

PUBLIC UTILITIES COMMISSION OF SRI LANKA

DECISION ON UNIFORM NATIONAL TARIFF ADJUSTMENT

For the period of 1st July 2013 to 30th September 2013

DECISION ON UNIFORM NATIONAL TARIFF ADJUSTMENT - JULY TO SEPTEMBER 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.

In order to accelerate the process of UNT adjustment on the request of distribution licensees, the Commission decided to approve the UNT adjustment quarterly.

The commission hereby approve the UNT adjustment for the period of 1st July 2013 to 30th September 2013, and direct the transmission licensee to credit/debit 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 – September 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 Million)	Max. Demand charge (LKR Million)	Energy charge (LKR Million)	Total (LKR Million)
DL1	594	1,297	11,075	12,966
DL2	667	1,396	9,813	11,877
DL3	392	777	5,645	6,813
DL4	333	506	4,329	5,168
DL5	305	454	5,119	5,877

2. COST OF SALES

2.1 CAPACITY PAYMENT

Capacity payment of the distribution licensee is the payment to coincidental maximum demand (total of the three monthly readings), calculated as per the capacity charge given in table 10 under Section 6 of *DECISION ON TRANSMISSION AND BULK SUPPLY TARIFFS* effective from 1st July 2013. Licensee-wise capacity payments for the period of July – September 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	1573	1,523,871.81	2,397
DL2	1651	1,523,871.81	2,516
DL3	791	1,523,871.81	1,205
DL4	789	1,523,871.81	1,203
DL5	615	1,523,871.81	938

2.2 ENERGY PAYMENT

Energy payment is paid to the transmission licensees for the energy purchased by the distribution licensee (total for the three months). Relevant bulk supply tariffs are given in table 12 under Section 7 of *DECISION ON TRANSMISSION AND BULK SUPPLY TARIFFS* effective from 1st July 2013. Energy payments for the period of July – September 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 Million)
	Day	Peak	Off-peak	Day	Peak	Off-peak	
DL1	460,494	179,451	169,651	11.12	13.94	8.33	9,035
DL2	524,243	197,156	206,104	7.88	9.88	5.90	7,295
DL3	283,851	112,983	98,959	8.40	10.53	6.29	4,197
DL4	211,929	83,879	83,500	9.17	11.50	6.87	3,482
DL5	188,190	63,957	72,743	12.47	15.63	9.34	4,026

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 – September 2013 is shown in the table 4 below.

Table 4 – ADJUSTED ACTUAL PURCHASES

	Invoiced purchases (MWh)	Adjusted actual purchases (MWh)
DL1	809,596	809,596
DL2	927,503	929,771
DL3	495,793	497,315
DL4	379,309	381,863
DL5	324,889	318,545

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	719,921	809,596	11,090	9.7%
DL2	784,849	929,771	9,578	14.6%
DL3	453,439	497,315	3,529	8.1%
DL4	330,439	381,863	4,789	12.2%
DL5	305,227	318,545	6,303	2.2%

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 Million)	Allowed loss	Actual loss	loss adjusted energy invoice (LKR Million)
DL1	9,035	8.6%	9.7%	8,926
DL2	7,295	11.0%	14.6%	7,003
DL3	4,197	8.6%	8.1%	4,219
DL4	3,482	9.6%	12.2%	3,381
DL5	4,026	5.4%	2.2%	4,162

3. ALLOWED REVENUE

A quarter of the total allowed revenue as per the *DECISION ON TRANSMISSION AND BULK SUPPLY TARIFFS*, effective from 1st July 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 Million)	Annual Retail service price cap (LKR/annum/cust)	Actual customers average for three months	Total allowed revenue per annum (LKR Million)	Allowed revenue for the period (LKR Million)
DL1	6390	497	1,404,592	7,087	1,772
DL2	7035	624	1,722,370	8,110	2,027
DL3	4046	460	1,111,511	4,557	1,139
DL4	3526	500	898,248	3,975	994
DL5	2198	683	517,744	2,551	638

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 2013 to 30th September 2013. Although the tariff methodology requires the UNT adjustment calculation only for six months period, due to practical reasons it was agreed to calculate the UNT adjustment quarterly as shown in the table 8 below.

Table 8 – UNT ADJUSTMENT

Item (LKR)	DL1	DL2	DL3	DL4	DL5
Total revenue	12,966,104,096	11,876,693,358	6,812,924,998	5,168,003,465	5,877,379,481
(Capacity payment)	(2,397,355,131)	(2,515,759,971)	(1,205,160,116)	(1,202,865,165)	(937,905,002)
(adjusted energy invoice)	(8,926,030,333)	(7,003,424,444)	(4,218,869,563)	(3,381,033,598)	(4,161,867,678)
(allowed revenue)	(1,771,810,665)	(2,027,495,803)	(1,139,256,022)	(993,731,062)	(637,786,910)
UNT adjustment*	(129,092,034)	330,013,140	249,639,296	(409,626,360)	139,819,891

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