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இலெக்ட்ரிசிடி டிஸ்ட்ரிபியூஷன் லங்கா (பிரைவட்) லிமிட்டட்
Electricity Distribution Lanka (Private) Limited

Your ref: My ref: ET&RA/TRF/TRF 2026 Q4 Date: September 9, 2026

Director General,
Public Utilities Commission of Sri Lanka,
6th Floor, BOC Merchant Tower,
No.28, St, Michael's Road,
Colombo 3.

Dear Sir,

Electricity Tariff Revision 2026 Q4

This has reference to the provisions set out in Section 29(10)(b) of the Sri Lanka Electricity Act No. 36 of 2024 (as amended) relating to the quarterly revision of end-user electricity tariffs.

Accordingly, the Allowed Revenue Requirements to be considered for the Electricity Tariff Revision for Q4 2026 of the four Distribution Licensees (DLs) of Electricity Distribution Lanka (Pvt) Ltd. (EDL) are appended below.

1. Filing of extraordinary costs not incorporated in the 2024-2026 tariff filing

The EDL has identified a number of additional cost components that were not captured in the original 2024–2026 tariff filing submitted to the Commission in 2023. These cost elements have subsequently emerged as necessary especially in the course of implementing and sustaining the reformed operational framework of the entity. Accordingly, such cost components have now been incorporated into the present submission and allocated on a quarterly basis.

It is to be noted that the additional provision required to maintain EDL's Insurance Reserve Fund at 0.1% of total assets has been included under the extraordinary items requested for the 2026 Q4 tariff revision. This treatment was previously approved by the Commission.

As per the directives issued by the Government, the entire cost of the Voluntary Retirement Scheme (VRS) compensation payable to employees of EDL assigned cost centers has been borne by the Treasury. Accordingly, the VRS compensation has not been considered under the cost requirement for the relevant quarter.

However, the gratuity payments relating to the relevant employees have already been settled by EDL. In the Q3 2026 tariff revision, PUCSL approved the recovery of 50% of the gratuity expenditure through the tariff mechanism, considering the need to minimize the immediate impact on consumers and facilitate a gradual recovery of the associated cost. Accordingly, the remaining 50% of the gratuity expenditure, which has not been recovered through the 2026 Q3 revision, is proposed to be incorporated into the Q4 2026 tariff revision. In addition, the quarterly portion of the salary savings achieved from employees who have retired under the VRS have been calculated and deducted from the relevant cost.

Moreover, the loan repayment component of the SESRIP loan attributable to EDL which is due in November 2026 has been incorporated in the tariff requirement. As the project is now being handled by NTNSP, the

relevant loan repayment amount attributable to EDL will be transferred to NTNSP to facilitate the servicing of the loan repayment to ADB. It should be noted that the loan repayment amount serviced in May 2026 was approved by the Commission in the 2026 Q2 Tariff Revision.

Further, the additional costs incurred by Distribution Licensee 2 (DL2) for restoration activities related to Cyclone "Ditwah", which could not be adequately accommodated within the approved allowed revenue, have also been incorporated into the proposed revenue requirement. The external funding mechanisms previously anticipated to secure compensation for the related damage costs could not be successfully realized. In addition, the additional funding requirement arising from expenditure associated with the Smart Distribution Control Centre (DCC) Project implemented by DL2 has been incorporated into the proposed revenue requirement.

With regard to the common costs of EDL, it has been observed that following the reforms process, certain new branches have been established within the EDL organizational structure, while some existing branches have been allocated to other successor entities of CEB. Accordingly, the relevant cost allocations have been revised and adjusted to reflect the reformed organizational structure.

Accordingly, the total EDL Allowed Revenue Requirement proposed for Q4 of 2026 amounts to LKR 24,973.14 million and the detailed breakdown is as follows.

No.	Description	Amount (MLKR)				
		DL1	DL2	DL3	DL4	Total
Approved Allowed revenue for 2026 Q4		**6,593.25**	**7,378.15**	**4,911.54**	**3,983.22**	**22,866.16**
Additional Licensee own costs						
1	Insurance Reserve Fund	81.04	49.78	1.00	2.61	**134.43**
2	50% of the Gratuity paid for VRS employees	157.05	167.89	162.70	112.28	**599.92**
3	Salary saving from VRS employees incl. allowances/OT	(53.40)	(138.95)	(151.05)	(33.76)	**(377.16)**
4	SESRIP Loan repayment	345.47	367.88	235.20	120.60	**1,069.15**
5	Additional OPEX requirement from Cyclone 'Ditwah'		616.52			**616.52**
6	Smart DCC project		30.00			**30.00**
Total Licensee own costs		**530.16**	**1,093.12**	**247.85**	**201.73**	**2,072.86**
Additional Common Branches Costs						
7	Insurance Reserve Fund	0.41	0.44	0.23	0.20	**1.29**
8	50% of the Gratuity paid for VRS employees	7.97	8.56	4.55	3.95	**25.02**
9	Salary saving from VRS employees incl. allowances/OT	(10.77)	(11.56)	(6.15)	(5.34)	**(33.82)**
10	OPEX requirements arising from the establishment of new branches	55.25	59.34	31.57	27.39	**173.55**
11	OPEX reduction due to allocation of cost centers to other successor entities	(42.00)	(45.11)	(24.00)	(20.82)	**(131.92)**
Total Common Branches Costs		**10.86**	**11.67**	**6.21**	**5.38**	**34.13**

Total Addl. Licensee & Common Br. Costs	**541.02**	**1,104.78**	**254.06**	**207.12**	**2,106.98**
AR for Q4 2026 incl. total Licensee Cost	**7,134.27**	**8,482.93**	**5,165.60**	**4,190.34**	**24,973.14**

2. Finance Cost

According to the "Sri Lanka Electricity Industry Preliminary Transfer Plan" published under Gazette No. 2479/36 dated 2026-03-10, all legacy working capital loans previously serviced by the Transmission Division of CEB have been transferred to EDL and are therefore required to be recovered through the electricity tariff.

Accordingly, both the interest and capital repayment components of the same have been included in the additional allowed revenue requirement of EDL, based on their respective quarterly allocation. These costs have been apportioned to DLs according to their cumulative revenue basis as follows.

Description	Unit	DL1	DL2	DL3	DL4	Total
Interest of CEB legacy term loans	MLKR	512.36	550.27	292.76	253.94	**1,609.33**
Capital repayments of CEB legacy term loans	MLKR	856.97	920.39	489.67	424.74	**2,691.78**
Total Finance Cost	**MLKR**	**1,369.33**	**1,470.66**	**782.43**	**678.68**	**4,301.10**

Hence, the total finance cost requirement for Q4 2026 amounts to LKR 4,301.10 million, calculated based on the latest AWPLR of 10.34%. Detailed information relating to the same is attached herewith as Annex I.

Accordingly, in order to ensure the financial and operational stability of the EDL, maintain the reliability of electricity supply, and support the ongoing electricity sector reform activities, the allowed revenue requirement of EDL to be considered for 2026 Q4 tariff revision is hereby submitted to the Commission for its approval, please.

Yours faithfully
ELECTRICITY DISTRIBUTION LANKA (PVT) LTD

Eng. K.S.I. Kumara
Chief Executive Officer

Eng. K.S.I. Kumara
Chief Executive Officer
Electricity Distribution Lanka (Pvt.) Ltd

Copy to:

1. *Chairman, EDL* ; *f.i. pl.*
2. *Chief Operating Officer, D1/D2/D3/D4* ; *-do-*
3. *Chief Technical Officer, EDL* ; *-do-*
4. *Chief Financial Officer, EDL* ; *-do-*

Interest on Term Loans and Capital Repayments of Working Capital Loans-EDL-2026-Q4

Annex 1

LKR

Description	Unit	Loan Amount	Oustanding as at 31.12.2025	Interest (%)	DL 1	DL 2	DL 3	DL 4	Total
NSB 5BN Loan - 7323	LKR	5,000,000,000.00	3,000,000,000.00	11.84%	46,989,194	50,466,475	26,849,537	23,289,315	147,594,521
Seylan Loan 2BN (2023)	LKR	2,000,000,000.00	1,125,000,014.00	11.69%	6,639,987	7,131,357	3,794,076	3,290,985	20,856,405
Commercial Bank 15Bn	LKR	15,000,000,000.00	14,062,500,000.00	11.34%	112,821,232	121,170,196	64,465,840	55,917,732	354,375,000
Sampth Bank Syndicate 30Bn (2025)	LKR	30,000,000,000.00	29,062,500,000.00	11.34%	227,692,823	244,542,481	130,103,250	112,851,686	715,190,240
Sampth Bank 3.5Bn (2025)	LKR	3,500,000,000.00	3,426,315,789.58	11.34%	28,310,745	30,405,789	16,176,707	14,031,691	88,924,932
NDB Loan -6BN	LKR	6,000,000,000.00	-	11.34%	41,281,474	44,336,373	23,588,156	20,460,390	129,666,393
NTB Loan -5Bn	LKR	5,000,000,000.00	-	11.34%	48,620,402	52,218,395	27,781,606	24,097,793	152,718,197
					-	-	-	-	-
									-
Total		**66,500,000,000.00**	**50,676,315,803.58**		**512,355,857**	**550,271,066**	**292,759,172**	**253,939,592**	**1,609,325,687**
									-
NSB 5BN Loan - 7323	LKR	5,000,000,000.00	3,000,000,000.00	11.84%	159,183,396	170,963,240	90,957,093	78,896,271	500,000,000
Seylan Loan 2BN (2023)	LKR	2,000,000,000.00	1,125,000,014.00	11.69%	39,795,848	42,740,809	22,739,273	19,724,068	124,999,998
Commercial Bank 15Bn	LKR	15,000,000,000.00	14,062,500,000.00	11.34%	149,234,434	160,278,037	85,272,275	73,965,254	468,750,000
Sampth Bank Syndicate 30Bn (2025)	LKR	30,000,000,000.00	29,062,500,000.00	11.34%	298,468,868	320,556,074	170,544,549	147,930,509	937,500,000
Sampth Bank 3.5Bn (2025)	LKR	3,500,000,000.00	3,426,315,789.58	11.34%	35,187,909	37,791,874	20,106,305	17,440,228	110,526,316
NDB Loan -6BN	LKR	6,000,000,000.00	-	11.34%	95,510,038	102,577,944	54,574,256	47,337,763	300,000,000
NTB Loan -5Bn	LKR	5,000,000,000.00	-	11.34%	79,591,698	85,481,620	45,478,546	39,448,136	250,000,000
									-
Total		**66,500,000,000.00**	**50,676,315,803.58**		**856,972,191**	**920,389,598**	**489,672,296**	**424,742,229**	**2,691,776,314**

Note:

AWPLR is considered for this calculation is 10.34%