

PUBLIC UTILITIES COMMISSION OF SRI LANKA

DECISION ON UNIFORM NATIONAL TARIFF ADJUSTMENT

For the period of 1st January 2012 to 30th June 2012

DECISION ON UNIFORM NATIONAL TARIFF ADJUSTMENT – JANUARY-JUNE 2012

In exercising functions vested with the Public Utilities Commission of Sri Lanka (“the Commission”) under section 3(d) of the Sri Lanka Electricity Act No 20 of 2009 (the “Act”) “to regulate tariffs and other charges levied by licensees and other electricity undertakings, in order to ensure that the most economical and efficient service possible is provided to consumers”.

In accordance with Section 30(2)(a) of the Act, the Commission, on 15th July 2010, approved a cost-reflective Methodology for Tariffs (“the methodology”) and subsequently issued the methodology to the transmission licensee (TL) and to each distribution licensee (DL).

In accordance with the Section 5.2.2 of the methodology, uniform national tariff (UNT) adjustment shall be estimated and communicated by the Commission to the transmission licensee for each six-month period. The adjustment amount shall be credited/debited to each distribution licensee in the next invoicing immediately after the Commission approval.

The commission hereby approve the UNT adjustment for the period of 1st January 2012 to 30th June 2012, and direct the transmission licensee to credited/debited to each distribution licensee in the next invoice.

List of Acronyms

BST	Bulk Supply Tariffs
DL	Distribution Licensee: Ceylon Electricity Board and Lanka Electricity Company (Pvt) Ltd
DL1	Distribution and Supply Licensee for CEB Distribution Region 1 holding license number EL/D/09-003
DL2	Distribution and Supply Licensee for CEB Distribution Region 2 holding license number EL/D/09-004
DL3	Distribution and Supply Licensee for CEB Distribution Region 3 holding license number EL/D/09-005
DL4	Distribution and Supply Licensee for CEB Distribution Region 4 holding license number EL/D/09-006
DL5	Distribution and Supply Licensee LECO holding license number EL/D/09-052
kVA	kilovolt ampere
LECO	Lanka Electricity Company (Pvt) Ltd.
LKR	Sri Lanka Rupee
MWh	Megawatt hour
TL	Transmission and Bulk Supply Licensee holding License

1. SALES REVENUE OF DISTRIBUTION LICENSEES

Sales revenue of each distribution licensee is the actual revenue collected for the period of January – June 2012. A breakdown of licensee-wise sales revenue is shown in the table 1 below.

Table 1 – SALES REVENUE OF EACH LICENSEE

	Fixed charge (LKR Millions)	Max. Demand charge (LKR Millions)	Energy charge (LKR Millions)	Total (LKR Millions)
DL1	1,125	1,889	19,083	22,097
DL2	1,277	1,930	15,428	18,635
DL3	840	1,224	9,923	11,988
DL4	681	733	7,196	8,610
DL5	611	678	8,404	9,694

2. COST OF SALES OF DISTRIBUTION LICENSEES

2.1 CAPACITY PAYMENT

Capacity payment of the distribution licensee is the payment to coincidental maximum demand (total of the six monthly readings), calculated as per the capacity charge given in table 9 of *DECISION ON TRANSMISSION AND BULK SUPPLY TARIFFS* effective from 1st January 2012. Licensee-wise capacity payments for the period of January – June 2012 are shown in the table 2 below.

Table 2 – CAPACITY PAYMENT TO TRANSMISSION LICENSEE

	Capacity purchased (MW)	LKR/MW	Capacity payment (LKR Millions)
DL1	3118	1,305,140	4,069
DL2	3381	1,305,140	4,413
DL3	2310	1,305,140	3,014
DL4	1584	1,305,140	2,068
DL5	1294	1,305,140	1,689

2.2 ENERGY PAYMENT

Energy payment is paid to the transmission licensees for the energy purchased by the distribution licensee (total for the six months). Relevant bulk supply tariffs are given in table 11 of *DECISION ON TRANSMISSION AND BULK SUPPLY TARIFFS* effective from 1st January 2012. Energy payments for the period of January – June 2012 are shown in the table 3 below.

Table 3 – ENERGY PAYMENT TO TRANSMISSION LICENSEE

	Energy purchased (MWh)			Bulk Supply Tariff (LKR/kWh)			Energy payment invoice (LKR Millions)
	Day	Peak	Off-peak	Day	Peak	Off-peak	
DL1	878,911	345,348	319,656	8.18	10.24	6.14	12,689
DL2	919,954	358,677	362,401	4.68	5.86	3.51	7,679
DL3	582,708	248,270	209,907	5.60	7.01	4.20	5,885
DL4	398,395	159,784	147,263	5.49	6.87	4.12	3,892
DL5	374,387	132,271	145,519	8.52	10.67	6.40	5,532

2.3 ADJUSTMENT TO ENERGY PURCHASES

Invoiced purchases are reverse adjusted to get to the actual energy transferred to the distribution licensees (to adjust for energy transferred through DL2, DL3 and DL4 for DL5). Adjusted actual energy transferred for the period of January – June 2012 is shown in the table 4 below.

Table 4 – ADJUSTED ACTUAL PURCHASES

	Invoiced purchases (MWh)	Adjusted actual purchases (MWh)
DL1	1,543,916	1,543,916
DL2	1,641,032	1,645,603
DL3	1,040,885	1,044,038
DL4	705,442	710,460
DL5	652,177	639,435

2.4 ACTUAL LOSS OF DISTRIBUTION LICENSEES

Actual loss is derived from actual sales deducting actual purchases and street lamp consumption allowed for the period. Actual loss of each distribution licensee is shown in the table 5 below.

Table 5 – ACTUAL LOSS OF DISTRIBUTION LICENSEES

	Actual sales (MWh)	Actual purchases (MWh)	St. lamp allowed for the period (MWh)	Actual loss
DL1	1,417,828	1,543,916	23,459	6.6%
DL2	1,467,811	1,645,603	20,746	9.5%
DL3	951,578	1,044,038	7,671	8.1%
DL4	660,034	710,460	10,770	5.6%
DL5	610,316	639,435	11,934	2.7%

2.5 LOSS ADJUSTMENT TO ENERGY INVOICE

An adjustment to the energy invoice is done for any variance between distribution loss allowed and actual distribution loss. Adjusted invoice values are shown in the table 6 below.

Table 6 – LOSS ADJUSTED ENERGY INVOICE

	Energy payment invoice (LKR Millions)	Allowed loss	Actual loss	loss adjusted energy invoice (LKR Millions)
DL1	12,689	8.9%	6.6%	13,002
DL2	7,679	11.8%	9.5%	7,876
DL3	5,885	8.9%	8.1%	5,935
DL4	3,892	10.1%	5.6%	4,087
DL5	5,532	5.6%	2.7%	5,703

3. ALLOWED REVENUE

A half of the total allowed revenue as per the *DECISION ON TRANSMISSION AND BULK SUPPLY TARIFFS* effective from 1st January 2012 is considered in UNT adjustment calculation. Relevant data is shown in the table 7 below.

Table 7 – ALLOWED REVENUE FOR THE PERIOD

	Annual Allowed revenue (wires) (LKR Millions)	Annual Retail service price cap (LKR/annum/cust)	Actual customers average for six months	Total allowed revenue per annum (LKR Millions)	Allowed revenue for the period (LKR Millions)
DL1	6980	455	1,293,415	7,569	3,784
DL2	7111	571	1,510,854	7,975	3,987
DL3	4329	421	1,135,730	4,807	2,404
DL4	3299	457	858,286	3,691	1,846
DL5	2318	625	482,050	2,619	1,310

4. UNIFORM NATIONAL TARIFF ADJUSTMENT (UNT ADJUSTMENT)

As per the Section 5.2.2 *EX-POST CALCULATION OF COMPENSATION*, of *Decision Document on Tariff Methodology*, the UNT adjustment is calculated for the period of 1st January 2012 to 30th June 2012 as shown in the table 8 below.

Table 8 – UNT ADJUSTMENT

Item (LKR)	DL1	DL2	DL3	DL4	DL5
Total revenue	22,096,734,323	18,634,979,873	11,987,585,007	8,610,156,385	9,693,530,271
(Capacity payment)	(4,069,426,520)	(4,413,069,882)	(3,014,286,087)	(2,067,863,816)	(1,689,425,422)
(adjusted energy invoice)	(13,002,302,850)	(7,875,738,538)	(5,935,454,797)	(4,087,213,083)	(5,703,123,682)
(allowed revenue)	(3,784,314,506)	(3,987,299,320)	(2,403,744,480)	(1,845,717,997)	(1,309,580,759)
UNT adjustment*	1,240,690,447	2,358,872,134	634,099,642	609,361,489	991,400,408

*Positive adjustment refers to fund transfer from DL to TL.