

## Background

1. Last Electricity tariff revision by PUCSL was in 2014. It was tariff reduction of 25%.
2. Last upward tariff revision by PUCSL was in 2013.
3. There were no Electricity tariff hikes for 09 years. (From 2013 – 2022)
4. Electricity is the only commodity for which the price has not increased over a period of 09 years.
5. Fuel prices and exchange rate impact

Date	Exchange rate Rs/USD	Coal USD/MT	Diesel Rs/ ltr	Furnace Oil Rs/ ltr
April 2013	127.00	143.00	121.00	90.00
January 01, 2022	203.00	119.50	121.00	110.00
August 01, 2022	368.00	321.00	430.00	419.00

6. Therefore, increase of prices to power sector for January 01, 2022 to August 01, 2022.

USD	80%
Diesel	255%
Coal	380%
Furnace Oil	280%

7. The increase of fuel prices 2013 -2022 (from the previous revision)

USD	190%
Diesel	255%
Coal	550%
Furnace Oil	365%

8. 2/3 of electricity generation is presently based on coal and liquid fuel.

## Process followed

1. PUCSL had followed a very transparent process in tariff determination.
2. Opened the CEB tariff proposal for stakeholders' views.
3. Received 1,324 written and 46 oral submissions for the stakeholders.
4. Stakeholders' views are categorized into 3 main issues.
  - I. Reasonableness of costs of utilities.
  - II. Affordability
  - III. Energy conservation
5. Commission has taken all views expressed by the stakeholders into consideration.

### Legal provision in electricity tariff

1. Permit relevant stakeholders to recover all reasonable costs (Sec 30(2) SLEA)
2. Subsidy and cross subsidy (Section 30(4) SLEA)

### Subsidy

1. Government had already given Rs. 80 billion as subsidy to CEB this year.
2. Informed commission that there is no fiscal space to provide further subsidy this year.

### Affordability

1. CEB has requested 229% and 183% increases which PUCSL has rejected.
2. PUCSL considered only the proposal of 82% increase.
3. Price up to 90 units per month is increased less than the proposal of CEB for domestic sector.

#### Domestic Purpose

	Proposed average tariff (LKR/kWh)	Proposed % Increase - CEB	Average monthly bill CEB proposed (LKR)	Approved average tariff (LKR/kWh)	Approved % Increase	Average monthly bill approved (LKR)
0-30	52.30	835%	508	20.36	264%	198
31-60	35.55	673%	1,488	14.30	211%	599
61-90	35.44	276%	2,439	21.23	125%	1,461
91-120	34.93	126%	3,546	29.31	89%	2,976
121-180	35.52	81%	5,048	35.22	79%	5,005

Other areas

## General Purpose

	<b>Proposed average tariff (LKR/kWh)</b>	<b>Proposed % Increase - CEB</b>	<b>Approved average tariff (LKR/kWh)</b>	<b>Approved % Increase</b>
GP1- (<180)	47.54	115%	30.65	39%
GP1 (>180)	30.81	34%	33.31	44%
GP2	35.77	33%	34.71	29%
GP3	32.44	36%	31.07	31%

## Industry Purpose

	<b>Proposed average tariff (LKR/kWh)</b>	<b>Proposed % Increase - CEB</b>	<b>Approved average tariff (LKR/kWh)</b>	<b>Approved % Increase</b>
IP1 (<300)	39.44	116%	31.94	75%

## Reasonableness

Stakeholders raised the issue of reasonableness under section 30 of Electricity Act. Commission has imposed following condition to binding the next tariff revision.

<b>Enabling Provision</b>	<b>Requirement</b>	<b>Completion Date</b>
<b>Item 2.4.2 of the Tariff Methodology</b>	Establishment of Bulk Supply Transactions Account	30 <sup>th</sup> November 2022
<b>Condition 30(11) of Transmission License</b>	Independent Dispatch Audit for year 2021	28 <sup>th</sup> February 2023
<b>Item 2.2.2 of the Tariff Methodology</b>	Power Purchase Agreements (PPA) between CEB Generation plants and the Transmission License	30 <sup>th</sup> November 2022
<b>Condition 33 of the Transmission License</b>	Power Sales Agreements (PSA) between Distribution Licensees and Transmission Licensee	30 <sup>th</sup> November 2022

Further Commission directed CEB through tariff decision to;

1. Initiate payment of interest on customer deposits from 1<sup>st</sup> October 2022.
2. Only charge a monthly fixed charge for retail consumers with solar roof tops under Net-Metering and Net-Accounting schemes a fixed charge applicable to their net imported electricity