

PUBLIC UTILITIES COMMISSION OF SRI LANKA

DECISION ON UNIFORM NATIONAL TARIFF ADJUSTMENT

For the period of 1st July 2012 to 31st December 2012

DECISION ON UNIFORM NATIONAL TARIFF ADJUSTMENT – JULY-DECEMBER 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 July 2012 to 31st December 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 July – December 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	1,136	1,919	19,075	22,129
DL2	1,276	1,980	15,371	18,627
DL3	847	1,245	9,999	12,090
DL4	670	758	7,081	8,509
DL5	613	684	8,091	9,388

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 July 2012. Licensee-wise capacity payments for the period of July – December 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	3033	1,257,346	3,814
DL2	3380	1,257,346	4,249
DL3	2241	1,257,346	2,818
DL4	1646	1,257,346	2,069
DL5	1271	1,257,346	1,598

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 July 2012. Energy payments for the period of July – December 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	997,026	390,736	366,387	8.29	10.39	6.22	14,604
DL2	1,042,574	401,697	408,137	4.81	6.03	3.61	8,910
DL3	586,226	240,941	207,685	5.71	7.16	4.29	5,963
DL4	441,193	180,019	166,404	5.63	7.05	4.22	4,455
DL5	373,313	131,540	144,631	8.65	10.85	6.49	5,595

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 July – December 2012 is shown in the table 4 below.

Table 4 – ADJUSTED ACTUAL PURCHASES

	Invoiced purchases (MWh)	Adjusted actual purchases (MWh)
DL1	1,754,150	1,754,150
DL2	1,852,408	1,856,957
DL3	1,034,852	1,038,023
DL4	787,616	792,586
DL5	649,484	636,793

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	1,429,785	1,754,150	23,717	17.1%
DL2	1,479,766	1,856,957	20,974	19.2%
DL3	972,905	1,038,023	7,756	5.5%
DL4	659,033	792,586	10,888	15.5%
DL5	607,167	636,793	12,066	2.8%

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	14,604	8.9%	17.1%	13,283
DL2	8,910	11.8%	19.2%	8,165
DL3	5,963	8.9%	5.5%	6,184
DL4	4,455	10.1%	15.5%	4,189
DL5	5,595	5.6%	2.8%	5,763

3. ALLOWED REVENUE

A half of the total allowed revenue as per the *DECISION ON TRANSMISSION AND BULK SUPPLY TARIFFS* effective from 1st July 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	1,336,275	7,588	3,794
DL2	7111	571	1,547,004	7,995	3,998
DL3	4329	421	1,173,669	4,823	2,412
DL4	3299	457	870,242	3,697	1,848
DL5	2318	625	508,240	2,636	1,318

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 July 2012 to 31st December 2012 as shown in the table 8 below.

Table 8 – UNT ADJUSTMENT

Item (LKR)	DL1	DL2	DL3	DL4	DL5
Total revenue	22,128,994,556	18,627,226,625	12,090,482,682	8,508,743,701	9,387,530,312
(Capacity payment)	(3,813,593,285)	(4,249,238,527)	(2,817,838,121)	(2,069,138,871)	(1,597,797,576)
(adjusted energy invoice)	(13,283,208,021)	(8,164,534,020)	(6,184,310,171)	(4,188,823,018)	(5,763,487,215)
(allowed revenue)	(3,794,063,305)	(3,997,626,343)	(2,411,731,279)	(1,848,452,672)	(1,317,765,701)
UNT adjustment	1,238,129,945	2,215,827,734	676,603,111	402,329,140	708,479,819
Correction for Jan – June*	-	-	-	-	(6,884,896)
UNT adjustment (corrected)**	1,238,129,945	2,215,827,734	676,603,111	402,329,140	701,594,923

* LECO (DL5) resubmitted the customer numbers pertaining to the period January – June 2012, since the resubmission was made after the approval of UNT adjustment for January – June 2012, the relevant adjustments is added to the UNT adjustment for the period of July – December 2012.

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