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இலங்கைப் பொதுப் பயன்பாடுகள் ஆணைக்குழு  
PUBLIC UTILITIES COMMISSION OF SRI LANKA



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Our No. }

PUC/E/Tariff/01

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Date }

Nov 12, 2024

Eng. K G R F Comester  
General Manager  
Ceylon Electricity Board

**Electricity Tariff Revision – Data presentation**

Reference is made to your letter dated Oct 24, 2024 on the above subject and the cost reflective tariff methodology approved by the Commission.

It shall be noted that the balance of the Bulk Supply Transaction Account (BSTA) shall be used to display any deficit/surplus originated from differences between regulatory cost and the revenue. Thus, the Government is able to inject direct subsidies to BSTA. However, CEB failed to operationalize the BSTA until mid-2024. Despite not having an operational BSTA, the Government has injected subsidies to CEB as given below;

Year	Way of providing subsidy	Amount (LKR million)
2022	CPC fuel payments	80,000
2023	CPC fuel payments	126,271
<b>Total subsidy injected to CEB in 2022/2023</b>		<b>206,271</b>

In addition the Government has converted CEB debt of LKR 372,105 million into equity in 2022.

Therefore, the accumulated financial loss (which the Government has already compensated) does not reflect the present financial position of CEB.

Table 2 of your letter shows accumulated payable balances, as follows;

Item description	Amount (LKR million)
Payable to major creditors (CPC, IPP, NCRE)	16,035
Short-term trade payables	16,352
Bank overdraft	15,282
Term loans (working capital)	73,163
Debentures	20,000
long-term project loans	191,206
<b>Total (loans and major payables)</b>	<b>332,038</b>

Having earned a financial profit of LKR 61,236 million in 2023 and a positive cash flow from operations in 2023 and 2024 first half indicates that trade payables of CEB has been already recovered through tariff. Further considering the Government subsidy injections shown above, payables to major creditors must have been recovered.

06.වන මහල, ලංකා බැංකු වෙළඳ කුඹ්ණ,  
28. ශාන්ත මයිකල් පාර, කොළඹ 03.

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By showcasing only payables without the asset base does not reflect CEB's financial position properly. As per CEB accounts at June 30, 2024, net current assets of LKR 66,675 million indicate a better liquidity position of CEB. Non-current assets / non-current liabilities ratio of 2.35 indicates a very strong financial position and flexibility compared to industry norms.

Further, as per the statement of cash flows of CEB for 2023, operating profit before working capital changes is LKR 133,894 million, most of it is wiped out by increase of trade receivables. CEB needs to manage the accumulation of trade receivables. The statement further reveals that cash flow for capital investment is not supported by financing cash flow (excluding settlement of CPC payables by the Government), which would cause deterioration of cash position. It is observed that lack of long-term financing strategy might have caused accumulation of working capital financing.

Considering above, you are hereby required to present relevant data of licensees for the considered future period (p) and past period (p-2) as per the tariff methodology, in your tariff submissions.



Kanchana Siriwardena  
Deputy Director General (Industry Services)

Sgd./Damitha Kumarasinghe  
Director General