

PUBLIC UTILITIES COMMISSION OF SRI LANKA



# **Decision on Electricity Tariffs**

Effective from March 05, 2024

## Contents

List of Acronyms.....	3
1. Introduction .....	4
2. Demand Forecast .....	4
3. Fuel Prices .....	4
4. Total Cost for Year 2024.....	5
4.1. Distribution Cost of CEB.....	6
4.1.1. CEB DL OPEX.....	6
4.1.2. CEB DL CAPEX.....	7
4.1.3. CEB DL Claw back .....	7
4.2. LECO Distribution Costs .....	7
4.2.1. LECO OPEX.....	7
4.2.2. LECO CAPEX.....	8
4.2.3. LECO Allowed Revenue Claw back.....	8
4.2.3.1. LECO CAPEX Claw back.....	8
4.2.3.2. LECO OPEX Claw back .....	9
4.3. Allowed Revenues of DLs .....	9
4.4. Generation Capacity Cost .....	9
4.5. Finance Cost.....	10
5. Adjustment for fuel prices and Transmission allowed revenue .....	11
6. Consideration of the time period for the tariff calculation .....	11
7. Profits earned in 2023.....	11
8. Revenue Estimate .....	11
9. Total cost for 2024.....	11
10. Annexures .....	12

## List of Acronyms

CEB	Ceylon Electricity Board
CPC	Ceylon Petroleum Corporation
CBSL	Central Bank of Sri Lanka
MLKR	Million Sri Lankan Rupees
GWh	Giga Watt Hours
MW	Mega Watt
kWh	Kilo Watt Hour
LECO	Lanka Electricity Company Private Limited
GDP	Gross Domestic Product
HFO	Heavy Fuel Oil
DL	Distribution Licensee
TL	Transmission Licensee
OPEX	Operational Expenditure
CAPEX	Capital Expenditure
PPA	Power Purchase Agreement
ROA	Return on Asset
ROE	Return on Equity
AWPLR	Average Weighted Prime Lending Rate
CCPI	Colombo Consumer Price Index
PPIUS	Producer Price Index United States of America
O&M	Operation and Maintenance
BST	Bulk Supply Tariff
IPP	Independent Power Producers
ToU	Time of Use

## 1. Introduction

Ceylon Electricity Board filed for a 3.34% reduction in electricity tariff via its letter dated January 12, 2024, as per the Tariff Methodology.

Public Utilities Commission of Sri Lanka (the Commission) declared open the stakeholder consultation for the tariff revision and published a consultation document on 23<sup>rd</sup> January 2024. The stakeholder consultation ended with the oral session held on 15<sup>th</sup> February 2024. Stakeholders were requested to provide their comments on the following;

1. Proposed forecast costs by CEB
2. Proposed Tariff Structure (3.34% reduction) by CEB

This decision, made on 04<sup>th</sup> March 2024, considered the submissions by CEB and LECO, comments by stakeholders, approved Tariff Methodology, related legal provisions, and General Policy Guidelines. The revised end user tariffs (Annex 01) are effective from 05<sup>th</sup> March 2024 (for both CEB and LECO consumers). The next tariff revision is due on 1<sup>st</sup> July 2024.

## 2. Demand Forecast

CEB has submitted a generation demand forecast of 16,033 GWh. It is a 3.35% increase from 2023 actual values. This percentage increase is within the expected GDP growth for year 2024.

## 3. Fuel Prices

As per CEB submission dated 12<sup>th</sup> January 2024, fuel prices vary during the period January - December 2024, as shown in Table 1 and Table 2 below.

Table 1: Fuel Prices as submitted by CEB on 12<sup>th</sup> January 2024, for first half of 2024

Power Station & Fuel	Unit	Fuel Prices					
		Jan	Feb	Mar	Apr	May	Jun
Kelanitissa Auto Diesel	LKR/Litre	358.00	358.00	358.00	358.00	358.00	358.00
Kelanitissa Combined Cycle 2 Auto Diesel	LKR/Litre	358.00	358.00	358.00	358.00	358.00	358.00
Sapugaskanda Auto Diesel	LKR/Litre	358.00	358.00	358.00	358.00	358.00	358.00
Chunnakkam Auto Diesel	LKR/Litre	358.00	358.00	358.00	358.00	358.00	358.00
Barge Auto Diesel	LKR/Litre	358.00	358.00	358.00	358.00	358.00	358.00
Hambantota Auto Diesel	LKR/Litre	358.00	358.00	358.00	358.00	358.00	358.00
Mathugama Auto Diesel	LKR/Litre	358.00	358.00	358.00	358.00	358.00	358.00
Norachchole Coal Power Diesel	LKR/Litre	358.00	358.00	358.00	358.00	358.00	358.00
Norachchole Coal Power Coal	LKR/kg	53.51	53.51	53.51	53.51	53.51	53.51
New Chunnakkam Heavy Fuel	LKR/Litre	209.00	209.00	209.00	209.00	209.00	209.00
Sapugaskanda Heavy Fuel	LKR/Litre	209.00	209.00	209.00	209.00	209.00	209.00
Kelanitissa Combined Cycle Naphtha	LKR/Litre	163.00	163.00	163.00	163.00	163.00	163.00
Barge Heavy Fuel	LKR/Litre	209.00	209.00	209.00	209.00	209.00	209.00
Southern Emergency Power 01 Fuel oil	LKR/kg	223.41	223.41	N/A	N/A	N/A	N/A
Southern Emergency Power 02 Fuel oil	LKR/kg	224.29	224.29	N/A	N/A	N/A	N/A
Southern Emergency Power 03 Fuel oil	LKR/kg	N/A	N/A	224.29	224.29	224.29	224.29
Southern Emergency Power 01 HFO	LKR/Litre	209.00	209.00	N/A	N/A	N/A	N/A
Southern Emergency Power 02 HFO	LKR/Litre	209.00	209.00	N/A	N/A	N/A	N/A
Southern Emergency Power 03 HFO	LKR/Litre	N/A	N/A	209.00	209.00	209.00	209.00
West Coast Kerawalapitiya HFO	LKR/Litre	209.00	209.00	209.00	209.00	209.00	209.00
Sobadhanavi Diesel	LKR/Litre	N/A	N/A	N/A	N/A	N/A	358.00

Table 2: Fuel Prices as submitted by CEB on 12<sup>th</sup> January 2024, for second half of 2024

Power Station & Fuel	Unit	Fuel Prices					
		Jul	Aug	Sep	Oct	Nov	Dec
Kelanitissa Auto Diesel	LKR/Litre	358.00	358.00	358.00	358.00	358.00	358.00
Kelanitissa Combined Cycle 2 Auto Diesel	LKR/Litre	358.00	358.00	358.00	358.00	358.00	358.00
Sapugaskanda Auto Diesel	LKR/Litre	358.00	358.00	358.00	358.00	358.00	358.00
Chunnakkam Auto Diesel	LKR/Litre	358.00	358.00	358.00	358.00	358.00	358.00
Barge Auto Diesel	LKR/Litre	358.00	358.00	358.00	358.00	358.00	358.00
Hambantota Auto Diesel	LKR/Litre	358.00	358.00	358.00	358.00	358.00	358.00
Mathugama Auto Diesel	LKR/Litre	358.00	358.00	358.00	358.00	358.00	358.00
Norachchole Coal Power Diesel	LKR/Litre	358.00	358.00	358.00	358.00	358.00	358.00
Norachchole Coal Power Coal	LKR/kg	53.51	53.51	53.51	53.51	53.51	53.51
New Chunnakkam Heavy Fuel	LKR/Litre	209.00	209.00	209.00	209.00	209.00	209.00
Sapugaskanda Heavy Fuel	LKR/Litre	209.00	209.00	209.00	209.00	209.00	209.00
Kelanitissa Combined Cycle Naphtha	LKR/Litre	163.00	163.00	163.00	163.00	163.00	163.00
Barge Heavy Fuel	LKR/Litre	209.00	209.00	209.00	209.00	209.00	209.00
Southern Emergency Power 03 Fuel oil	LKR/kg	224.29	224.29	224.29	224.29	224.29	224.29
Southern Emergency Power 03 HFO	LKR/Litre	209.00	209.00	209.00	209.00	209.00	209.00
West Coast Kerawalapitiya HFO	LKR/Litre	209.00	209.00	209.00	209.00	209.00	209.00
Sobadhanavi Diesel	LKR/Litre	358.00	358.00	358.00	358.00	358.00	358.00

CEB is yet to sign the Fuel Supply Agreements with CPC, Lanka Coal Ltd. or any other party, as a result some of the cost items such as, retail distribution costs and dealer margins, are included in these prices.

#### 4. Total Cost for Year 2024

The costs submitted by the CEB (letter date January 12, 2024) and LECO for year 2024 is shown in the Table 4 below.

Table 3: Costs submitted for 2024

Cost Item		Unit	Submitted Amount for 2024
Generation	Capacity Cost	MLKR	135,183
	Energy Cost	MLKR	351,781
Transmission Cost		MLKR	12,321
Distribution	CEB	MLKR	133,235
	LECO	MLKR	14,690
Finance Cost		MLKR	53,911
<b>Total Cost</b>		<b>MLKR</b>	<b>701,121</b>

However, following issues were observed in CEB and LECO cost submissions.

1. High increase in CEB distribution cost compared to the previous year
2. LECO distribution cost being estimated with high OPEX compared to the previous year
3. Generation capacity cost increased significantly compared to the previous year
4. Generation capacity cost includes the cost of non-licensed plants and full depreciation of CEB plants
5. Generation capacity cost of 100 MW emergency power is included
6. Estimation of CEB finance costs considering a higher AWPLR than the existing rate

#### 4.1. Distribution Cost of CEB

##### 4.1.1. CEB DL OPEX

A comparison of actual OPEX (excluding depreciation) from 2018 to 2023, along with CEB proposed 2024 OPEX (excluding depreciation) is shown in the table below.

Table 4: CEB DL OPEX Comparison 2018 to 2023

Description	Unit	2018	2019	2020	2021	2022	2023	2024	Percentage Increase from 2022 to 2024
Personnel Expenses	MLKR	11,530	12,985	14,511	18,901	16,502	CEB regulatory accounts for 2023 is not available	31,078	88.3%
Material Cost	MLKR	5,200	6,143	5,393	6,310	4,503		12,476	177.1%
Accommodation Expenses	MLKR	209	277	172	161	209		2,570	1130.1%
Transport & Communication Expenses	MLKR	1,196	1,334	980	1,165	1,681		7,166	326.3%
Retail Service Cost	MLKR	10,984	11,901	10,349	6,826	9,378		32,972	251.6%
Other Costs	MLKR	12,795	13,901	19,420	19,125	23,145		11,023	-52.4%
<b>Total OPEX</b>	<b>MLKR</b>	<b>41,913</b>	<b>46,542</b>	<b>50,825</b>	<b>52,487</b>	<b>55,417</b>	<b>48,469</b>	<b>97,284</b>	<b>75.5%</b>

Sources: Actual data – CEB submitted accounts, 2024 data – CEB revenue filing for DLs

CEB has not justified the increases shown in the table above. Therefore, passing the same to the tariff is not possible as per the Section 30(2)(b) of Sri Lanka Electricity Act No. 20 of 2009.

Subsequent to series of communication between the Commission and CEB, CEB submitted a revised distribution revenue forecast on 22<sup>nd</sup> February 2024, another revised submission on 3<sup>rd</sup> March 2024 and a breakdown of distribution OPEX on 1<sup>st</sup> March 2024. The lowest of the OPEX of CEB DLs submitted on 1<sup>st</sup> March 2024 and 3<sup>rd</sup> March 2024 was used with following adjustments.

#### **Following costs of CEB DLs were not allowed**

##### **Distribution Licensee – 1**

Table 5: DL1 costs not allowed

No.	Cost Item	Amount (MLKR)
1	Circuit bungalow account	100
2	Transportation & Communication expenses	1077
3	Salary revision*	789
<b>Total</b>		<b>1,967</b>

Note – Additional cost of salary revision will be considered in future tariff revisions once the revision is implemented.

##### **Distribution Licensee – 2**

Table 6: DL2 costs not allowed

No.	Cost Item	Amount (MLKR)
1	Salary revision*	1,523
2	Rebate on self-generation under Material costs	100
3	Building maintenance account	200
4	Telecommunication charges for IT related services	300
5	Expenses on cost recovery jobs under other costs	209
<b>Total</b>		<b>2,332</b>

Note – Additional cost of salary revision will be considered in future tariff revisions once the revision is implemented.

### **Distribution Licensee – 3**

#### **CEB has not submitted justification for DL3 OPEX increase**

Table 7: DL3 costs not allowed

No.	Cost Item	Amount (MLKR)
1	Reduction due to non-submission of requested data*	950
2	Salary revision**	721
<b>Total</b>		<b>1,671</b>

Note –

1. Since CEB did not submit a breakdown or a justification for DL3 OPEX increase, 50% of the increase was removed.
2. Additional cost of salary revision will be considered in future tariff revisions once the revision is implemented.

### **Distribution Licensee - 4**

Table 8: DL4 costs not allowed

No.	Cost Item	Amount (MLKR)
1	Salary revision*	540
<b>Total</b>		<b>540</b>

Note – Additional cost of salary revision will be considered in future tariff revisions once the revision is implemented.

#### 4.1.2. CEB DL CAPEX

All CAPEX is allowed to ensure the system development for uninterrupted power supply. Depreciation is also allowed as filed by CEB.

#### **Return on asset (ROA) rate was calculated based on the following data;**

Return on Equity (ROE) = 9.75%

Cost of Debt = 9.38% (Calculated using submitted data by CEB)

#### 4.1.3. CEB DL Claw back

Claw back for CEB DLs is not done.

### 4.2. LECO Distribution Costs

#### 4.2.1. LECO OPEX

LECO OPEX (Excluding depreciation) submission for 2024 compared to 2021 – 2023 actual OPEX (Excluding depreciation) is given in the table below.

Table 9: LECO OPEX Comparison 2021 to 2024

Description	Unit	2021	2022	2023	2024
Personnel Expenses	MLKR	3,403	4,307	4,692	Breakdown not submitted
Material Cost	MLKR	1,055	3,458	3,350	
Accommodation Expenses	MLKR	-	-	-	
Transport & Communication Expenses	MLKR	42	111	224	
Finance Cost	MLKR	205	181	20	
Other Expenses	MLKR	-	-	-	
<b>Total OPEX</b>	<b>MLKR</b>	<b>4,706</b>	<b>8,056</b>	<b>8,286</b>	<b>12,226</b>

Subsequently, LECO clarified that the OPEX of LECO for 2024 should be corrected as MLKR. 8,514.42. Therefore, the OPEX of LECO was revised as per the clarification provided by LECO.

#### **Further to above revision, following costs of LECO was not allowed**

Table 10: LECO costs not allowed

No.	Cost Item	Amount (MLKR)
1	Salary revision*	482
<b>Total</b>		<b>482</b>

Note – Additional cost of salary revision will be considered in future tariff revisions once the revision is implemented.

#### 4.2.2. LECO CAPEX

All CAPEX is allowed to ensure the system development for uninterrupted power supply. Depreciation is also allowed as filed by LECO.

#### **Return on asset (ROA) rate was calculated based on the following data;**

Return on Equity (ROE) = 9.75%

Cost of Debt = 5% (Submitted by LECO)

#### 4.2.3. LECO Allowed Revenue Claw back

##### 4.2.3.1. LECO CAPEX Claw back

The over forecast in CAPEX for year 2022 is considered for this claw back. The table below shows the forecast and actual CAPEX.

Table 11: LECO CAPEX Over forecast

2022 Allowed Net CAPEX (MLKR)	2022 Actual Net CAPEX (MLKR)	CAPEX Over Forecast (MLKR)
2,774	879	1,895

Accordingly, the adjustments made for this variation is shown in the table below.

Table 12: LECO CAPEX Claw back

Adjustments	Unit	Amount
Depreciation Adjustment	MLKR	62
Return on Asset Adjustment	MLKR	106
Time value multiplication factor (@ 5.6%)	-	1.056
<b>Total Adjustment</b>	<b>MLKR</b>	<b>178</b>



#### 4.2.3.2. LECO OPEX Claw back

LECO OPEX Claw back carried out considering the over forecast in OPEX for year 2021. The table below shows the forecast and actual OPEX.

Table 13: LECO OPEX Over forecast

Approved OPEX – 2021 (MLKR)	Actual Expenditure – 2021 (MLKR)	Over Forecast (MLKR)
6,466	4,706	1,761

This over recovery is clawed back considering a rate (cost of capital) of 5.6%, and it resulted a negative adjustment of MLKR 2,073.44 for 2024 allowed revenue.

Allowed OPEX for 2022 was over expensed by LECO, hence no adjustment is provided.

#### 4.3. Allowed Revenues of DLs

The approved revenue of each DL after the adjustments, is provided in the table below.

Table 14: DL Allowed revenue

Description	Unit	DL1	DL2	DL3	DL4	DL5	Total
Distribution OPEX	MLKR	12,646	16,706	9,010	8,708	6,449	53,520
Retail OPEX	MLKR	9,852	6,656	5,552	4,213	2,267	28,540
Distribution Allowed Revenue (Before Claw-back)	MLKR	21,724	26,017	14,358	14,589	8,543	85,231
Claw-back	MLKR	-	-	-	-	(2,251)	(2,251)
<b>Distribution Allowed Revenue</b>	<b>MLKR</b>	<b>21,724</b>	<b>26,017</b>	<b>14,358</b>	<b>14,589</b>	<b>6,291</b>	<b>82,980</b>
<b>Retail Service Price Cap</b>	<b>LKR/Customer</b>	<b>4,670</b>	<b>2,968</b>	<b>4,043</b>	<b>3,816</b>	<b>3,899</b>	<b>N/A</b>
Total Distribution Cost	MLKR	31,577	32,673	19,910	18,801	8,558	111,519

Allowed CAPEX of each DL is given in Annex 2

#### 4.4. Generation Capacity Cost

A comparison of actual O&M (including depreciation) from 2018 to 2023 along with CEB proposed 2024 O&M (including depreciation) is shown in the table below.

Table 15: CEB Generation Capacity Cost Breakdown for 2018 to 2024

Depreciation	Unit	2018	2019	2020	2021	2022	2024	Percentage Increase from 2022 to 2024
Personnel Expenses	MLKR	6,122	6,169	5,808	7,374	7,031	10,092	43.5%
Material Cost	MLKR	4,331	6,379	6,170	3,519	3,575	37,115	938.1%
Accommodation Expenses	MLKR	405	749	540	471	541	1,959	262.3%
Transport and Communication Expenses	MLKR	369	425	314	328	463	1,155	149.3%
Depreciation	MLKR	12,125	12,577	13,757	13,704	13,962	18,521	32.7%
Finance cost	MLKR	-	14,622	3,113	2,545	1,266	18,233	1340.1%
Other cost and GL HQ, CEB common cost allocation	MLKR	3,592	3,725	5,852	5,047	10,906	33,847	210.4%
<b>Total</b>	<b>MLKR</b>	<b>26,944</b>	<b>44,647</b>	<b>35,554</b>	<b>32,987</b>	<b>37,743</b>	<b>120,922</b>	<b>220.4%</b>

Sources: Actual data – CEB submitted accounts, 2024 data – CEB BST filing

Due the reason that CEB does not have PPAs between CEB generation and transmission, has caused these unjustifiable variations.

Since the CEB has not justified the increase shown above, passing the same to the tariff is not possible as per the Section 30(2)(b) of Sri Lanka Electricity Act No. 20 of 2009.

Accordingly, to arrive at a reasonable cost for CEB generation capacity, following costs were revised;

- **Capital expenditure of BLKR 37 were removed and expected loan repayment for 2024 was allowed to carry out essential capital investments of CEB owned generation plants**

Subsequent to the directive given by the Commission CEB submitted a revised capacity cost removing capital expenditure and adding a repayment plan to the capacity cost.

Following CAPEX were removed from the 2024 CAPEX plan and respective loan repayment was not allowed. However, these CAPEX may be initiated in 2025 with necessary approvals obtained as per the tariff methodology.

Table 16: CEB Generation CAPEX not allowed in 2024

Complex/Plant	Description	Disallowed amount (MLKR)
Mahaweli	Buildings, Office Furniture, Computers, Machinery & Tools, Motor Vehicles, Civil Works etc.	215
Samanalawewa	Buildings, Office Furniture, Computers, Machinery & Tools, Motor Vehicles, Civil Works etc.	188
Lakvijaya PS	Other Building constructions	339
	Lands, Office Furniture, Computers, Machinery & Tools, Motor Vehicles, Civil Works etc.	696
	Coal Yard	3,000
	Workers Apartment	90
Thermal Complex	Office Furniture, Computers, Machinery & Tools, Motor Vehicles, Civil Works etc.	313
Generation HQ	Buildings, Office Furniture, Computers, Machinery & Tools, Motor Vehicles, Civil Works etc.	597

Repayment of all the other loans with respect to essential generation CAPEX were allowed at an interest rate of AWPLR+1% (Allowed generation CAPEX is given in Annex 2)

- **MLKR 6,174.01 penalties charged for the delay of Uma Oya project was not allowed since the payment is due in 2025.**
- **Addition of 100MW unapproved emergency power, MLKR 1,735.80 capacity cost of emergency power plant was not allowed.**
- **Capacity cost of unlicensed plants, The Commission has directed CEB in several occasions, to obtain license for CEB owned unlicensed plants by getting PPAs approved for these plants. However, CEB has not yet completed the task. Therefore, MLKR 3,456.00 capacity cost of unlicensed plants was removed.**
- **80% of CEB generation plant depreciation of MLKR 13,635.32 was not allowed as 80% of CEB generation is invested by the Government.**

#### 4.5. Finance Cost

As per the CEB clarifications submitted, it is observed that AWPLR used to calculate the submitted finance cost (18%) has been reduced now, therefore finance cost as per the reduced AWPLR (12%) was recalculated to MLKR. 42,730.77. Total finance cost of MLKR. 42,730.77 was allowed.

List of allowed working capital loans are given in Annex 3.

## 5. Adjustment for fuel prices and Transmission allowed revenue

Via its letter date February 22, 2024 CEB submitted a revised generation energy cost of MLKR 353,111.31. In addition a positive adjustment for fuel prices of MLKR 8,000 was allowed.

Further, CEB submitted a cost of MLKR 12,321 as the revenue requirement for transmission licensee, Secretariat calculations shows that this cost is understated and cannot meet- transmission operation and maintenance cost. Therefore, additional LKR Million 10,169 was allowed for transmission.

Table 17: CEB TL allowed revenue

Description	Unit	Allowed Revenue
Transmission Allowed Revenue	MLKR	21,119
Bulk Supply and Operation Business	MLKR	1,371
Total Transmission & BSOB Allowed Revenue	MLKR	22,490

## 6. Consideration of the time period for the tariff calculation

In its calculation of percentage reduction of tariff, CEB has erroneously divided the annual surplus from annual existing revenue. But considering the effective date of this tariff revision, the percentage reduction should be as follows.

$$\text{Percentage Reduction} = \frac{\text{Total Surplus}}{\text{Total Annual Revenue with Current Tariff} \times \left( \frac{\text{No. of Days with New Tariff}}{366} \right)}$$

## 7. Profits earned in 2023

As per the CEB submitted accounts, the profits earned for the period ended 31<sup>st</sup> December 2023 is MLKR 61,236.

## 8. Revenue Estimate

The sector revenue from electricity sales at the existing tariff is estimated to be MLKR. 736,507 for the year 2024. This has been calculated as per the sales forecasts submitted by the DLs for 2024.

## 9. Total cost for 2024

The Commission decided on the total cost of CEB and LECO for 2024, after scrutiny and analyzing CEB and LECO submissions and stakeholder comments.

Following table shows the tariff reduction percentage as per the above adjustments made by the Commission.

Table 18: Summary after the adjustments

Description		Unit	Amount after the adjustments
Generation	Capacity Cost	MLKR	65,368
	Energy Cost	MLKR	361,111
Transmission Cost		MLKR	22,490
Finance Cost		MLKR	42,731
CEB Distribution Cost		MLKR	102,962
LECO Distribution Cost		MLKR	8,558
<b>Total Cost</b>		<b>MLKR</b>	<b>603,219</b>
Revenue for full year		MLKR	736,507
Surplus Revenue		MLKR	133,288
<b>Reduction % for rest of the period</b>		<b>%</b>	<b>21.93%</b>

## 10. Annexures

Annex 1: Tariff schedule and conditions to be adhered

Annex 2: Allowed CAPEX of each DL

Annex 3: List of allowed finance costs

	Energy Charge (LKR/kWh)		Fixed Charge (LKR/month)		
			<180	>180	>180
<b>Domestic</b>					
Consumption 0-60 kWh per month					
Block 1 : 0-30 kWh		8.00			150.00
Block 2 : 31-60 kWh		20.00			300.00
Consumption above 60kWh per month					
Block 1 : 0-60 kWh		25.00			
Block 2 : 61-90 kWh		30.00			400.00
Block 3 : 91-120 kWh		50.00			1,000.00
Block 4 : 121-180 kWh		50.00			1,500.00
Block 5 : Above 180 kWh		75.00			2,000.00
<b>Domestic Time Of Use</b>					
Peak [18:30 to 22:30]		90.00			2,000.00
Day [05:30 to 18:30]		70.00			
Off Peak [22:30 to 05:30]		30.00			
<b>Religious</b>					
Block 1 : 0-30 kWh		8.00			150.00
Block 2 : 31-90 kWh		9.00			250.00
Block 3 : 91-120 kWh		18.00			600.00
Block 4 : 121-180 kWh		32.00			1,500.00
Block 5 : Above 180 kWh		43.00			2,000.00
<b>Other Consumers</b>					
Volume Differentiated Monthly Consumption (kWh/month)			<b>General Purpose</b>		
			<180	>180	>180
Supply at 400/230V & Contract Demand <42kVA (1)	Energy Charge (LKR/kWh)	<300	>300	>300	>180
	Fixed Charge (LKR/month)	13.50	21.50	21.50	33.00
Optional Time Of Use	Peak [18:30 to 22:30] (LKR/kWh)	300.00	1,000.00	1,000.00	600.00
	Day [05:30 to 18:30] (LKR/kWh)	37.00	33.00	33.00	33.00
Supply at 400/230V & Contract Demand >42kVA (2)	Off Peak [22:30 to 05:30] (LKR/kWh)	28.00	28.00	28.00	33.00
	Fixed Charge (LKR/month)	1,000.00	1,000.00	1,000.00	1,500.00
	Peak [18:30 to 22:30] (LKR/kWh)	37.00	37.00	37.00	55.00
	Day [05:30 to 18:30] (LKR/kWh)	30.50	30.50	30.50	45.00
	Off Peak [22:30 to 05:30] (LKR/kWh)	25.50	25.50	25.50	37.00
	Demand Charge (LKR/kVA)	1,500.00	1,500.00	1,500.00	1,500.00
	Fixed Charge (LKR/month)	5,000.00	5,000.00	5,000.00	5,000.00
	Peak [18:30 to 22:30] (LKR/kWh)	36.00	36.00	36.00	54.00
Supply at 11kV & above (3)	Day [05:30 to 18:30] (LKR/kWh)	30.00	30.00	30.00	44.00
	Off Peak [22:30 to 05:30] (LKR/kWh)	24.50	24.50	24.50	36.00
Street Lighting	Demand Charge (LKR/kVA)	1,400.00	1,400.00	1,400.00	1,400.00
	Fixed Charge (LKR/month)	5,000.00	5,000.00	5,000.00	5,000.00
<b>EV Charging Stations</b>					
Energy Charge (LKR/kWh)					
<b>DC Fast Charging</b>			<b>AC Level 2 Charging</b>		
Peak (LKR/kWh)			112.00		
Day (LKR/kWh)			87.00		
Off Peak (LKR/kWh)			50.00		

*[Handwritten Signature]*  
2/3/24

## Conditions to the Licensees

No.	Condition	Deadline
1.	To Prepare and submit renewable energy development plan up to 2030 with annual milestones (MW values to be absorbed)	30/06/2024
2.	To submit a plan to reduce network losses over next five-year period	31/03/2024
3.	To conduct a comprehensive independent audit for fourth quarter of 2023 and to report to the Commission (deadline extended)	31/03/2024
4.	To submit a plan to encourage energy conservation and efficiency	31/03/2024
5.	To Establish Power Purchase Agreements (PPA) and Power Sales Agreements (PSA) for complete operation of the Bulk Supply Transaction Account (BSTA) Monthly statement of BSTA shall be submitted to the Commission providing details for each transaction of BSTA (from/to which licensee, purpose of transaction, calculation of transfer with reference to PPA/PSA etc.)	31/03/2024
6.	To negotiate and enter into Fuel Supply Agreements with fuel suppliers	31/03/2024
7.	To negotiate, restructure and reduce finance cost	31/03/2024
8.	To complete and commission the Kothmale – New Polpitiya 220kV transmission line (deadline extended)	31/12/2024
9.	CEB and LECO licensees shall each establish a cost accounting unit to enable accurate data submissions	30/06/2024
10.	To eliminate the waste and non-productive expenditure in order to minimize/eliminate such expenditure in the electricity supply cost	01/03/2024
11.	Settle all NCRE outstanding payments (allowed in the tariff)	31/03/2024
12.	Settle all NCRE delay interests (allowed in the tariff)	31/03/2024
13.	Settle all IPP delay interests (allowed in the tariff)	31/03/2024

## Annex 2

### Allowed CAPEX of Distribution Licensees

#### Distribution Licensee 1

<b>Major CAPEX</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
LV Development Plan(System Augmentation)	2,920.00	3,988.00	4,985.00
MV Development Plan	3,042.00	4,058.80	5,073.50
LV ABC Conversion	1,195.00	1,573.00	1,966.25
Augmentation of Primary Substations	-	-	-
Loss Reduction (Meter Replacement)	560.00	616.00	646.80
Additions from WIP	-	-	-
<b>Sub Total</b>	<b>7,717.00</b>	<b>10,235.80</b>	<b>12,671.55</b>
<b>Other CAPEX</b>			
IT Equipment	66.00	129.80	136.29
Land	50.00	110.00	115.50
Buildings	104.80	237.60	249.48
Motor vehicles	200.00	440.00	462.00
Office equipment	69.00	154.00	161.70
Furniture and fittings	46.10	112.20	117.81
Machinery and tools	167.10	377.30	396.17
E-shops & Carder System	25.00	63.80	66.99
Green Power Dev. Project	-	-	-
SPSSP Project	10.00		
CEAIP Project 3B		-	-
CENEIP P4		-	-
H/Q			
Negenahira Nawodaya			
JFPR (port City)			
11KW Underground Distribution System development			
<b>Sub Total</b>	<b>738</b>	<b>1,625</b>	<b>1,706</b>
<b>Customer contribution for new connections</b>			
Bulk Supply	3,280	3,760	4,229
Service connection	2,364	2,650	2,921
<b>Sub Total</b>	<b>5,644</b>	<b>6,410</b>	<b>7,150</b>

## Distribution Licensee 2

<b>Major CAPEX</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
LV Development Plan (System Augmentation)			
LV ABC Conversion	4,867.00	6,746.50	8,535.62
Loss Reduction (Meter Replacement)			
MV Development Plan	2,351.00	3,088.50	3,487.38
Augmentation of Primary Substations	400.00	390.00	575.84
<b>Sub Total</b>	<b>7,618.00</b>	<b>10,225.00</b>	<b>12,598.84</b>
<b>Other CAPEX</b>			
IT Equipment	101	115	197
Land	369	348	399
Buildings	373	259	461
Motor vehicles	420	424	527
Office equipment	78	66.1	74.21
Furniture and fittings	59	43.3	80
Machinery and tools	197	140.75	190
Other	82	0	0
SPSSP Project			
CEAIP Project 3B			
CENEIP P4			
H/Q			
Negenahira Nawodaya			
JFPR			
11KW Underground Distribution System development			
<b>Sub Total</b>	<b>1,679.00</b>	<b>1,396.05</b>	<b>1,927.95</b>
<b>Customer contribution for new connections</b>			
Bulk Supply	1,049.30	1,235.02	1,468.26
Service connection	1,781.53	1,979.79	2,235.15
<b>Sub Total</b>	<b>2,830.83</b>	<b>3,214.81</b>	<b>3,703.41</b>



### Distribution Licensee 3

<b>Major CAPEX</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
LV Development Plan (System Augmentation)	1,992.61	2,404.02	2,802.63
MV Development Plan	1,955.12	2,355.61	2,536.38
LV ABC Conversion			
Augmentation of Primary Substations			
Loss Reduction (Meter Replacement)	69.84	105.06	131.33
Additions from WIP			
other	184.43	469.31	527.67
<b>Sub Total</b>	<b>4,202.00</b>	<b>5,334.00</b>	<b>5,998.00</b>
<b>Other CAPEX</b>			
IT Equipment	99	99	113
Land	28	137	131
Buildings	209	737	685
Motor vehicles	54	460	611
Office equipment	20	18	25
Furniture and fittings	53	40	45
Machinery and tools	201	219	248
other	126	215	310
Green Power Dev. Project			
SPSSP Project			
CEAIP Project 3B			
CENEIP P4			
H/Q			
Electrical Vehicle Charging Unit	-	-	-
Solar System	136	64	116
Negenahira Nawodaya			
JFPR			
11KW Underground Distribution System development			
<b>Sub Total</b>	<b>926</b>	<b>1,990</b>	<b>2,284</b>
<b>Customer contribution for new connections</b>			
Bulk Supply	1350.9	1126.6	1250.2
Service connection	2147.6	1526.5	1691.3
Other CR jobs	915.0	987.4	1104.7
<b>Sub Total</b>	<b>4413.4</b>	<b>3640.4</b>	<b>4046.1</b>

## Distribution Licensee 4

Major CAPEX	2024	2025	2026
LT Lines	-	201.10	236.61
LT Underground	-	-	-
LT Feeder Pillar	-	3.00	4.00
Others (If any)- Please Specify with Asset Code	-	-	-
HT Overhead lines -33 kV	1,867.92	3,500.81	3,334.09
HT Overhead lines -11 kV	-	168.18	188.90
HT Underground - 11 kV	-	108.40	120.04
HT Underground - 33 kV	-	207.50	237.65
HT Switchgear	-	232.70	266.77
HT Switchyards	-	-	-
Gantry	-	325.00	155.00
Boundary Meters	-	6.00	6.00
Dis. Tran. & Con. Sub. 33 kV /Down	-	83.00	100.00
Dis. Tran. & Con. Sub. 11 kV /Down	-	77.00	83.15
Distribution Transformer Consumer Sub.	-	113.40	119.07
Primary Substation G.S.	-	120.00	60.00
Others (If any)- Please Specify with Asset Code	23.50	20.00	20.00
LV ABC Conversion	-	396.75	474.54
Augmentation of Primary Substations	-	-	-
Loss Reduction (Meter Replacement)	63.00	31.25	31.25
Service Main	2.00	1,748.90	1,881.74
System Augmentation	1,747.68	2,645.89	2,712.49
Additions from WIP	-	-	-
Please specify Projects (If any)	1,670.00	140.00	-
Others (If any)- Please Specify with Asset Code	3.00	-	-
Geographic Info. Sys	4.00	-	-
<b>Sub Total</b>	<b>7,930.59</b>	<b>10,128.88</b>	<b>10,031.30</b>
<b>Other CAPEX</b>			
IT Equipment	90.35	81.02	91.32
Land	188.18	142.55	149.43
Buildings	100.00	612.75	533.24
Free Hold Motor vehicles	500.00	1,031.80	818.28
Lease Hold Motor Vehicles	65.25	65.97	87.32
Office equipment	67.47	53.31	54.50
Furniture and Fittings	42.11	24.92	31.32
Machinery and Tools	249.34	148.66	168.06

SCADA System with related Eq.	20.83	0.60	0.60
Communication Equipment	-	5.00	5.00
Solar Systems & Solar Panels	17.96	-	-
Others (If any)- Please Specify with Asset Code	23.04	48.05	44.45
Mobile Diesel Generators	0.10	-	-
Other Sundry Assets	5.85	-	-
Civil Works	12.31	-	-
<b>Sub Total</b>	<b>2,655.39</b>	<b>2,214.64</b>	<b>1,983.52</b>
<b>Customer contribution for new connections</b>			
Bulk Supply	1,038.73	1,610.92	1,703.93
Service connection	374.57	548.55	570.61
<b>Sub Total</b>	<b>1,413.30</b>	<b>2,159.47</b>	<b>2,274.54</b>

## Distribution Licensee 5

Asset Type	2024	2025	2026
<b>Consumer</b>			
81550--Supply of Infrastructure -11KV UG DISTRIBUTION SYSTEM	5.64	5.93	6.22
81551--Supply of Infrastructure -11KV OH DISTRIBUTION SYSTEM	21.84	22.93	24.08
81552--Supply of Infrastructure -11KV SWITCHES	452.90	475.55	499.32
81553--Supply of Infrastructure -DISTRIBUTION SUBSTATION	178.19	187.10	196.46
81554--Supply of Infrastructure -11KV BULK SUBSTATION	299.82	125.93	132.22
81561--Supply of Infrastructure -LV OH DISTRIBUTION SYSTEM	170.52	179.04	188.00
81570--Supply of Infrastructure -CONSUMER SERVICE LINE	652.16	684.77	719.00
<b>Consumer Total</b>	<b>1,781.07</b>	<b>1,681.24</b>	<b>1,765.30</b>
<b>LECO</b>			
81100--Freehold Land	900.00	945.00	992.25
81200--Land Improvements	98.10	103.01	108.16
81320--Freehold Building	1,935.00	556.03	583.83
81420--OTHER PLANT & EQUIPMENT	1,528.78	253.92	266.61
81550--Supply of Infrastructure -11KV UG DISTRIBUTION SYSTEM	50.80	53.34	56.00
81551--Supply of Infrastructure -11KV OH DISTRIBUTION SYSTEM	524.14	550.35	577.87
81552--Supply of Infrastructure -11KV SWITCHES	28.91	30.35	31.87
81553--Supply of Infrastructure -DISTRIBUTION SUBSTATION	151.79	159.38	167.35
81554--Supply of Infrastructure -11KV BULK SUBSTATION	-	188.89	198.33
81561--Supply of Infrastructure -LV OH DISTRIBUTION SYSTEM	245.38	257.65	270.53
81562--Supply of Infrastructure -LV UG LINES	-	-	-
81566--Supply of Infrastructure -HV SWITCHES	21.00	22.05	23.16
81600--Motor Vehicles	100.00	105.00	110.25
81602--Mobile Equipment	-	-	-
81700--Tools & Equipment	115.13	120.89	126.93
81810--Furniture & Fittings	52.85	55.49	58.27
81820--Office Equipment	128.29	134.70	141.43
81830--Survey Equipment	15.00	15.75	16.54
81840--Communication Equipment	17.90	18.80	19.73
81900--Computers	321.11	337.16	354.02
<b>LECO Total</b>	<b>6,234.18</b>	<b>3,907.75</b>	<b>4,103.14</b>

## Allowed CAPEX for CEB generation plants

Following CAPEX shall be financed and repayment is allowed in the tariff.

Complex	Power Plant	Description	Disbursement during 2024 (LKR)
Mahaweli	Victoria	Stator Replacement	960,000,000
		Transformer replacement	-
		Turbine Overhaul	-
		Penstock pressure relief valve, CT Replacement	35,000,000
	Kotmale	Circuit Breaker replacement	85,085,000
		Unit 1 AVR retrofit	126,990,000
	Ukuwela	Turbine Head Cover replacement and Spares	360,000,000
	Bowatanna	Procurement of Static Excitation System	11,200,000
		Governor Unit Replacement	90,000,000
	Randenigala	Rantambe AVR 02 Nos Procurement (80% already paid)	153,000,000
		Major Overhaul	-
		Drinking Water Treatment Plant	40,000,000
	Upper Kotmale	U2 10-year Overhaul (Already Paid)	282,000,000
		Spillway Gates Painting	35,000,000
		Service for 220 kV cable sealing ends	120,000,000
Kothmale Power Station	Replacement of 220 kV circuit breakers (06Nos)	85,085,000	
	Retrofit of Excitation system of U01	113,000,000	
Samanala	Samanalawewa	Replacement of 2 Stators	681,000,000
		Spare parts for Unit 1 Turbine	180,000,000
		20 nos. of 132 kV CVTs and 24 nos. of 132 kV CTs	75,000,000
	CAPEX works - Hydro Power Station a/c in Samanala Complex		208,000,000
Laxapana	New Laxapana	Installation of Three (03) Generator Transformers and related works in NLPS	478,500,000
	Wimalasurendra	Penstock Exterior Painting - Unit 1 & Unit 2	100,000,000
	CAPEX works in other power plants in Laxapana Complex		265,608,000
Samanala	Udawalawa	Installation of 2 Generator Units	-

Lakvijaya	Overhaul	Level A Maintenance of Unit 1	7,786,000,000
		Level C Maintenance of Unit 2 & 3	-
		Construction of Workshop-LV/T/2015/59	88,000,000
		Construction of Central Sewer Treatment Plant-Daluwa-LV/T/2016/303	176,000,000
Thermal	Sapugaskande	Spare parts for E# 01 ; 24,000 rhrs	500,000,000
	Sapugaskande	Spare parts for E# 02 ; 12,000 rhrs (2023)	400,000,000
	Sapugaskande	Spare parts for E# 03 ; 24,000 rhrs (2023)	500,000,000
	Sapugaskande	Spare parts for major overhauls(12,000 Rhr) 04 Nos of Engines B/F(2023)	508,000,000
	Uthru Jananee	Mechanical Spares for Planned Maintenance for 48000 hrs. maintenance (B/F from year 2023 IND/22/166)	334,740,000
	Uthru Jananee	Spare Parts for Watsila Diesel Engines (B/F from 2023- IND/21/354)	109,600,000
	Uthru Jananee	Mechanical Spares for Turbochargers for 48000 hrs. maintenance (B/F from year 2023-IND/23/050 )	213,200,000
	Barge Mounted Plant	Foreign Purchase Safety Mechanical Spare Parts for All Four Main Engines	545,000,000
	1*50 MW Plant	Purchase of 33KV CCV RMU for CSS 1nos and Related spare parts	183,000,000
	GT 07	Purchasing of a new Compressor Rotor for GT-07	-
	GT 07	Purchase of components of Special maintenance of - GT07 (Extended HGPI)(Forwarded from 2023)	-
	GT 07	Purchasing of Compressor Diaphragms for GT07 (Forwarded from 2023)	-
	GT 07	Purchasing of Fuel oil Injection Pump	250,000,000
	GT 07	Procurement of a new fire water pumping system and fire water boosting system for fuel tank yard	-
	GT 07	Generator Major Inspection including starting group disassembly & Reassembly (B/F)	-
	Combined Circle (KCCP)	New Rotor for GT (B/F 2023) and other related CAPEX developments	296,000,000
KCCP-02	Battery Banks (220VDC 1 set and UPS 1 set)	83,000,000	

## Allowed Finance Cost

Finance cost of following loans and capital repayment of NCRE loan is allowed in the tariff

Bank	Loan Name	Interest Rate
People's Bank	Peoples New 10 Bn Loan (Coal) - 5252	AWPLR + 1.5%
	CPC Loan 10Bn - 8634	AWPLR + 1%
	CPC 35 Bn - 9349 (35B:29BN)	AWPLR + 1.5%
	Peoples Bank - 17 Bn Loan	AWPLR+1.5%
	OD Loan - 6200 Mn - A/C 8661 (A 3310)	AWPLR + 1%
NSB, Sampath, Seylan	SYNDICATE TERM LOAN (NSB/SAMPATH/SEYLAN) (4M:6M)	AWPLR + 2%
BOC	BOC Loan 15Bn	AWPLR + 1.5%
	BOC Loan 5Bn	AWPLR + 1.5%
	BOC Loan 3Bn	Floor 24%
Seylan	Seylan Bank Loan 2Bn	AWPLR + 1.5%
	Seylan Bank 2B Loan (2023)	AWPLR + 2%
NTB	Nations Trust Bank 3Bn (2023)	AWPLR + 1.4%
	Nations Trust Bank 3Bn (2023)	AWPLR + 1.4%
	Nations Trust Bank 2Bn	AWPLR + 1.4%
NSB	NSB 5 Bn - E8110	AWPLR + 1.5%
<b>New Loans to be obtained</b>		
BOC	BOC Loan 5Bn -To settle Outstanding CMEC & Coal VAT	AWPLR + 1.5%
	BOC Loan 3Bn -To settle Outstanding CMEC & Coal VAT	AWPLR + 1.5%
NTB	Nations Trust Bank 3Bn -To settle Outstanding CMEC & Coal VAT	AWPLR + 1.4%
	NCRE & IPP Loan - 30Bn	AWPLR + 2%
People's Bank	OD INTEREST (A 3310)	AWPLR + 1%
Delayed Interest on IPP Payments Account		AWPLR + 2%
Delayed Interest on CPC Payments Account		
Debenture Interest Account		
Lease Interest Account		
Capital Repayment on NCRE loan		