

Bulk Supply Transaction Account Operational Guideline

Introduction

Bulk Supply Transaction Account (BSTA) is the account to be maintained by the Bulk Supply Operations Business (BSOB) unit of the Transmission Licensee (TL). BSOB is responsible for system operation (System Control Center), buying and selling of electricity (Energy Purchase and Energy Marketing branches), etc. BSTA is the bank account used to do and record;

1. All the transactions between TL and the Distribution Licensee (DL) for sale of electricity as per the Bulk Supply Transaction Guidelines and Power Sales Agreements (PSAs) approved by the Commission.
2. All transactions between Generators and TL for purchase of electricity on monthly basis as per the Power Purchase Agreements (PPAs) approved by the Commission.
3. Expenditure of TL (except 2 above and interest for working capital) which is supposed to be expensed from the allowed revenue. However, allowed revenue of Transmission and BSOB shall be recorded as a single entry per statement (per week). The same amount shall be transferred to a separate bank account. Such account shall be used to disburse any expenditure of Transmission and BSOB (except 2 above and interest for working capital).
4. Subsidies received from the Government for tariff (direct cash subsidies or received in the form of settling a payable of TL).
5. Interest received (for cash in hand), interest paid (for Commission approved working capital loans and BSTA account).
6. Capital repayment of Commission approved working capital loans (Commission shall specifically approve the capital repayment).
7. Receipt of working capital loan approved by the Commission.

BSTA is not an account used to and record;

1. Investment activities, such as project expenditure, purchase of fixed assets etc.
2. Financing activities loans received for projects, other CAPEX etc.

Thus, BSTA is expected to show the financial status of the electricity industry on a real time basis, and indicate the subsidy requirement or any surplus that could be adjusted via tariff revisions.

Guidelines

1. CEB (TL) shall draft Power Purchase Agreements (PPAs) and Power Sales Agreements (PSAs), obtain the approval of the Commission and sign the agreements before the first operation day of the BSTA.
2. Payments for Generation and collections from Distribution Licensees shall be calculated according to the PPAs and PSAs approved by the Commission.
3. BSTA will continue its operation starting from the BSTA bank account balance agreed upon by the Transmission Licensee and the Commission on or before 30th June 2025.
4. The Commission will declare the first operation day of the BSTA upon been satisfied on the status of PPAs and PSAs.
5. TL shall make sure that only above seven transactions (mentioned under 'Introduction' section above) are done through BSTA.
6. CEB (TL) shall submit weekly BSTA statement prepared weekly as per the Annex 1 attached, to the Commission before the start of first working day of next week. The statement shall be signed by the Authorized officer for TL and a qualified financial professional responsible for preparation of BSTA (holding; Additional Finance Manager or a higher position)
7. Upon being satisfied on the conformity of the weekly statement submitted by TL to this guideline and clarity of information provided the Commission will notify (by the end of first working day of the week/within one working day) TL whether the BSTA accurately demonstrates the surplus/deficit of TL or not. [*Secretariat of the Commission will decide and notify the accuracy of statement to TL*]
8. If the BSTA is not accurate TL shall correct the statement and submit the revised statement to the Commission within one working day and Commission will act according to the guideline 7 above.
9. If the BSTA is accurate, TL shall communicate all DLs the percentage increase/reduction of Uniform National Tariff before noon of succeeding working day of receipt of Commission's consent (on accuracy of the statement). Following criteria shall be used; A surcharge (Increase) of 10% when the adjusted closing balance of BSTA reaches a negative 15 billion LKR over two consecutive weeks and similarly a discount (decrease) of 10% when the adjusted closing balance of BSTA reaches positive 15 billion LKR over two consecutive weeks. This surcharge/discount would be in force until the next scheduled tariff revision or the next trigger incident, whichever comes first.
Note - Above numbers may be revised quarterly by the Commission
10. DLs shall apply the percentage increase/reduction communicated by TL to all the electricity bills issued by them (for consumptions from the effective date). With effect

from the next day of the week until the next scheduled tariff revision or the next trigger incident, whichever comes first.

11. DLs shall report any over/under billing to consumers weekly to TL with a copy to the Commission. Over billing is due to surcharge and under billing is due to discount.
12. TL shall invoice each DL weekly for the reported over billed amount by the DL on the following week. DL shall settle the invoice within 14 calendar days.
13. In case of under collection, TL shall issue an adjustment (deduction) invoice amounting to the reported weekly under billing by each DL. DL shall make the adjustment from its weekly payment to TL.
14. BSTA balance cannot be used to trigger a tariff revision as an alternative to a regular tariff revision. That means non submission or a delayed submission of a tariff proposal by the licensee by the due date.

Annex 1 – BSTA statement

1. BSTA statement for a respective period (week) shall include two sections;
2. Section 1 of BSTA shall include all the transactions (seven types of transactions mentioned under introduction above) of Bulk Supply Transaction Bank Account for the period in the following formats.

BSTA Section 1 format is given below;

BSTA for the period from DD/MM/YY to DD/MM/YY

BSTA Section 1 – Bank Statement

S/N	Debit/Credit	Third Party (Ex- DL1, IPP1, etc.)	Description of Transaction (Ex- Weekly collection of DL1, Payment to IPP1, etc.)	Amount (LKR Million)
Total for the period				
Starting balance for the period				
Closing balance for the period				

3. Section 2 of BSTA shall include following adjustments;
 - a) Weekly transfer (drawdown) from BSTA for Transmission and BSOB expenditure shall be capped at $7 * (\text{Transmission and BSOB allowed revenue}) / \text{Number of days per year}$. Any additional amount drawn down from BSTA shall be shown as a positive adjustment in Section 2 of BSTA.

In any event where TL have not drawn down cumulative provision of allowed revenue, up to any day, TL shall obtain approval of the Commission to drawdown the same amount (or part of it) additionally to the allowed provision of that specific week. If approval is granted by the Commission the aforementioned positive adjustment is not applicable.

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- b) Government subsidies (If not recorded under Section 1 above) received shall be added
(Positive adjustment)

BSTA Section 2 format is given below;

BSTA Section 2 – Adjustments

S/N	Description of Adjustment	Amount (LKR Million)
Adjustment for over expenditure of Transmission and BSOB		
	Over expenditure (Positive adjustment)	
Government subsidy adjustment		
	Subsidy received (Positive adjustment)	
Total adjustments		
Total for the period after adjustments		
Adjusted starting balance for the period		
Adjusted closing balance for the period		