

# Review Note: CEB Cost Resubmission – Electricity Tariff Revision 2024

## 1. Introduction

The Commission directed CEB to resubmit the tariff proposal, considering the discrepancies observed in the initial submission and based on the comments received during the stakeholder consultation conducted on the matter. Subsequently, CEB has made a revised tariff submission via the [letter](#) dated February 22, 2024 (Ref: DGM(CS&RA)/TRF/Trf. 2024) and emailed following annexures on the same day.

1. [Revised Bulk Supply Tariff Excel Model for the first half of 2024](#)
2. [Revised Bulk Supply Tariff Excel Model for the second half of 2024](#)
3. [Revised Revenue filing Excel model for 2024 to 2026, Distribution Licensee No.1](#)
4. [Revised Revenue filing Excel model for 2024 to 2026, Distribution Licensee No.2](#)
5. [Revised Revenue filing Excel model for 2024 to 2026, Distribution Licensee No.3](#)
6. [Revised Revenue filing Excel model for 2024 to 2026, Distribution Licensee No.4](#)

In addition to the above, Revised Revenue filing Excel model of Transmission Licensee is still pending (as of February 24, 2024).

According to the revised submission, the CEB proposes an average tariff reduction by 14%.

## 2. Summary of Tariff Submissions

Table 1

Description		Unit	Initial Submission for 2024 (Jan 16, 2024)	Resubmission for 2024 (Feb 22, 2024)	Change
Generation	Capacity Cost	MLKR	135,183 <sup>(1)</sup>	89,540	(45,644)
	Energy Cost	MLKR	351,781	353,111	1,331
Transmission Cost		MLKR	12,321	Pending	N/A
Finance Cost		MLKR	53,911	48,535	(5,376)
CEB Distribution Cost		MLKR	133,235 <sup>(2)</sup>	118,040	(15,195)
<b>Total</b>		<b>MLKR</b>	<b>686,431</b>	<b>621,547<sup>(3)</sup></b>	<b>(64,884)<sup>(4)</sup></b>
<b>Forecasted Revenue Surplus</b>		<b>MLKR</b>	<b>23,731</b>	<b>88,615<sup>(5)</sup></b>	<b>64,884<sup>(6)</sup></b>

\*Notes:

- (1). Shows a slight variation compared to the value obtained from the submitted Bulk Supply Tariff model
- (2). Shows a slight variation compared to the values obtained from the DL revenue filing models
- (3)./(4). Calculated considering the initially submitted transmission cost
- (5)./(6). Calculated considering the initially submitted transmission cost and revenue surplus

### 3. Cost Breakdowns

#### 3.1. Generation Capacity Cost

Capacity Costs of CEB plants has been revised as follows:

Table 2

Description	Unit	Initial Submission for 2024 (Jan 16, 2024)	Resubmission for 2024 (Feb 22, 2024)	Change
Personnel	MLKR	10,092.20	8,805.54	(1,286.67)
Materials	MLKR	37,115.09	9,460.81	(27,654.28)
Accommodation	MLKR	1,958.64	1,474.07	(484.57)
Transport & communication	MLKR	1,155.17	1,016.67	(138.50)
Depreciation	MLKR	18,521.15	17,044.15	(1,477.00)
Other cost	MLKR	5,708.83	11,882.84	6,174.01
Finance cost	MLKR	18,232.68	3,801.31	(14,431.37)
Other Capital cost	MLKR	3,920.21	-	(3,920.21)
Project (CEB funding)	MLKR	12,028.00	485.68	(11,542.32)
Corporate Costs CEB HQ	MLKR	3,890.83	1,746.41	(2,144.43)
Corporate Costs GL HQ	MLKR	8,299.42	2,462.22	(5,837.20)
Debt Service Charge	MLKR	-	8,025.80	8,025.80
<b>Total</b>	<b>MLKR</b>	<b>120,922.22</b>	<b>66,205.48</b>	<b>(54,716.74)</b>

(Source : Bulk Supply Tariff filing models)

IPP Capacity costs revised as shown below.

Table 3

Plant	Unit	Initial Submission for 2024 (Jan 16, 2024)	Resubmission for 2024 (Feb 22, 2024)	Change
West Coast Kerawalapitiya	MLKR	14,015.23	15,572.55	1,557.33
Southern Emergency Power	MLKR	1,308.85	1,735.76	426.91
ACE Embilipitiya	MLKR	444.58	254.29	(190.29)
ACE Matara	MLKR	133.88	69.17	(64.71)
Sobadhanavi	MLKR	896.20	4,868.90	3,972.70
<b>IPP Total</b>	<b>MLKR</b>	<b>16,798.74</b>	<b>22,500.68</b>	<b>5,701.94</b>

(Source : Bulk Supply Tariff filing models)

#### 3.2. Generation Energy Cost

Generation energy cost has changed due to the revision of fuel prices.

- Coal: From Rs. 53.51/kg to Rs. 54.97/kg
- Diesel: From Rs. 358/Liter to Rs. 363/Liter

#### 3.3. CEB Distribution Cost

Licensee wise distribution allowed revenue submissions compared in the table below.

Table 4

Description	Unit	Initial Submission for 2024 (Jan 16, 2024)	Resubmission for 2024 (Feb 22, 2024)	Change
DL1 Allowed Revenue	MLKR	42,324.56	36,329.70	(5,994.86)
DL2 Allowed Revenue	MLKR	43,518.19	37,527.60	(5,990.59)
DL3 Allowed Revenue	MLKR	27,996.02	23,293.20	(4,702.82)
DL4 Allowed Revenue	MLKR	22,483.79	20,889.50	(1,594.29)
<b>Total</b>	<b>MLKR</b>	<b>136,322.56</b>	<b>118,040.00</b>	<b>(18,282.56)<sup>(7)</sup></b>

\*Notes:

(7). Value does not exactly tally with the value in Table 1, due to the variation mentioned under the Table 1

Breakdown of OPEX and Depreciation components considered by each licensee for calculating the allowed revenue is provided in the tables below.

Table 5

Cost Item	Unit	DL1		
		Initial Submission for 2024 (Jan 16, 2024)	Resubmission for 2024 (Feb 22, 2024)	Change
Distribution OPEX	MLKR	13,355.81	15,115.15	1,759.34
Retail OPEX	MLKR	15,189.21	9,852.48	(5,336.73)
Depreciation	MLKR	5,376.99	5,361.46	(15.53)
<b>Total</b>	<b>MLKR</b>	<b>33,922.01</b>	<b>30,329.10</b>	<b>(3,592.91)</b>

Table 6

Cost Item	Unit	DL2		
		Initial Submission for 2024 (Jan 16, 2024)	Resubmission for 2024 (Feb 22, 2024)	Change
Distribution OPEX	MLKR	22,485.50	19,892.70	(2,592.80)
Retail OPEX	MLKR	7,374.15	6,655.94	(718.22)
Depreciation	MLKR	4,879.09	4,107.38	(771.71)
<b>Total</b>	<b>MLKR</b>	<b>34,738.74</b>	<b>30,656.02</b>	<b>(4,082.73)</b>

Table 7

Cost Item	Unit	DL3		
		Initial Submission for 2024 (Jan 16, 2024)	Resubmission for 2024 (Feb 22, 2024)	Change
Distribution OPEX	MLKR	13,103.30	11,118.88	(1,984.42)
Retail OPEX	MLKR	6,700.33	5,552.09	(1,148.25)
Depreciation	MLKR	3,079.89	3,079.89	-
<b>Total</b>	<b>MLKR</b>	<b>22,883.53</b>	<b>19,750.85</b>	<b>(3,132.67)</b>

Table 8

Cost Item	Unit	DL4		
		Initial Submission for 2024 (Jan 16, 2024)	Resubmission for 2024 (Feb 22, 2024)	Change
Distribution OPEX	MLKR	8,900.14	9,731.98	831.84
Retail OPEX	MLKR	4,362.99	4,212.50	(150.50)
Depreciation	MLKR	2,042.22	1,897.66	(144.57)
<b>Total</b>	<b>MLKR</b>	<b>15,305.36</b>	<b>15,842.13</b>	<b>536.77</b>

### 3.4. Finance Cost

Breakdown of finance cost submissions is shown below.

Table 9

Finance Cost Item	Unit	Initial Submission for 2024 (Jan 16, 2024)	Resubmission for 2024 (Feb 22, 2024)	Change
Long / Short Term Interest Account	MLKR	20,847.56	14,224.98	(6,622.57)
Overdraft Interest Account	MLKR	7,000.00	7,000.00	-
Debenture Interest Account	MLKR	1,870.00	1,870.00	-
Lease interest Account	MLKR	197.39	20.17	(177.22)
Delayed Interest on IPP Payments Account	MLKR	14,000.00	14,000.00	-
Capital Repayment-NCRE loans	MLKR	9,996.00	9,996.00	-
Settlement of SSCL Liability and Penalty	MLKR	-	1,424.00	1,424.00
<b>Total</b>	<b>MLKR</b>	<b>53,910.94</b>	<b>48,535.15</b>	<b>(5,375.79)</b>