



Your ref:

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Date: February 22, 2024

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

### **Electricity Tariff Revision January – March 2024**

This has reference to the PUCSL letters bearing even no. PUC/E/Tariff/01 dated 2024-02-13 and 2024-02-20 and the discussion had with the Commission dated 2024-01-26 addressing the requirement to review of costs of Licensees.

#### **1. Distribution**

Please note that the distribution costs presented in the tariff proposal for January to March 2024, submitted on January 12, 2024, were compiled in the final quarter of 2023. This preparation was part of the process for submitting proposals for multiyear tariff filings, and it was based on the anticipated disbursements for the year 2024. Given the present circumstances, a rigorous review of the initial cost estimates has been conducted to identify the areas where adjustments can be made. Factors like minimum maintenance approach, current progress of procurement, availability of stocks, availability of staff, accommodation of management decisions taken later, etc. have been the key for the review without compromising aspects like system reliability and uninterrupted power supply. Furthermore, the Government has underscored the significance of expense reduction across all institutions, including CEB as a directive forming part of the broader strategy aimed at enhancing efficiency and financial prudence within public sector entities.

Accordingly, CEB revised the personnel expenses, material Costs, Expenses for maintenance of Civil Structures (personnel, material cost and Accommodation) and Fuel/Vehicle maintenance of utility vehicles, and communication services to vital stations such as power plants and grid substations. (Transport and Communication Expenses), retail service costs and other costs. Further, the ROA and market forecast have been updated according to the present economic indicators issued by CBSL. The current economic landscape in the country has impacted workforce availability severely in Distribution Divisions where the nature of the work is labour intensive. This has also resulted in a reduction in certain personnel and material costs. The entire CAPEX program was reviewed and revised. Revised multi-year tariff filing models are attached herewith and have been emailed to the Commission.

#### **2. Generation**

It is to be noted that the country is approaching the dry season driving the electricity demand up. The hydro machine maintenance is scheduled for a dry period aiming to keep the hydro fleet in sound conditions before the next wet season. Postponing maintenance activities have limitations to ensure that CEB can meet the

#### **OFFICE OF THE GENERAL MANAGER**



increased demand without resorting to expensive plant operations risking rolling demand management procedures. Ensuring a stable and continuous supply during the dry season is required as per the government policies too vide the Cabinet decision no 22/1877/604/077 dated 2022-11-22 by introducing an automatic forward-looking semi-annual cost recovery-based electricity tariff adjustment mechanism.

Several maintenance and upgrade projects in the Generation Division are facing delays, resulting in adjustments to disbursements in 2024. At the Victoria Power Plant, initiatives including stator replacement, transformer replacement, and turbine overhaul are estimated at LKR 2,540 million, with 40% of funds expected to be disbursed this year. Similar refurbishments at Kotmale, Ukuwela, Upper Kotmale, and Bowatanna plants are nearing completion, focusing on circuit breaker replacement, turbine head cover replacement, and AVR procurement, respectively.

Meanwhile, Randenigala Power Plant prioritizes AVR procurement, major overhaul, and a drinking water project, with 75% of the total estimated cost earmarked for disbursement in 2024. The Stage II rehabilitation of the Old Laxapana Power Plant has been postponed to the following year considering the condition of the machines, procurement timeline and workforce availability. At Samanalawewa, stator replacements and procurement of essential spare parts have allocated 50% of procurement costs to 2024, slated for commissioning next year.

Moreover, the ongoing enhancements at the LVPP Coal Yard are of paramount importance, as they significantly improve the coal handling capacity crucial for seamless power generation operations. Currently, approximately 50% of the project is anticipated to be completed within this fiscal year, indicating substantial progress. Construction of the Coal yard structures and accommodation building has been completed by about 70%, heavy maintenance building has been completed by about 50% and electrical and mechanical works have been completed by about 10%. Notably, about 50% of the total physical construction work has already been accomplished, underscoring the project's significance and timely execution.

Within the LVPP itself, essential maintenance operations are diligently progressing. A major overhaul for Unit 1, designated as level A, is proceeding as planned and is slated for completion by the year's end. Concurrently, scheduled level C maintenance for Units 2 and 3 is also underway, ensuring the optimal performance and longevity of these critical assets.

In aggregate, the deferred major CAPEX within the generation division, totaling approximately LKR 15 billion, emphasizes the strategic investment in crucial infrastructure upgrades and maintenance, reaffirming the commitment to operational excellence and reliability in power generation.

Consequently, a separate financial instrument of approximately LKR 15 billion is expected to be arranged to finance these major capital incentive maintenance projects, alleviating the burden on end-user customers from bearing the full cost.

The revised BST models for the 1<sup>st</sup> and 2<sup>nd</sup> halves of the year 2024 are attached herewith and have been emailed to the Commission.

### **3. Finance Cost**

A WPLR used in the initial submission was 18% approximately. This has been strategically reduced significantly by the control of the Central Bank enabling it to yield significant financing benefits. By making project loans more affordable, CEB can reduce the financing burden. The revised financing costs are submitted with the BST.

#### 4. Revenue gain from the implementation delay of the new revised tariff in 2024


Considering the implementation delay of the revised tariff for the first quarter of the year 2024, the revenue estimation for the year 2024 has been adjusted to capture the revenue difference in the first two months. Accordingly, the initial estimated surplus has been revised.

Based on the above analysis and revisions the initial estimated surplus for the year has been revised and it can be used to reduce the tariff by 14% on average. Accordingly, the revised tariff proposal has been prepared considering a relief to the entire tariff customer categories. The revised tariff schedule is attached herewith as Annex I.

Accordingly, the revised tariff proposal for the 1<sup>st</sup> quarter of the year 2024 approved by the Board is submitted herewith for consideration by the Commission, please

Yours faithfully

CEYLON ELECTRICITY BOARD



Eng. Narendra De Silva  
**Actg. General Manager**  
**Ceylon Electricity Board**

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

Copy to:

- |  |               |
|--|---------------|
| 1. Chairman, PUCSL                           | - fi & na pl. |
| 2. Ms. Chathurika Wijesinghe, member PUCSL   | - fi & na pl. |
| 3. Mr. Douglas N. Nanayakkara, member PUCSL  | - fi & na pl. |
| 4. Mr. SG Senaratne, member PUCSL            | - fi & na pl. |
| 5. Mr. Ranjith Kaluthanthirige, member PUCSL | - fi & na pl. |
| 6. Chairman, CEB                             | - fi pl.      |
| 7. Addl. GM (CS)                             | - fi pl.      |
| 8. FM (SM&BSO)                               | - fi pl.      |



		EXISTING TARIFF						PROPOSED TARIFF					
EFFECTIVE FROM or each 30 - day billing period)		2023-10-20						2024-03-01					
<b>DOMESTIC</b>													
		Energy Charge (Rs./kWh)		Fixed Charge (Rs./mth)		Energy Charge (Rs./kWh)		Fixed Charge (Rs./mth)		Energy Charge (Rs./kWh)		Fixed Charge (Rs./mth)	
<b>Consumption 0 - 60 kWh per month</b>													
Block 1 : 0 - 30 kWh		12.00		180.00		10.00		150.00		10.00		150.00	
Block 2 : 31 - 60 kWh		30.00		360.00		25.00		300.00		25.00		300.00	
<b>Consumption above 60 kWh per month</b>													
Block 1 : 0 - 60 kWh		38.00		N/A		32.00		N/A		32.00		N/A	
Block 2 : 61 - 90 kWh		41.00		480.00		35.00		400.00		35.00		400.00	
Block 3 : 91 - 120 kWh		59.00		1,180.00		50.00		1,000.00		50.00		1,000.00	
Block 4 : 121 - 180 kWh		59.00		1,770.00		50.00		1,500.00		50.00		1,500.00	
Block 5 : 181 kWh and above		89.00		2,360.00		75.00		2,000.00		75.00		2,000.00	
<b>Optional Time of Use (ToU) Electricity Tariff for Dom. Consumers</b>													
Day (05:30 - 18:30 hrs)		83.00		2,360.00		70.00		2,000.00		70.00		2,000.00	
Peak (18:30 - 22:30 hrs)		106.00				90.00							
Off Peak (22:30 - 05:30 hrs)		35.00				30.00							
<b>ELIGIOUS &amp; CHARITABLE INSTITUTIONS</b>													
<b>Consumption 0 - 180 kWh per month</b>													
Block 1 : 0 - 30 kWh		12.00		180.00		10.00		150.00		10.00		150.00	
Block 2 : 31 - 90 kWh		24.00		300.00		20.00		250.00		20.00		250.00	
Block 3 : 91 - 120 kWh		41.00		710.00		35.00		600.00		35.00		600.00	
Block 4 : 121 - 180 kWh		53.00		1,770.00		45.00		1,500.00		45.00		1,500.00	
Block 5 : 181 kWh and above		59.00		2,360.00		50.00		2,000.00		50.00		2,000.00	
<b>OTHER CONSUMER CATEGORIES</b>													
		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 10/230 V Contract Demand ≤ 42 kVA		20.00	28.00	20.00	28.00	43.00	56.00	18.00	25.00	18.00	25.00	35.00	45.00
Fixed Charge (Rs./mth)		340.00	1,120.00	340.00	1,120.00	750.00	1,860.00	300.00	1,000.00	300.00	1,000.00	600.00	1,500.00
Rate 2 Supply at 10/230 V Contract Demand > 42 kVA		Energy Charge (Rs./kWh)		38.00		38.00		34.00		34.00		47.00	
		Day (05:30 - 18:30 hrs)		38.00		38.00		34.00		34.00		47.00	
		Peak (18:30 - 22:30 hrs)		41.00		41.00		37.00		37.00		55.00	
		Off Peak (22:30 - 05:30 hrs)		32.00		32.00		29.00		29.00		39.00	
		Demand Charge (Rs./kVA)		1,800.00		2,000.00		1,600.00		1,600.00		1,600.00	
		Fixed Charge (Rs./mth)		5,600.00		6,200.00		5,000.00		5,000.00		5,000.00	
Rate 3 Supply at 1 kV & above		Energy Charge (Rs./kWh)		37.00		37.00		33.00		33.00		46.00	
		Day (05:30 - 18:30 hrs)		37.00		37.00		33.00		33.00		46.00	
		Peak (18:30 - 22:30 hrs)		40.00		40.00		36.00		36.00		54.00	
		Off Peak (22:30 - 05:30 hrs)		31.00		31.00		28.00		28.00		38.00	
		Demand Charge (Rs./kVA)		1,680.00		1,860.00		1,500.00		1,500.00		1,500.00	
		Fixed Charge (Rs./mth)		5,600.00		6,200.00		5,000.00		5,000.00		5,000.00	
<b>STREET LIGHTING</b>													
Street Lighting (Rs./kWh)		56.00						45.00					
<b>RECHARGING OF CEB CHARGING STATIONS</b>													
		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)		109.00				87.00		88.00				70.00	
Peak (18:30 - 22:30 hrs)		139.00				112.00		112.00				90.00	
Off Peak (22:30 - 05:30 hrs)		66.00				50.00		53.00				40.00	
<b>AGRICULTURE - Optional Time of Use (ToU) Electricity Tariff</b>													
		Energy Charge (Rs./kWh)		Fixed Charge (Rs./mth)		Energy Charge (Rs./kWh)		Fixed Charge (Rs./mth)		Energy Charge (Rs./kWh)		Fixed Charge (Rs./mth)	
Rate 1 Supply at 10/230V Contract Demand ≤ 42 kVA		Day (05:30 - 18:30 hrs)		1,120.00		34.00		1,000.00		34.00		1,000.00	
		Peak (18:30 - 22:30 hrs)				37.00							
		Off Peak (22:30 - 05:30 hrs)				29.00							