peak (22:30 – 05:30 hrs)		29.00		39.00	
	Demand Charge (Rs./kVA)	1,600.00					
	Fixed Charge (Rs./mth)	5,000.00					
Rate 3	Supply at 11 kV & above	Day (05:30 – 18:30 hrs)		33.00		46.00	
	Charge (Rs./kW)	Peak (18:30 – 22:30 hrs)		36.00		54.00	
		Off Peak (22:30 – 05:30 hrs)		28.00		38.00	
	Demand Charge (Rs./kVA)	1,500.00					
	Fixed Charge (Rs./mth)	5,000.00					
STREET LIGHTING							
Street Lighting (Rs./kWh)		45.00					
EV CHARGING OF CEB CHARGING STATIONS		DC Fast Charging (Rs./kWh)		Level 2 AC Ch. (Rs./kWh)			
Day (05:30 – 18:30 hrs)		88.00		70.00			
Peak (18:30 – 22:30 hrs)		112.00		90.00			
Off Peak (22:30 – 05:30 hrs)		53.00		40.00			
AGRICULTURE - Optional Time of Use (ToU) Electricity Tariff		Energy Charge (Rs./kWh)		Fixed Charge (Rs./mth)			
Rate 1	Supply at 400/230V Contract demand ≤ 42 kVA	Day (05:30 – 18:30 hrs)		34.00			
		Peak (18:30 – 22:30 hrs)		37.00			
		Off Peak (22:30 – 05:30 hrs)		29.00			

22% (% of Energy Charge, Fixed Charge and Demand Charge)

22% (% of Energy Charge, Fixed Charge and Demand Charge)

Annex II

		EXISTING TARIFF						PROPOSED TARIFF						
EFFECTIVE FROM (for each 30 - day billing period)		2023-07-01						2023-10-01						
DOMESTIC														
		Energy Charge (Rs./kWh)		Fixed Charge (Rs./mth)				Energy Charge (Rs./kWh)		Fixed Charge (Rs./mth)				
Consumption 0 - 60 kWh per month														
Block 1 : 0 - 30 kWh		10.00		150.00				18.00		150.00				
Block 2 : 31 - 60 kWh		25.00		300.00				33.00		300.00				
Consumption above 60 kWh per month														
Block 1 : 0 – 60 kWh		32.00		N/A				40.00		N/A				
Block 2 : 61 – 90 kWh		35.00		400.00				43.00		400.00				
Block 3 : 91 – 120 kWh		50.00		1,000.00				58.00		1,000.00				
Block 4 : 121 – 180 kWh		50.00		1,500.00				58.00		1,500.00				
Block 5 : 181 kWh and above		75.00		2,000.00				83.00		2,000.00				
Optional Time of Use (ToU) Electricity Tariff for Dom. Consumers														
Day (05:30 – 18:30 hrs)		70.00		2,000.00				78.00		2,000.00				
Peak (18:30 – 22:30 hrs)		90.00						98.00						
Off Peak (22:30 – 05:30 hrs)		30.00						38.00						
RELIGIOUS & CHARITABLE INSTITUTIONS														
Consumption 0 - 180 kWh per month														
Block 1 : 0 – 30 kWh		10.00		150.00				18.00		150.00				
Block 2 : 31 – 90 kWh		20.00		250.00				28.00		250.00				
Block 3 : 91 – 120 kWh		35.00		600.00				43.00		600.00				
Block 4 : 121 – 180 kWh		45.00		1,500.00				53.00		1,500.00				
Block 5 : 181 kWh and above		50.00		2,000.00				58.00		2,000.00				
OTHER CONSUMER CATEGORIES		Industrial		Hotel		General Purpose / Government		Industrial		Hotel		General Purpose / Government		
Volume differentiated monthly consumption		IP 1-1 (≤ 300 kWh/mth)	IP 1-2 (> 300 kWh/mth)	H 1-1 (≤ 180 kWh/mth)	H 1-2 (> 180 kWh/mth)	GP/GV 1-1 (≤ 180 kWh/mth)	GP/GV 1-2 (> 180 kWh/mth)	IP 1-1 (≤ 300 kWh/mth)	IP 1-2 (> 300 kWh/mth)	H 1-1 (≤ 180 kWh/mth)	H 1-2 (> 180 kWh/mth)	GP/GV 1-1 (≤ 180 kWh/mth)	GP/GV 1-2 (> 180 kWh/mth)	
Rate 1 Supply at 400/230 V Contract demand ≤ 42 kVA	Energy Charge (Rs. /kWh)		18.00	25.00	18.00	25.00	35.00	45.00	26.00	33.00	26.00	33.00	43.00	53.00
	Fixed Charge (Rs./mth)		300.00	1,000.00	300.00	1,000.00	600.00	1,500.00	300.00	1,000.00	300.00	1,000.00	600.00	1,500.00
Rate 2 Supply at 400/230 V Contract demand > 42 kVA	Energy Charge (Rs./kW)	Day (05:30 – 18:30 hrs)	34.00		34.00		47.00		42.00		42.00		55.00	
		Peak (18:30 – 22:30 hrs)	37.00		37.00		55.00		45.00		45.00		63.00	
		Off Peak (22:30 – 05:30 hrs)	29.00		29.00		39.00		37.00		37.00		47.00	
	Demand Charge (Rs./kVA)		1,600.00						1,600.00					
	Fixed Charge (Rs./mth)		5,000.00						5,000.00					
Rate 3 Supply at 11 kV & above	Energy Charge (Rs./kW)	Day (05:30 – 18:30 hrs)	33.00		33.00		46.00		41.00		41.00		54.00	
		Peak (18:30 – 22:30 hrs)	36.00		36.00		54.00		44.00		44.00		62.00	
		Off Peak (22:30 – 05:30 hrs)	28.00		28.00		38.00		36.00		36.00		46.00	
	Demand Charge (Rs./kVA)		1,500.00						1,500.00					
	Fixed Charge (Rs./mth)		5,000.00						5,000.00					
STREET LIGHTING														
Street Lighting (Rs./kWh)		45.00						53.00						
EV CHARGING OF CEB CHARGING STATIONS		DC Fast Charging (Rs./kWh)		Level 2 AC Ch. (Rs./kWh)				DC Fast Charging (Rs./kWh)		Level 2 AC Ch. (Rs./kWh)				
Day (05:30 – 18:30 hrs)		88.00		70.00				96.00		78.00				
Peak (18:30 – 22:30 hrs)		112.00		90.00				120.00		98.00				
Off Peak (22:30 – 05:30 hrs)		53.00		40.00				61.00		48.00				
AGRICULTURE - Optional Time of Use (ToU) Electricity Tariff		Energy Charge (Rs./kWh)		Fixed Charge (Rs./mth)				Energy Charge (Rs./kWh)		Fixed Charge (Rs./mth)				
Rate 1 Supply at 400/230V Contract demand ≤ 42 kVA	Day (05:30 – 18:30 hrs)	34.00		1,000.00				42.00		1,600.00				
	Peak (18:30 – 22:30 hrs)	37.00				45.00								
	Off Peak (22:30 – 05:30 hrs)	29.00				37.00								

Note : Rs. 8.00 increase is applied to Energy Charge.