National System Operator

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நஷனல் சிஸ்டம் ஒப்பரேட்டர் (பிரைவட்) லிமிட்டட்
NATIONAL SYSTEM OPERATOR (PRIVATE) LIMITED

Your ref: My Ref: DIR(ET-DL)RA/BST/6 months Forecast/ 2026 Q4 Date: September 04, 2026

Director General,
Public Utility Commission of Sri Lanka,
6th Floor, BOC Merchant Tower,
No.28, St. Michael's Road,
Colombo 03.

Re: Bulk Supply Cost Submission for 4th Quarter of 2026

This is in reference to the Commission's letter No. PUC/E/Tariff/01 dated August 13, 2026, that requested NSO to submit the Bulk Supply Cost forecast for the fourth quarter of 2026.

1. Forecasted Bulk Supply Cost for 2026 Q4

a. Energy Dispatch Forecast

The estimated Energy dispatch forecast for the period October - December 2026 was prepared by the National System Control Centre (NSCC), based on the Seasonal outlook for June to August 2026, which was provided by the Department of Meteorology, Sri Lanka and the latest fuel prices. The Bulk Supply cost has been calculated based on the estimated energy dispatch forecast.

A copy of the energy dispatch forecast is attached as Annex I.

b. Fuel Prices applied in Calculations of Bulk Supply Energy Cost

The fuel prices applied in this submission are as given below and it was assumed that the recent increase in Naptha and Furnace Oil prices by CPC will be reversed prior to October 1st 2026 and these revised prices remain constant during the Q4 2026.

Fuel		Price
Diesel	EGL	382 LKR /Liter
	IPP	
Naphtha		175 LKR/Liter
HFO	EGL	210 LKR/Liter
	IPP	
Coal		60.52 LKR/kg

c. Bulk Supply Energy Cost forecast

Considering the above assumptions, the energy generation forecast and corresponding costs are outlined below. The detailed computation is attached as Annex II.

	Energy Generation GWh	Energy Cost MLKR
EGL Liquid Fuel	476.670	23,602
EGL Coal	1,248.654	31,315
IPP	313.218	20,021
NCRE	745.599	14,297
RTS	579.439	16,343
EGL Hydro	1,376.727	-
EGL Wind	56.651	-
Total	**4,796.957**	**105,578**

d. Bulk Supply Fixed Costs

The details of the Bulk Supply Fixed Costs for 2026 Q4, including Generation Capacity Costs, Transmission and BSOB Costs and Finance Costs, are attached as Annex II.

e. Bulk Supply Cost forecasts for 2026 Q4

Accordingly, the Bulk Supply Cost for 2026 Q4 is as outlined below.

Description		Unit	Amount
Generation	Energy cost	MLKR	105,578
	Capacity cost	MLKR	19,942
Transmission cost		MLKR	5,140
BSOB Cost		MLKR	529
Capacity Charge for BESS		MLKR	703
Finance Cost		MLKR	2,272
Total Cost		**MLKR**	**134,163**

The respective BST calculations will be submitted electronically.

2. Actual Bulk Supply Cost for 2026 Q2

a. Breakdown of Cost Components

The actual Bulk Supply Energy and Capacity Costs for the period April–June 2026 have been calculated based on the invoices issued by EGL (Pvt) Ltd, IPP and NCRE power plants. However, as rooftop solar payment data from Distribution Licensees (DL) is currently unavailable in LISS for the respective period, the ***rooftop solar energy and costs to be reimbursed to DL and the revenues from invoicing this energy to DLs at Bulk Supply Tariff have not been included in the calculations***.

The detailed computation is attached as Annex III, while a comparison of the PUCSL-approved costs against the actual costs is provided in the table below. However, Energy Costs will be revised once the relevant rooftop solar data becomes available through LISS.

Description		Unit	PUCSL Approved for 2026 Q2 in May 09, 2026 Decision	Actual Bulk Supply Costs 2026 Q2
Generation	Energy cost	MLKR	104,510	**95,119***
	Capacity cost	MLKR	17,913	13,788
Transmission cost		MLKR	5,290	5,290
BSOB Cost		MLKR	529	529
Finance Cost		MLKR	7,856	8,321
Total Cost		**MLKR**	**136,099**	**123,047**

****Excluding rooftop solar purchase cost***

The reduction in the Actual Bulk Supply Cost in comparison to the PUCSL approved cost for Q2 2026 is mainly due to the exclusion of rooftop solar energy purchase cost.

The respective BST calculations will be submitted electronically.

b. Estimated Revenue Difference in 2026 Q2

The estimated difference between the actual costs incurred and the revenue received to NSO during 2026 Q2 was calculated and summarized below. Since the decision on UNT adjustment has not yet been published, the corresponding adjustment amount has not been incorporated into this calculation.

Description	Unit	Amount
TL revenue from Electricity Sales	MLKR	109,055*
Tr. Customer Revenue	MLKR	208
UNT Adjustment	MLKR	*Not Available*
Total TL Revenue	**MLKR**	**109,263**
Actual Bulk Supply Energy Cost*	MLKR	95,119*
Actual Bulk Supply Capacity Cost	MLKR	13,788
BSOB Allowed revenue	MLKR	529
NTNSP Allowed revenue	MLKR	5,290
Finance & Other Cost	MLKR	8,321
Total TL Cost	**MLKR**	**123,047**
Brought Forward Revenue Surplus from 2025 Considered for the 2026 Q2	**MLKR**	**4,440**
Government Subsidy Considered For the 2026 Q2	**MLKR**	**5,350**
Marginal Cost to be recovered due to LVPP capacity shortfall resulting from the use of Sub-Standard Coal	**MLKR**	**2,856**
Revenue Surplus/ (Deficit)	**MLKR**	**(1,138)**

Note :* Rooftop solar transactions are excluded from both revenue and cost calculations

However, the estimated revenue deficit of MLKR 1,138 excludes the UNT adjustment and rooftop solar payments, therefore, does not accurately reflect the actual revenue deficit/surplus attributable to the tariff.

Summary

The forecasted Bulk Supply Cost for the fourth quarter of 2026 is estimated at **MLKR 134,162**. This compares with the approved BST cost of MLKR 132,304 for Q3 2026.

In accordance with Clauses 2.5.3 and 2.5.4 of the Tariff Methodology, the revenue deficit incurred during the second quarter of 2026 is required to be considered in the tariff determination for October–December 2026.

However, the **rooftop solar purchase data for the relevant period is currently unavailable** and, therefore, has been excluded from both the revenue and cost calculations. Accordingly, an estimated revenue deficit of MLKR 1,138 has been identified for 2026 Q2.

The total BST costs to be recovered from the BST tariffs amount to MLKR 135,300 (i.e. the addition of MLKR 134,162, and MLKR 1,138).

It should be noted that this estimate **does not include the UNT adjustments** to be issued by PUCSL, and the **rooftop solar payments are submitted by DLs to PUCSL for Q2 2026**. Therefore, the **estimated revenue deficit** for Q2 will need to be **revised once the relevant rooftop solar purchase/payment data and UNT adjustments become available**. The updated revenue deficit for Q2 2026 will be reported to PUCSL together with the Bulk Supply Cost submission for Q1 2027.

Further, the government subsidy of MLKR 15,000, introduced to mitigate the impact of the Middle East war and considered up to September 30, 2026, is no longer applicable beyond this period. Accordingly, the Bulk Supply Cost of the NSO for 2026 Q4 will need to be fully recovered through Bulk Sale Revenue.

In view of the above, the Commission is kindly requested to take into consideration, in the forthcoming tariff review, the updated forecasted Bulk Supply Cost for 2026 Q4, together with the revenue deficit incurred during 2026 Q2 excluding the UNT adjustment and rooftop solar payments. Given the continuation of Middle East War and high oil prices to Q4, 2026, the Commission is requested to discuss with Ministry of Finance about the possibility of extending the tariff subsidy for Q4 2026. Accordingly, the necessary tariff adjustments are requested to be made to facilitate the recovery of the prudent and efficiently incurred costs of the NSO.

Eng. W. M. K. D.S. Fernando
Chief Executive Officer
National System Operator (Private) Limited