



Your ref:

My ref: AGM(CS)/DGM(CS&RA)/Fin/3-2016

Date: September 23, 2016

Director General
Public Utilities Commission of Sri Lanka
6th Floor, BOC Merchant Tower
No.28, St. Michael's Road,
Colombo 3.

Dear Sir,

End User Uniform National Tariff Proposal for the period October 2016 to March 2017

This is with reference to your letter dated 2016-08-19 requesting an End User Tariff proposal for the period October 2016 to March 2017 to recover the estimated revenue gap mentioned therein.

We wish to draw your kind attention to our previous letter dated 2016-01-20 titled "End User Tariff Review on 1st April 2016" where we have indicated (among other things) that CEB being the holder of only four of the five license is unable to officially submit a consolidated end-service-tariff and section 5.2 of the Tariff methodology dated November 2015 which states that "The UNT **will be calculated and updated by the commission** based on the revenue requirements filed by the licensees and the formula for adjustments defined in this methodology". Accordingly, we maintain the position that CEB cannot officially submit a UNT and it is the Commission that has to calculate the UNT. However, considering the importance of ensuring financial viability of the licensees through a proper tariff, we have herewith submitted a proposal for a consolidated Uniform National Tariff (CEB/LECO) (ANNEX – Table 01 Proposed Tariff, Table 02 – Forecasted Revenue and increase to revenue million Rs/month).to recover the estimated revenue gap calculated in your letter.

Your attention is specially drawn to the following in interpreting the proposed tariff given in ANNEX.

1. The proposed Tariff is solely based on the Revenue deficit (of 5%) as mentioned in your letter. We have only rounded off figures to 2 decimal places. After obtaining final government policy decision as mentioned under 3 below, final tariff should better be rounded off to the closest 50 Cents.
2. The proposed tariff has used the existing tariff structure as it is.
3. CEB is unaware of any specific government policy guidelines as to how the tariff increase should be distributed among tariff categories to implement cross subsidies or whether the government is bearing the cost of any subsidy as stated in section 30 (4) of the Sri Lanka Electricity ACT (amended) No 20 of 2009. Thus, in calculating the proposed UNT, the

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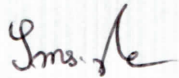
existing tariff is increased across the board by the percentage deficit (5%) to realize the revenue gap.

4. CEB had developed a simplified MS EXCEL based "UNT calculator", a preliminary version of which has already been shared with your staff. We have the latest version of the same, which can be easily used by your staff to calculate final tariff depending on government policy as to how the increase should be distributed among tariff categories. We can readily assist the commission in that regard.
5. The estimated total revenue per month with the proposed tariff and revenue increase from each tariff category as given in table 02 is calculated based on the sales forecast done for 2016. All costs are based on your document "Decision on Transmission and Bulk Supply Tariffs" dated 2016-0-19. With the 5% increase, a shortfall of 38 Rs million/month is shown, which the commission can check using the UNT calculator by inputting forecast sales data of your own used to calculate the deficit as given in your letter.

As mentioned under #1 above, the proposed tariff is solely based on the calculated revenue gap as mentioned in your letter and used without further reconciling with our submissions. Any reservations/comments or adjustments/clarifications sought by the licensee to the revenue caps as mentioned in your letter will be separately communicated to you for consideration and adjustment in the future.

We shall be thankful if you could take early action to approve the final end-user tariff to realize the revenue shortfall or (if the proposed increase is not granted), ensure from the government that the subsidy required will be returned through the forthcoming government budget so that the financial viability of the sector is ensured.

Yours faithfully,
CEYLON ELECTRICITY BOARD



Eng. Y.M Samarasinghe
General Manager

Responsible person under Licenses EL/T/09-002;
EL/D/09-003; EL/D/09-004; EL/D/09-005; EL/D/09-006;

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Table -01

Current Tariff and Proposed Tariff for each customer category.

Voltage & connection point	Customer Category	Current Tariff						Proposed Tariff					
		Fixed Cost (Rs/month)	Max Demand (Rs/kVA)	Energy cost (Rs/kWh)				Fixed Cost (Rs/month)	Max Demand (Rs/kVA)	Energy cost (Rs/kWh)			
				Day	Night	Off Peak	Flat			Day	Night	Off Peak	Flat Rate
GSS 132kV	Trans	3,000	2970.93	10.30	13.50	6.13		3,150.0	3,119	10.8	14.2	6.44	
33/11kV	GP -3	3,000	1000	20.70	25.50	14.35		3,150.0	1,050	21.7	26.8	15.07	
33/11kV	I-3	3,000	1000	10.25	23.50	5.90		3,150.0	1,050	10.8	24.7	6.20	
33/11kV	H-3	3,000	1000	13.70	22.50	8.80		3,150.0	1,050	14.4	23.6	9.24	
33/11kV	Gov-3	3,000	1000				14.35	3,150.0	1,050				15.07
400V (LV)	GP-2	3,000	1100	21.80	26.60	15.40		3,150.0	1,155	22.9	27.9	16.17	
400V (LV)	GP1-1	240					18.30	252.0					19.22
400V (LV)	GP1-2	240					22.85	252.0					23.99
400V (LV)	I-2	3,000	1100	11.00	20.50	6.85		3,150.0	1,155	11.6	21.5	7.19	
400V (LV)	II-1	600					10.80	630.0					11.34
400V (LV)	II-2	600					12.20	630.0					12.81
400V (LV)	H-2	3,000	1100	14.65	23.50	9.80		3,150.0	1,155	15.4	24.7	10.29	
400V (LV)	H-1	600					21.50	630.0					22.58
400V (LV)	Gov-2	3,000	1100				14.55	3,150.0	1,155				15.28
400V (LV)	Gov-1	600					14.65	630.0					15.38
400V (LV)	Dom < 30	30					2.50	31.5					2.63
400V (LV)	Dom 30-60	60					4.85	63.0					5.09
400V (LV)	Dom 0-60						7.85						8.24
400V (LV)	Dom 61-90	90					10.00	94.5					10.50
400V (LV)	Dom 91-120	480					27.75	504.0					29.14
400V (LV)	Dom 121-180	480					32.00	504.0					33.60
400V (LV)	Dom > 180	540					45.00	567.0					47.25
400V (LV)	Dom ToU	540		25.00	54.00	13.00		567.0		26.3	56.7	13.65	
400V (LV)	Rel 0-30	30					1.90	31.5					2.00
400V (LV)	Rel 31-90	60					2.80	63.0					2.94
400V (LV)	Rel 91-120	180					6.75	189.0					7.09
400V (LV)	Rel 121-180	180					7.50	189.0					7.88
400V (LV)	Rel > 180	240					9.40	252.0					9.87
400(LV)	Strt Lght pub						0.00	0.0					0.00
400V (LV)	Strt Lght Pvt						17.00	0.0					17.85

Table 02

Forecast Sales with the new Tariff (million Rs/month) and forecasted revenue increase (Rs Million/month).

Voltage & connection point	Customer Category	Sales Forecast						Rev Increase (decrease) compared to existing Tariff million Rs/month	Total Revenue from proposed Tariff (Rs million per month)	
		Energy (GWh)/month				Blocked Sales (GWh)/month	Total max demand kVA (per month)			No of customers
		Day	Night	Off Peak	Total					
GSS 132kV	Trans	0.00	0.00	0.00			0	0	0.00	0.0
33/11kV	GP -3	17	4	5			78,196	123	30.16	633.3
33/11kV	I-3	80	21	39			404,422	231	97.10	2,039.1
33/11kV	H-3	5	2	2			13,132	10	6.91	145.1
33/11kV										0.0
33/11kV	Gov-3				0.13		448	1	0.11	2.4
400V (LV)	GP-2	57	13	14			375,621	5365	110.95	2,330.0
400V (LV)	GP1-1				32.37			596338	36.77	772.2
400V (LV)	GP1-2				95.30			86313	109.92	2,308.3
400V (LV)	I-2	117	24	37			688,133	5149	139.85	2,936.8
400V (LV)	II-1				3.27			40157	2.97	62.4
400V (LV)	II-2				22.28			16541	14.09	295.8
400V (LV)	H-2	10	3	4			46,510	325	16.14	338.8
400V (LV)	H-1				0.52			2799	0.65	13.6
400V (LV)	Gov-2				11.32		49,245	405	2.77	231.0
400V (LV)	Gov-1				0.61			3154	0.54	11.4
400V (LV)	Dom <30				18.67	74.14		1,268,579	11.17	234.6
400V (LV)	Dom 30-60				73.52	18.05		1,848,936	9.92	208.4
400V (LV)	Dom 0-60					148.51			58.29	1,224.1
400V (LV)	Dom 61-90				98.06	48.69		1,373,658	30.53	641.0
400V (LV)	Dom 91-120				58.92	23.35		571,826	46.12	968.6
400V (LV)	Dom 121-180				53.76	17.38		378,682	36.90	774.9
400V (LV)	Dom >180				58.50	31.31		151,028	74.53	1,565.1
400V (LV)	Dom ToU	0	0	0				0	0.00	0.0
400V (LV)	Rel 0-30				0.12	0.98		9,713	0.11	2.3
400V (LV)	Rel 31-90				0.61	1.40		10,344	0.23	4.8
400V (LV)	Rel 91-120				0.40	0.49		3,771	0.20	4.2
400V (LV)	Rel 121-180				0.80	0.70		5,360	0.31	6.5
400V (LV)	Rel >180				4.26	2.61		9,176	1.34	28.1
400(LV)	Strt Lght pub				0.00				0.00	
400V (LV)	Strt lght Pvt				0.00				0.00	0.0
838.57									17.783	

Note:

- Total Energy sales (GWh) in each block tariff categories only gives the summation of energy used by customers whose final bill had fallen within that block. (Some of the energy used by such customers may have been billed at rates applicable to previous blocks)
- "Blocked Sales" column gives the total energy (GWh/month) that is billed by the tariff applicable to the respective block.