PUBLIC UTILITIES COMMISSION OF SRI LANKA

# Decision on Electricity Tariffs

Effective from November 10, 2026

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# List of Acronyms

| | |
|---|---|
| 2026Q1 | Period of January to March in the year 2026 |
| 2026Q2 | Period of April to June in the year 2026 |
| 2026Q3 | Period of July to September in the year 2026 |
| 2026Q4 | Period of October to December in the year 2026 |
| AWPLR | Average Weighted Prime Lending Rate |
| BSOB | Bulk Supply Operations Business |
| BST | Bulk Supply Tariff |
| BSTA | Bulk Supply Transaction Account |
| CAPEX | Capital Expenditure |
| CBSL | Central Bank of Sri Lanka |
| CCPI | Colombo Consumer Price Index |
| CEB | Ceylon Electricity Board |
| CPC | Ceylon Petroleum Corporation |
| DL | Distribution Licensee |
| FSA | Fuel Supply Agreement |
| GDP | Gross Domestic Product |
| HFO | Heavy Fuel Oil |
| IPP | Independent Power Producers |
| LECO | Lanka Electricity Company Private Limited |
| MLKR | Million Sri Lankan Rupees |
| MW | Mega Watt |
| RE | Renewable Energy |
| O&M | Operation and Maintenance |
| OPEX | Operational Expenditure |
| PPA | Power Purchase Agreement |
| PPIUS | Producer Price Index United States of America |
| ROA | Return on Assets |
| ROE | Return on Equity |
| SESRIP | Supporting Electricity Supply Reliability Improvement Project |
| TL | Transmission Licensee |
| ToU | Time of Use |
| UNT | Uniform National Tariff |
| UNTA | Uniform National Tariff Adjustment |
| VRS | Voluntary Retirement Scheme |
| WIP | Work in Progress |
| EGL | Electricity Generation Lanka (Pvt) Ltd. |
| NTNSP | National Transmission Network Service Provider (Pvt) Ltd. |
| NSO | National System Operator (Pvt) Ltd. |
| EDL | Electricity Distribution Lanka (Pvt) Ltd. |
| EVCS | Electric Vehicle Charging Station |

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# 1. Introduction

In terms of Section 29 (10) of Sri Lanka Electricity Act No. 36 of 2024 (Amended), the electricity tariffs are required to be reviewed quarterly. Accordingly, the National System Operator (NSO) was directed to submit the Bulk Supply Cost forecast for the 4th quarter of 2026, by August 17, 2026, to initiate the quarterly electricity tariff review. The cost submission has been received with the NSO letter dated October 06, 2026. The tariff review was initiated based on the above submission to determine the electricity tariffs for the 4th quarter of 2026.

In terms of Section 17(b) of PUCSL Act, No. 35 of 2002, and Section 29(10) of Sri Lanka Electricity Act, No. 36 of 2024(Amended), the Commission declared open the stakeholder consultation on the tariff review, including an oral consultation session. Summary of comments (oral and written) from stakeholder consultation is given in Annex – 1.

This decision made on November 10, 2026, under the powers vested with the Commission, in terms of the Section 29 of Sri Lanka Electricity Act No. 36 of 2024 (Amended), has considered the submissions by Licensees, inputs from the other stakeholders, approved Tariff Methodology, Government Policy and other related legal provisions. Through the review process, it is established that the electricity sales revenue at the existing tariff is sufficient to cover the costs for the 4th quarter of 2026. Accordingly, the Commission has decided to continue with the existing end-user electricity tariffs.

# 2. Generation Energy Cost

## 2.1. Licensee Submission and Commission's Observation

NSO has revised the generation forecast during the tariff review period, considering the updated hydro availability situation and changes to Lakvijaya plant maintenance schedule. This forecast has been received on November 09, 2026, and it also incorporates provisional actual data for the month of October-2026. The summary of revised Generation - Energy Costs for the 4th quarter of 2026 is given in the table below.

***Table 1: NSO Generation - Energy Cost forecast for October to December 2026***

| Plant/Complex | Unit | Oct-26 | Nov-26 | Dec-26 |
|---|---|---|---|---|
| Mahaweli/Laxapana/Samanala - Hydro | GWh | 663.78 | 579.66 | 491.82 |
| | LKR/kWh | - | - | - |
| Thambapawani – Wind | GWh | 21.40 | 14.33 | 20.92 |
| | LKR/kWh | - | - | - |
| Sapugaskanda Old – Furnace Oil | GWh | 13.22 | 15.31 | 35.62 |
| | LKR/kWh | 52.71 | 53.04 | 51.25 |
| Sapugaskanda Ext. – Furnace Oil | GWh | 19.01 | 34.23 | 44.78 |
| | LKR/kWh | 49.37 | 48.80 | 48.46 |
| Kelanitissa Small GT – Diesel | GWh | - | - | - |
| | LKR/kWh | - | - | - |
| Kelanitissa GT7 – Diesel | GWh | - | - | - |
| | LKR/kWh | - | - | - |
| Kelanitissa Combined Cycle 1 – Naphtha/Diesel | GWh | 31.26 | 4.50 | 79.05 |
| | LKR/kWh | 49.59 | 58.67 | 48.67 |
| Kelanitissa Combined Cycle 2 – Diesel | GWh | 5.32 | - | - |
| | LKR/kWh | 113.36 | - | - |
| Lakvijaya – Coal | GWh | 374.89 | 433.35 | 346.84 |
| | LKR/kWh | 25.43 | 27.39 | 27.92 |
| New Chunnakam – Furnace Oil | GWh | 5.67 | 11.00 | 11.84 |

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|---|---|---|---|---|
| | LKR/kWh | 51.36 | 50.25 | 50.11 |
| Chunnakam & Islands – Diesel | GWh | 0.20 | 0.20 | 0.20 |
| | LKR/kWh | 127.45 | 130.76 | 130.76 |
| Barge – Furnace Oil | GWh | 11.80 | 24.49 | 33.35 |
| | LKR/kWh | 49.13 | 48.36 | 48.18 |
| 30MW Hambantota – Diesel | GWh | 0.37 | - | - |
| | LKR/kWh | 119.22 | - | - |
| 20MW Mathugama – Diesel | GWh | 0.30 | - | - |
| | LKR/kWh | 114.02 | - | - |
| Westcoast IPP – Furnace Oil | GWh | 49.61 | 11.87 | 105.65 |
| | LKR/kWh | 61.06 | 76.44 | 59.72 |
| Sobadhanavi IPP – Diesel/LNG | GWh | 27.55 | 0.16 | 18.04 |
| | LKR/kWh | 87.03 | 644.78 | 104.45 |
| Solar Rooftop Generation | GWh | 207.44 | 182.97 | 189.02 |
| | LKR/kWh | 28.20 | 28.20 | 28.20 |
| Other renewable | GWh | 275.32 | 243.71 | 226.57 |
| | LKR/kWh | 19.41 | 18.80 | 19.30 |
| Total Generated Energy | GWh | 1,707 | 1,556 | 1,604 |
| Monthly Energy Cost | MLKR | 30,916.20 | 27,129.16 | 37,648.89 |
| Total Energy Cost | MLKR | | | 95,694 |

Accordingly, MLKR 95,694 of Generation – Energy Cost is forecasted for the 4th quarter of 2026.

Hydro Inflow forecast is a critical parameter that impacts the major Hydro Generation forecast. The NSO forecasts following Hydro Inflows for the period of October to December 2026.

***Table 2: Major Hydro inflow forecast for October to December 2026***

| Description | Hydro Inflow Forecast (GWh) |
|---|---|
| October – 2026 | 826 |
| November – 2026 | 786 |
| December – 2026 | 452 |
| Total | 2,064 |

The above forecasts are assed with the Meteorological department rainfall forecast and considering the actual average Hydro Inflows in last 10 years.

***Table 3: Meteorological department rainfall forecasts and actual past Hydro inflows***

| Month | Met. Department Rainfall Forecast for Hydro Catchment Areas, for Oct. to Dec. -2026 | Average Actual Hydro Inflow During Last 10 years |
|---|---|---|
| October | Slightly Above Normal | 627 |
| November | Above Normal | 646 |
| December | Slightly Above Normal | 446 |

Accordingly, the Hydro Inflow forecasts of October, November and December months of the year 2026 are above the past average for the month.

The liquid fuel prices are fully exposed to CPC fuel pricing assumptions, due to the unavailability of transparent Fuel Supply Agreements. Therefore, the Generation – Energy cost would vary with CPC fuel price revisions within the quarter.

With its submission during for stakeholder consultation, the EGL states that the coal prices have been forecasted based on the index prices and shipment-wise cost build-up for the 2026/27 coal season,

incorporating all relevant charges. Also, the Fuel Supply Agreement for EGL plants is said to be in the finalization stage.

### 2.2. Commission Decision on the Generation Energy Cost

The Hydro Forecast of NSO revised generation forecast is observed to be in alignment with the rainfall forecasts of Meteorological department and historical month wise actuals. Accordingly, the revised Generation – Energy Cost forecast of NSO, as given above, is approved for the 4th quarter of 2026. The Commission is also proceeding with legal actions with regards to the Fuel Supply Agreements for power generation, as the same is still not operational.

## 3. Generation Capacity Cost

### 3.1. Licensee Submission and Commission's Observation

The Generation – Capacity cost forecast submitted for the 4th quarter of 2026, amounts to MLKR 18,981. The breakdown of this cost is as follows.

***Table 4: Submitted Generation - Capacity cost forecast for October to December 2026***

| Plant/Complex | Unit | Oct-26 | Nov-26 | Dec-26 |
|---|---|---|---|---|
| Mahaweli – Hydro | MLKR | 499 | 498 | 497 |
| Laxapana – Hydro | MLKR | 378 | 357 | 356 |
| Samanala – Hydro | MLKR | 468 | 552 | 467 |
| Thambapawani – Wind | MLKR | 552 | 552 | 552 |
| Sapugaskanda Old – Furnace Oil | MLKR | 67 | 67 | 254 |
| Sapugaskanda Ext. – Furnace Oil | MLKR | 64 | 64 | 64 |
| Kelanitissa Small GT – Diesel | MLKR | 24 | 24 | 24 |
| Kelanitissa GT7 – Disel | MLKR | 43 | 43 | 43 |
| Kelanitissa Combined Cycle 1 – Naphtha/Diesel | MLKR | 79 | 76 | 76 |
| Kelanitissa Combined Cycle 2 – Diesel | MLKR | 45 | 45 | 45 |
| Lakvijaya – Coal | MLKR | 1,119 | 1,126 | 1,124 |
| New Chunnakam – Furnace Oil | MLKR | 33 | 32 | 32 |
| Chunnakam & Islands – Diesel | MLKR | 14 | 14 | 14 |
| Barge – Furnace Oil | MLKR | 36 | 36 | 36 |
| 30MW Hambantota – Diesel | MLKR | 23 | 23 | 19 |
| 20MW Mathugama – Diesel | MLKR | 13 | 15 | 13 |
| Westcoast IPP – Furnace Oil | MLKR | 1,489 | 1,446 | 1,489 |
| Sobadhanavi IPP – Diesel/LNG | MLKR | 1,359 | 1,317 | 1,359 |
| Rooftop solar | MLKR | - | - | - |
| Other renewables | MLKR | - | - | - |
| Total Capacity Cost | MLKR | 6,307 | 6,288 | 6,466 |
| | | | | 19,061* |

*Note: It is noted that the Generation – Capacity Cost breakdown does not tally with the total cost submitted with the NSO Bulk Supply Cost forecast

The above capacity costs show following deviations, as compared to the approved capacity costs for the 3rd quarter of 2026.

*Table 5: Generation - Capacity cost comparisons*

| Plant Operator | Unit | Generation – Capacity costs; | | Increase |
|---|---|---|---|---|
| | | Approved by Commission for 3rd Quarter of 2026 | NSO Submission for 4th Quarter of 2026 | |
| EGL | MLKR | 9,932 | 10,601 | 669 |
| Westcoast | MLKR | 4,328 | 4,424 | 96 |
| Sobadhanavi | MLKR | 3,654 | 4,036 | 382 |
| Total | MLKR | 17,913 | 19,061 | 1,148 |

Accordingly, the capacity cost increase is mainly due to the increase in EGL plant capacity costs. Notably, these plants operate without Power Purchase Agreements.

EGL, through its submission during the stakeholder consultation, has claimed that the above cost increase is mainly attributable to personnel cost increase. Further, the EGL has raised concerns on the approval of costs based on the costs for the previous quarter, instead of considering the underlying expenditure for the subjected quarter. The submission also mentions on the MLKR 957 of costs deferred by EGL to the year 2027, to ease the impact on electricity tariffs during the final quarter of 2026. Also, the PPA of EGL plants are said to be in the finalizing stage, with the draft PPA of Lakvijaya Power Station being already submitted to the Commission.

### 3.2. Commission Decision on the Generation Capacity Cost

Considering the progress made by EGL on signing and operationalizing the PPAs, the EGL submitted plant capacity cost are allowed. Accordingly, a total of MLKR 18,981 is approved as generation capacity costs for the 4th quarter of 2026. The EGL shall expedite the PPA operationalization to ensure cost transparency.

## 4. BESS Capacity Cost

### 4.1. Licensee Submission and Commission's Observation

NSO has submitted MLKR 703 of Capacity costs for the BESS to be integrated under the 10MW x 16 tender. The monthly breakdown of the cost submission, along with the expected total BESS capacity to be available by each month is provided in the table below.

*Table 6: Breakdown of monthly BESS capacity costs*

| Month | Expected Total BESS Capacity to be Available (MW) | Forecasted Capacity Cost (MLKR) |
|---|---|---|
| October – 2026 | 62.50 | 119.64 |
| November – 2026 | 126.25 | 247.53 |
| December – 2026 | 169.13 | 335.89 |
| Total | | 703.06 |

The actual BESS capacity commissioning is observed to be satisfactorily in line with the capacity additions considered for cost forecasting.

The NSO was requested to submit clarifications on the utilization of the BESS with the monthly charge/ discharge forecasts and indicating the impact on renewable energy curtailment. However, the same has not been provided by NSO.

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### 4.2. Commission Decision on the BESS Capacity Cost

Considering the satisfactory pace of actual BESS capacity additions, the Commission approves the BESS capacity cost forecast of MLKR 703, for the 4th quarter of 2026.

## 5. Other Bulk Supply Costs

### 5.1. Licensee Submission and Commission's Observation

The comparison of submitted other Bulk Supply Costs items with the approved amounts for 3rd quarter of 2026 is shown in the table below.

***Table 7: Other Bulk Supply cost items submitted***

| Description | | Unit | Submitted Amount for 4th Quarter of 2026 | Approved Amount for 3rd Quarter of 2026 |
|---|---|---|---|---|
| Transmission cost (NTNSP) | | MLKR | 5,140 | 5,290 |
| BSOB Cost (NSO) | | MLKR | 529 | 529 |
| Bulk Supply Finance Cost | Assigned to NSO | MLKR | 2,272 | 2,431 |
| | Assigned to EDL | MLKR | 4,301 | 4,372 |
| | Total Finance Cost | MLKR | 6,573 | 7,163 |

The Transmission cost and the BSOB cost are in-line with the approved revenue caps for the year 2026. Bulk Supply Finance Cost of NSO mainly covers the ongoing interest payments pertaining to the Bulk Supply Operations Business. The EDL's finance cost commitment emanates from the CEB legacy loans assigned to EDL, through the transfer plan of industry reforms.

### 5.2. Commission Decision on the Other Bulk Supply Costs

The other Bulk Supply Costs are approved as submitted above by the Licensees, considering the submissions being within the Tariff Methodology framework.

## 6. Distribution Cost

### 6.1. Licensee Submission and Commission's Observation

In terms of the Tariff Methodology the revenue caps of Distribution Licensees are set based on the multi-year tariff submission and updated annually. Accordingly, the Distribution revenue caps for the year 2026 have already been approved with the first Bulk Supply Tariff decision for the year. The EDL has submitted following cost for the 4th quarter of 2026, based on the approved annual revenue caps.

***Table 8: EDL submission of Allowed Revenues for the 4th quarter of 2026, before additional cost items***

| Description | Unit | DL1 | DL2 | DL3 | DL4 | Total |
|---|---|---|---|---|---|---|
| Allowed Revenues for 4th quarter of 2026, before additional cost items | MLKR | 6,593 | 7,378 | 4,912 | 3,983 | 22,866 |

Also, the LECO (DL5) Allowed Revenue for the final quarter of 2026 is calculated to be MLKR 3,184, based on the approved annual revenue caps.

Further to the above, EDL has submitted following additional costs for the 4th quarter of 2026, which were not part of its multi-year tariff submission for the period of 2024 - 2026.

*Table 9: EDL extraordinary costs for the 4th quarter of 2026*

| Description | Unit | DL1 | DL2 | DL3 | DL4 | Total |
|---|---|---|---|---|---|---|
| Total Additional cost for 4th quarter of 2026 | MLKR | 541 | 1,105 | 254 | 207 | 2,107 |

The above additional cost includes MLKR 1,069 of cost pertaining to the SESRIP project loan repayment. This cost is not allowable in principle, as it relates to capital work in progress. Such projects would be remunerated through the tariffs, only after the capitalization (completion of the asset development).

During the stakeholder consultation, the NTNSP and EDL have commented on the exclusion of above SESRIP loan repayment cost. As per the submissions, the project is handled by the NTNSP and it is liable to settle the due amount to ADB, through the funds of EDL, the beneficiary of the project. The Licensees have communicated that a part of SESRIP assets is already being put to use. Further, the Licensees have claimed that the loan repayment for SESRIP should be allowed as the previous installment has also been allowed to be recovered through tariffs.

### 6.2. Commission Decision on the Distribution Costs

The LECO cost of MLKR 3,184 is approved for the 4th quarter of 2026.

The SESRIP loan repayment cost is not allowed for EDL, as it relates to a CAPEX work in progress. The Licensees are expected to manage the cashflows to honor the repayment obligations relating to such work in progress, as the capital recovery is enabled only after capitalization. The remaining portion of additional costs submitted by the EDL is approved for the 4th quarter of 2026, and it amounts to MLKR 23,904.

## 7. Bulk Supply Revenue Surplus/Deficit from Past Periods

### 7.1. Licensee Submission and Commission's Observation

As per the Clause 2.5.3 and 2.5.4 of the 'Tariff Methodology', revenue surplus/deficit arising from Bulk Supply and Operation Business, in a period 'p', is to be compensated during the tariff determination for period 'p+2'. Thus, the surplus/deficit of 2nd quarter of 2026 is applicable to be considered in setting tariffs for 4th quarter of 2026 (within the quarterly tariff review framework).

NSO's actual Bulk Supply Cost submission indicates a revenue deficit of MLKR 1,138, for the 2nd quarter of 2026, excluding the estimated sub-standard coal related additional costs of MLKR 2,856. This deficit calculation has been performed with provisional data, as mentioned in NSO submission.

As per the clarifications received from NSO, the sub-standard coal related additional cost considered above have been calculated assigning zero value to generation shortage compensated through Hydro.

### 7.2. Commission Decision on the Bulk Supply Revenue Surplus/Deficit from the Past Periods

The Commission considers the NSO submitted revenue deficit of MLKR 1,138, for the 2nd quarter of 2026, for the 4th quarter tariff determination of the year 2026. Since the submission is based on the provisional data, relevant adjustments would be performed when the finalized data is available.

## 8. Electricity Sales Revenue

In a coordinated planning framework, the demand forecasts are required to be performed by the Distribution Licensees, which shall form the basis for the generation forecasts by NSO. However, the

received generation forecast and sales forecasts for the 4th quarter of 2026 have been observed to be considerably deviated, as compared to the tariff submissions previously made by CEB as a single entity. The necessity of this co-ordination has been emphasized with a condition to Licensees with the Decision on Electricity Tariffs, May – 2026, as well. The availability of forecasts by Distribution Licensees for the consumer electricity imports would assist the reconciliation of network loss figure. However, these forecasts have also not been received from the Distribution Licensees.

Considering the above circumstances, the electricity sales revenue for the 4th quarter of 2026, has been estimated with pro-rata adjustment to forecasted end user tariff revenue for the 3rd quarter of 2026, upon the net generation demand figures. However, the Distribution Licensee submitted sales forecasts would form the basis for allocation of above overall revenue among the DLs.

Accordingly, the total electricity sales revenue for the 4th quarter of 2026 is estimated to be MLKR 156,284. This is an increase in sales revenue by MLKR 2,256, as compared to the revenue estimated in the consultation document. This increase is attributable to the increased net generation demand as per the revised Bulk Supply Cost forecast submitted by NSO on November 09, 2026.

## 9. Tariff Revision Percentage and Rate Structure

The cost - revenue summary for the 4th quarter tariff review of 2026 is provided in the table below, considering the approved cost/revenue forecasts.

***Table 10: Cost - Revenue summary for 4th quarter of 2026***

| Description | | Unit | Total for the 4th Quarter of 2026 |
|---|---|---|---|
| Generation | Energy cost | MLKR | 95,694 |
| | Capacity cost | MLKR | 18,981 |
| BESS Capacity cost | | MLKR | 703 |
| Transmission cost | | MLKR | 5,140 |
| BSOB Cost | | MLKR | 529 |
| Distribution cost | EDL | MLKR | 23,904 |
| | LECO | MLKR | 3,184 |
| Bulk Supply Finance Cost | NSO requirement | MLKR | 2,272 |
| | Assigned to EDL | MLKR | 4,301 |
| Total Cost | | MLKR | 154,708 |
| Estimated Revenue at present tariff | | MLKR | 156,284 |
| B/F Revenue Surplus/(Deficit) from 2nd quarter of 2026 [Excluding additional coal related cost of MLKR 2,856] | | MLKR | (1,138) |
| Surplus/ (Deficit) for 4th quarter of 2026 | | MLKR | 438 |
| Required Tariff revision percentage, if revision was effected from Oct 1, 2026 | | % | -0.28% |
| Required Tariff revision percentage, if revision is to be effected from Nov 10, 2026 | | % | -0.50% |

Accordingly, the forecasted revenue surplus for the 4th quarter of 2026 is minimal and within the error margin. Therefore, the Commission has decided to continue with the existing end-user electricity tariffs, until the next revision.

# Summary of Comments from the Stakeholder Consultation on the Proposed Electricity Tariff Review for 2026 Q4

The Public Utilities Commission of Sri Lanka conducted a stakeholder consultation to obtain stakeholder feedback on the proposed electricity tariff for 2026 Q4, based on the latest revised Bulk Supply Cost submission received from the National System Operator (NSO) on October 7, 2026. The oral consultation was held at the BMICH, Colombo, on November 5, 2026. Stakeholders were also invited to submit written comments by November 5, 2026.

Nearly 60 stakeholders participated in the consultation, and 35 of them made oral presentations. They represented various sectors, including industry, commerce, SMEs, consumer associations and individual consumers. The consultation provided an opportunity for stakeholders to express their views, concerns and recommendations on the proposed tariff revision and its potential impact on different consumer categories and the national economy. The following table summarizes the oral and written comments received from stakeholders during the consultation process.

| Consultation Category | Number of Mentions | Key Stakeholder Concerns & Comments |
|---|---|---|
| **1.Forecasted generation mix and costs submitted by NSO** | 12 | • Higher hydro storage and the revised generation forecast are expected to reduce the Q4 2026 Bulk Supply Cost by approximately 2% (LKR 2.5–3 billion).<br>• NSO stated that no tariff increase is required for Q4 2026.<br>• Coal generation increased due to the rescheduling of planned maintenance outages.<br>• Concerns were raised regarding the consistency and reliability of NSO's generation forecasts. Forecast differences should be presented with supporting numerical information.<br>• The impact of rainfall forecasts, hydro storage levels and possible El Nino conditions on hydro generation should be properly assessed.<br>• Existing hydro resources should be better utilised, including improvements to reservoir storage capacity and hydropower plant capacity.<br>• The contribution of rooftop solar and other renewable energy sources to reducing generation costs was highlighted.<br>• Delays in connecting planned renewable energy capacity to the grid were questioned.<br>• NSO should use modern forecasting methods, including AI-based hydrological and financial tools.<br>• Generation plans should adequately consider increasing electricity demand, including the expected growth in electric vehicle charging demand.<br>• A proper plan should be implemented to achieve the Government's 70% renewable energy target. |
| **2. Generation – Energy Cost** | 15 | • High thermal and oil-based generation costs were raised as concerns affecting consumers and industrial development.<br>• Thermal power plants continue purchasing fuel from CPC without FSAs, despite the Commission's enforcement directives.<br>• The generation costs of Westcoast and Sobadhanavi plants were questioned due to their relatively low plant factors and high capacity costs.<br>• The high cost of oil-based generation should be reduced through greater utilization of renewable energy and indigenous energy resources. |

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| | | • NSO should prepare and implement plans to reduce oil-based generation and expedite LNG conversion.<br>• The cost of LNG plants operating on diesel and the resulting high unit generation costs were questioned.<br>• Plant-level fuel consumption, generation costs and per-unit costs should be disclosed.<br>• The treatment of energy costs associated with hydro, rooftop solar and other renewable energy sources should be consistent and transparent.<br>• The Merit Order Dispatch procedure should be established and properly implemented.<br>• Environmental costs and other relevant external costs should be considered in generation cost assessments.<br>• Consumers should not bear additional costs arising from inefficiencies in electricity generation and procurement.<br>• The impact of renewable energy on reducing generation costs should be properly recognized in tariff calculations. |
| **3. Fuel Price** | 10 | • Fuel prices used for electricity generation, particularly HFO and Naphtha, should be determined through transparent and cost-reflective pricing formulas.<br>• EGL has failed to enter into FSAs and continues to purchase diesel at retail prices.<br>• The refinery costs, CPC pricing assumptions, applicable taxes and subsidies should be properly examined and disclosed.<br>• The fuel pricing and regulatory functions of the petroleum sector should be made subject to appropriate regulatory oversight.<br>• FSAs should be finalised and enforced for thermal power plants, including EGL plants.<br>• Transparent fuel pricing provisions should be incorporated into the FSAs of Westcoast and Sobadhanavi plants.<br>• The impact of substandard coal quality on generation costs and electricity tariffs should be independently assessed.<br>• Coal-related loss calculations should consider the cost of replacement hydro generation, excess energy purchases and environmental impacts.<br>• Differences between the coal-related loss calculations of NSO and PUCSL should be explained with supporting information.<br>• Coal quality audits and fuel procurement processes should be transparent and independently verified. |
| **4. Generation - Capacity Cost** | 10 | • Capacity payments to thermal power plants that are not expected to generate electricity were questioned.<br>• The high capacity costs of Westcoast and Sobadhanavi plants, considering their low plant factors, were highlighted.<br>• The justification and detailed breakdown of EGL plant capacity costs should be disclosed.<br>• Capacity payments to plants operating without PPAs were questioned, and EGL was requested to enter into appropriate PPAs.<br>• The capacity cost implications of new PPAs, including Sahasdhanavi, should be examined.<br>• Need to assess capacity payments against actual generation requirements and plant factors. |
| **5. BESS Capacity Cost** | 8 | • The basis for including Rs. 703 million as BESS capacity costs for Q4 2026 was questioned.<br>• The expected monthly charging and discharging quantities of the proposed 160 MW BESS capacity should be disclosed. |

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| | | • The detailed capacity cost breakdown, installation costs and expected financial benefits of BESS investments should be published.<br>• The possibility that the full planned BESS capacity may not be connected within 2026.<br>• The justification for paying capacity costs instead of applying a Feed-in Tariff for BESS was questioned.<br>• The impact of BESS capacity payments on the overall electricity unit cost should be examined.<br>• Tax concessions and other incentives should be provided for BESS installations and BESS-integrated solar systems.<br>• BESS integration should be encouraged to support the Government's renewable energy targets and reduce dependence on high-cost emergency power purchases. |
| **6. Adjustment of Revenue Surplus/Deficit from Past Periods** | 7 | • The calculation and treatment of past-period revenue deficits should be clearly explained to consumers.<br>• The formal calculation of coal-related losses, including the estimated additional costs associated with substandard coal usage, should be disclosed and independently verified.<br>• The cost of replacement hydro generation should be included when assessing losses associated with substandard coal usage.<br>• The possibility of recovering the current quarter's revenue deficit through future tariff revisions was questioned.<br>• The impact of deferred costs, including the reported Rs. 957 million carried forward to 2027, should be clearly disclosed.<br>• The impact of outstanding debts and past-period adjustments on future tariff revisions should be explained.<br>• Historical losses and inefficiencies of the electricity industry should be analysed before recovering such costs from consumers. |
| **7. EDL Additional Costs Submitted** | 4 | • The admissibility and justification of additional costs submitted by EDL outside the multi-year tariff framework were questioned.<br>• The inclusion of SESRIP-related loan repayment costs associated with work in progress was challenged.<br>• Costs related to capital work in progress should not be recovered through tariffs before the assets are completed and capitalised. Such costs should be reviewed and justified. |
| **8. Tariff Revision Percentage** | 20 | • The affordability of electricity tariffs and their impact on the cost of living, poverty and household expenditure.<br>• Opposed the proposed electricity tariff increase and requested reductions in electricity bills, with suggested reductions ranging from 15% to 20%.<br>• High electricity costs were identified as a concern for SMEs, hospitals, hotels, construction and industrial sectors.<br>• Quarterly tariff revisions were considered unsuitable for SMEs and the wider economy. A more stable tariff period of at least one year was proposed.<br>• Concessionary tariffs were requested for hotels and private hospitals, considering their operational requirements and high electricity consumption.<br>• The impact of high electricity prices on industrial competitiveness and local manufacturing was highlighted.<br>• The transparency of the tariff-setting process and the treatment of generation costs should be improved.<br>• Consumers should not bear costs arising from utility inefficiencies, procurement issues, corruption or irresponsible decisions.<br>• Lifeline tariffs and appropriate concessions should be considered for vulnerable consumers. |

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| | | • The impact of cross-subsidies between domestic consumer categories should be clarified.<br>• The possibility of further tariff increases in Q1 2027 due to deferred costs was raised.<br>• The impact of electricity tariff increases on the national economy and industrial development should be considered before making tariff decisions.<br>• Compensation should be provided to consumers for losses caused by unplanned power interruptions and electricity supply quality issues. |
| **General Comments** | 15 | • Unauthorized installation and unnecessary operation of streetlights should be addressed, and energy wastage should be assessed.<br>• National-level energy audits should be conducted to identify opportunities for improving energy efficiency.<br>• Proper cost accounting procedures, cost records and cost audits should be introduced for electricity licensees and PPPs.<br>• Performance-based incentives should be introduced to improve the operational efficiency of electricity utilities.<br>• The national energy policy should provide clear long-term direction for energy security and sustainable development.<br>• Power wheeling opportunities should be provided to support renewable energy development.<br>• Smart meters and Time-of-Use tariffs should be introduced to encourage efficient electricity consumption.<br>• Net metering and net accounting arrangements should be retained to support rooftop solar development.<br>• October 17 blackout should be investigated, including its impact on electricity consumers.<br>• The power quality and reliability of electricity supplies should be improved.<br>• The electricity supply arrangements affecting estate communities should be reviewed, particularly where domestic consumers are charged industrial tariffs.<br>• The implementation of power sector reforms, including relevant PPAs and PSAs, should be monitored. |

**Special Stakeholder Comments:**

The Commission shared the public consultation documents relating to the proposed Electricity Tariff Review for 2026 Q4 with the Ministry of Finance (MoF) and the Ministry of Energy (MoE), inviting them to submit their comments and observations. However, no comments or responses were received from either Ministry.

| Stakeholder | Key Stakeholder Comments |
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| **Electricity Distribution Lanka (Pvt) Ltd. (EDL)** | • EDL requested the inclusion of its November 2026 SESRIP loan repayment in the 2026 Q4 allowed revenue, consistent with the treatment of the May 2026 instalment in the 2026 Q2 tariff revision.<br>• Requested licensee-wise revenue calculations and supporting data for the estimated LKR 154 billion revenue at existing tariffs to enable reconciliation by Distribution Licensees.<br>• Expedite retail tariff reforms under the National Tariff Policy and announce a firm implementation date.<br>• Publish cost-reflective ToU rates for Rate 1 categories.<br>• Re-derive domestic ToU rates on a cost-reflective basis.<br>• Confirm that fixed charges for prosumers will be applied based on gross imports for the billing cycle following the tariff revision.<br>• Issue a formal request and the relevant survey format for conducting a sample survey of zero-consumption accounts. |

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| | • Publish the cost-of-service analysis for each consumer category, subcategory and block.<br>• Direct the NSO to publish the BSTA balance in the public domain, as required by the National Tariff Policy. |
| **Electricity Generation Lanka (Pvt) Ltd. (EGL)** | • Requested reconsideration of the proposed LKR 669 million disallowance from the 2026 Q4 capacity costs.<br>• Requested assessment of capacity costs based on necessity, reasonableness and prudence, irrespective of the ongoing PPA finalisation.<br>• Requested consideration of the cost deferment already undertaken by EGL to reduce the immediate impact on electricity tariffs.<br>• Consider the supporting information on the coal price forecast and the progress made towards finalising the relevant FSA. |
| **National Transmission Network Service Provider (Pvt) Ltd. (NTNSP)** | • Requested approval of the SESRIP loan repayment.<br>• Requested an extension of time to complete the project capitalisation work over the next few weeks, considering the current staffing and operational constraints. |
| **National System Operator (Pvt) Ltd. (NSO)** | • NSO revised its November and December 2026 dispatch forecast based on the Meteorology Department's seasonal outlook, expecting higher hydro generation than previously forecast.<br>• The revised forecast is expected to reduce the bulk supply cost by approximately LKR 2.5 - 3 billion. Accordingly, no electricity tariff increase is required for 2026 Q4.<br>• NSO reported that the additional coal-related cost, representing the cost of procuring electricity to compensate for the shortfall in generation from LVPP during the period from January to September 15, 2026. |