නැෂනල් සිස්ටම් ඔපරේටර් (ප්‍රයිවට්) ලිමිටඩ්
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 30, 2026

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

Dear Sir,

Re: Electricity Tariff Review for the 4th Quarter of 2026

This is with reference to your letter dated September 18, 2026, on the above subject.

Accordingly, the NSO's responses to the clarifications requested by the Commission are provided below.

Item 1 - Reasons for the increase in EGL plant capacity costs by MLKR 1,550, in comparison to the approved EGL capacity costs for the 3rd quarter of 2026.

As confirmed by the EGL, breakdown of the difference is as follows:

No.	Additional Cost Drivers		Change (LKR Million)
(a)	Personnel cost	Performance incentives (LKR 600 Mn) and medical incentives (LKR 375 Mn)	+ 975.00
(b)	Other cost – energy permits	Energy permits for the Samanala Complex. This accounts for the higher capacity cost of the Samanala Complex in November 2026 (LKR 856.74 million, against about LKR 479 million in the other months)	+ 377.00
(b)	Other cost – Escrow Insurance Fund	Allocation of LKR 650,000	+ 0.65
(c)	Finance cost	Increase due to high interest rates	+ 345.00
(d)	Debt service charge	Reduction due to delay in capital investment projects	(660.00)
Subtotal of identified cost drivers			**1,037.65**

No.	Additional Cost Drivers	Change (LKR Million)
	Capacity costs submitted in 2026 Q3 but not approved (The capacity cost submitted for EGL-owned power plants was LKR 10,403.67 million in our 2026 Q3 submission dated June 15, 2026, compared with LKR 9,931.64 million approved by PUCSL for 2026 Q3. Accordingly, a portion of the difference between the PUCSL-approved capacity cost for 2026 Q3 and the forecast capacity cost for 2026 Q4 is attributable to the difference between the forecast capacity cost submitted for 2026 Q3 and the amount approved by PUCSL for the same period. However, EGL has subsequently included the above additional cost items in its 2026 Q4 submission, in addition to the capacity costs already considered in its 2026 Q3 submission.)	*+472.03*
Total increase		**1,509.68**

Item 2 - Has the dispatch forecasting considered any capacity constraints with regards to the generation units of Lakvijaya Power Station (LVPS)?

NSO's response:

No generation-capacity constraint has been imposed on the Lakvijaya Power Station generating units in the dispatch forecast when the respective units are considered available for operation.

Accordingly, when an LVPS unit is available for dispatch, its generation capability is represented in the dispatch model up to its applicable available operating capacity (i.e. full load of 270MW net each), subject to normal system operational requirements and the economic dispatch outcome. Any unit outage or unavailability specifically incorporated in the forecast is treated separately through the relevant availability assumptions.

Item 3 - Submit the calculation of coal price considered for generation cost forecasting, along with the following parameters/assumptions for coal shipments, relevant to the above calculation. This information shall be provided in an 'Excel' file.

NSO's response:

The requested details are provided in Annex 1. The corresponding table will also be provided in Excel format electronically, as requested by the Commission.

Item 4 - Explain the operational decision criteria (charge/ discharge) for 10MW x 16 BESS units scheduled to be connected. How are the temporal prices modelled for BESS charging/ discharging with respect to merit order dispatch operation?

NSO's response:

The medium-term dispatch forecast incorporates the scheduled integration of the 16 × 10 MW BESS facilities on a progressive commissioning basis.

For modelling purposes, 40 MW of BESS capacity is assumed to become commercially available in each month from September to December 2026, resulting in cumulative assumed available BESS capacities of approximately:

Month	Additional BESS Capacity	Cumulative Capacity
September 2026	40 MW	40 MW
October 2026	40 MW	80 MW
November 2026	40 MW	120 MW
December 2026	40 MW	160 MW

The BESS is incorporated into the SDDP-based dispatch optimization as an energy-storage resource capable of absorbing energy during charging periods and supplying energy to the system during discharging periods, subject to the modelled storage and operational constraints.

The charging and discharging decisions are therefore determined endogenously by the optimization according to the overall least-cost system-dispatch objective. In principle, the model tends to charge the BESS when lower-cost energy is available and subsequently discharge the stored energy when doing so reduces the requirement for higher-cost generation, while respecting the applicable BESS operating and energy-storage limitations.

A separate temporal energy price is therefore not manually assigned by NSCC for individual BESS charging and discharging periods. Instead, the economic value of charging and discharging is reflected through the system optimization and the marginal cost of supplying energy within the respective modelled periods.

For the purpose of the Bulk Supply Cost forecast, a BESS capacity cost of LKR 2 million per month per 10 MW BESS plant (approx.) has been incorporated for the commissioned units.

Item 5 - Provide monthly forecast electricity import and export quantities by BESS (installed under 10MW x 16 tender), for the 4th quarter of 2026.

NSO's response:

The medium-term dispatch forecast used for the Q4 2026 Bulk Supply Cost calculation is prepared using the SDDP model with a monthly modelling time step/stage for reporting purposes.

Within this modelling framework, BESS operation is represented as part of the overall system least-cost optimization. During a particular month, the BESS may undergo multiple charging and discharging cycles depending on the system demand, renewable-energy availability, thermal generation costs, hydro conditions and other system operating constraints.

However, when the results are consolidated at the monthly level, the BESS energy contribution is reported as the net energy exchange over the month, rather than as two independent gross monthly quantities for charging and discharging.

Mathematically, the monthly value represented in the present dispatch forecast can be expressed as:

$$E_{\text{BESS,net}} = E_{\text{discharge}} - E_{\text{charge}}$$

- $E_{\text{discharge}}$= total electrical energy exported from the BESS to the grid during the month;
- E_{charge} = total electrical energy imported from the grid for charging during the month;
- $E_{\text{BESS.net}}$= net monthly BESS energy contribution appearing in the medium-term dispatch forecast.

Accordingly, a positive net value represents a net monthly energy export from the BESS to the grid, whereas a negative net value represents a net monthly energy import by the BESS for charging.

It is important to note that this net monthly value does not mean that the BESS operates only in one direction during that month. A BESS shall charge and discharge repeatedly within the same month. However, the net energy output from BESS will always be negative due to the losses in BESS.

Therefore, the gross monthly electricity import and gross monthly electricity export quantities cannot be directly derived from the net monthly energy figure reported in the present medium-term dispatch forecast.

For the 2026 Q4 Bulk Supply Cost submission, the NSO has therefore reported the net monthly BESS energy exchange generated by the SDDP dispatch simulation, consistent with the monthly resolution used for the medium-term dispatch forecast.

This distinction is particularly important for BESS because gross charging energy and gross discharging energy are relevant for assessing energy throughput, round-trip losses and cycling, while the net energy value primarily represents the BESS's overall monthly energy balance from the perspective of the system dispatch forecast.

Item 6 - Provide an illustration on the changes to dispatch forecast, with the scheduled interconnection of 10MW x 16 BESS. This shall include the following information.

NSO's response:

The requested illustration is being prepared and will be submitted separately upon completion.

M.B.S Samarasekara.

Eng. M. B. S. Samarasekara
Actg. Chief Executive Officer
National System Operator (Private) Limited

Annex 1

Shipment No		Performa Quantity	FOB - (USD/MT)	Freight (USD/ MT)	Freight Adustment (USD/MT)	Lightering (USD/MT)	Insurance (USD)	CIF (USD)	VAT (USD)	CIF value with VAT (USD)	Exchange Rate (USD=LKR)	CIF Amount In LKR	LC Charges (LKR)	Custom Clearing (LKR)	Custom Overtime & D.O. Charges (LKR)	Bank Correspondence Charges (LKR)	Total (LKR) by calculations	Performa Value	Financial cost (LKR)	Other charges (LKR) with Draft surver charges ,LCC Management charges)	Total Cost (LKR)	Cost LKR/MT	Cost LKR/kg
480	36	60,000.00	118.00	24.00		1.83	1,035.58	8,630,835.58	1,708,905.44	10,339,741.02	339.58	3,511,189,935.05	1,989,101.57	60,000.00	50,000.00	210,000.00	3,513,499,036.62	3,513,499,036.62	54,000,000.00	1,900,000.0	3,569,399,036.62	59,489.98	59.49
481	1	60,000.00	123.79	23.55		1.83	1,074.02	8,951,274.02	1,708,905.44	10,660,179.46	335.00	3,571,160,119.10	2,036,099.60	60,000.00	50,000.00	210,000.00	3,573,516,218.70	3,573,516,218.70	54,000,000.00	1,900,000.0	3,629,416,218.70	60,490.27	60.49
482	2	60,000.00	123.79	23.55		1.83	1,035.58	8,951,235.58	1,772,352.26	10,723,587.84	333.17	3,572,807,786.70	1,989,101.57	60,000.00	50,000.00	210,000.00	3,575,116,888.27	3,575,116,888.27	54,000,000.00	1,900,000.0	3,631,016,888.27	60,516.95	60.52

The cost of coal is calculated based on the proforma invoice