

PUBLIC UTILITIES COMMISSION OF SRI LANKA

DECISION ON UNIFORM NATIONAL TARIFF ADJUSTMENT

For the period of 1st January 2013 to 30th June 2013

DECISION ON UNIFORM NATIONAL TARIFF ADJUSTMENT – JANUARY-JUNE 2013

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 2013 to 30th June 2013, 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 2013 as per the approved end-user tariffs as per section 9 of *Decision on Electricity Tariffs 2013*. 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	1,181	2,180	20,044	23,405
DL2	1,340	2,245	16,640	20,225
DL3	859	1,510	10,715	13,084
DL4	696	859	7,765	9,320
DL5	576	806	8,880	10,263

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 19 under Section 7 of *Decision on Electricity Tariffs 2013* effective from 1st January 2013. Licensee-wise capacity payments for the period of January – June 2013 are shown in the table 2 below.

Table 2 – CAPACITY PAYMENT TO TRANSMISSION LICENSEE

	Capacity purchased (MW)	LKR/MW	Capacity payment (LKR Millions)
DL1	3151	1,455,358	4,586
DL2	3331	1,455,358	4,847
DL3	2004	1,455,358	2,916
DL4	1636	1,455,358	2,380
DL5	1286	1,455,358	1,872*

*Adjustment of LKR 186,286 was done to correct the rounding off error of data submitted by transmission licensee.

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 38 under Section 11 of *Decision on Electricity Tariffs 2013* effective from 1st January 2013. Energy payments for the period of January – June 2013 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	899,679	353,631	331,770	9.56	11.97	7.19	15,219
DL2	928,230	354,741	361,750	6.50	8.13	4.88	10,683
DL3	596,418	241,276	206,593	6.66	8.34	5.01	7,019
DL4	423,829	169,784	162,997	7.57	9.48	5.69	5,745
DL5	375,622	131,037	145,841	10.42	13.04	7.83	6,765

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 2013 is shown in the table 4 below.

Table 4 – ADJUSTED ACTUAL PURCHASES

	Invoiced purchases (MWh)	Adjusted actual purchases (MWh)
DL1	1,585,080	1,585,080
DL2	1,644,721	1,649,244
DL3	1,044,288	1,047,402
DL4	756,610	761,715
DL5	652,500	639,758

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	1,439,916	1,585,080	21,819	7.8%
DL2	1,507,500	1,649,244	18,844	7.5%
DL3	975,783	1,047,402	6,942	6.2%
DL4	674,368	761,715	9,422	10.2%
DL5	608,122	639,758	12,400	3.0%

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	15,219	8.6%	7.8%	15,356
DL2	10,683	11.0%	7.5%	11,109
DL3	7,019	8.6%	6.2%	7,206
DL4	5,745	9.6%	10.2%	5,705
DL5	6,765	5.4%	3.0%	6,936

3. ALLOWED REVENUE

A quarter of the total allowed revenue as per the *Decision on Electricity Tariffs 2013* effective from 1st January 2013 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	6390	497	1,348,282	7,059	3,530
DL2	7035	624	1,621,816	8,047	4,024
DL3	4046	460	1,167,009	4,583	2,291
DL4	3526	500	886,558	3,969	1,985
DL5	2198	683	513,181	2,548	1,274

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 2013 to 30th June 2013 as shown in the table 8 below.

Table 8 – UNT ADJUSTMENT

Item (LKR)	DL1	DL2	DL3	DL4	DL5
Total revenue	23,404,801,141	20,224,955,747	13,083,880,986	9,320,201,109	10,262,838,843
(Capacity payment)	(4,585,905,826)	(4,847,171,694)	(2,915,926,182)	(2,380,238,009)	(1,871,572,924)
(adjusted energy invoice)	(15,355,591,898)	(11,108,769,689)	(7,205,664,594)	(5,705,344,350)	(6,935,765,776)
(allowed revenue)	(3,529,635,374)	(4,023,624,457)	(2,291,269,921)	(1,984,542,544)	(1,274,016,850)
UNT adjustment*	(66,331,957)	245,389,907	671,020,290	(749,923,794)	181,483,293

*Positive adjustment refers to fund transfer from DL to TL and vice versa.