

PUBLIC UTILITIES COMMISSION OF SRI LANKA



Decision on Electricity Tariffs

Effective from June 12, 2025

Contents

List of Acronyms.....	4
1. Introduction	5
2. Generation Energy Cost	5
2.1. Demand Forecast.....	5
2.1.1. Licensee Submission and Commission’s Observations	5
2.1.2. Commission Decision on the Demand Forecast.....	5
2.2. Hydro Generation Forecast	6
2.2.1. Licensee Submission and Commission’s Observations	6
2.2.2. Commission Decision on the Hydro Generation Forecast	6
2.3. NCRE Generation Forecast	6
2.3.1. Licensee Submission and Commission’s Observations	6
2.3.2. Commission Decision on the NCRE Generation Forecast	6
2.4. Fuel Prices.....	6
2.4.1. Licensee Submission and Commission’s Observations	6
2.4.2. Commission Decision on the Fuel Prices.....	7
2.5. Commission Decision on the Generation Energy Cost	7
3. Generation Capacity Cost	8
3.1. Licensee Submission and Commission’s Observations	8
3.2. Commission Decision on the Generation Capacity Cost	9
4. Transmission and Distribution Costs	9
4.1. Licensee Submission and Commission’s Observations	9
4.1.1. CEB Transmission and Distribution Costs.....	9
4.1.2. LECO Distribution Cost	10
4.2. Commission Decision on Transmission and Distribution Costs.....	10
5. Finance Cost.....	10
5.1. Licensee Submission and Commission’s Observations	10
5.1.1. Overdraft interest.....	11
5.1.2. Delay interest on IPP and NCRE payments	11
5.1.3. Debt restructuring.....	11
5.2. Commission Decision on Finance Cost	12
6. Revenue Surplus for July to December 2025.....	12
6.1. Licensee Submission and Commission’s Observations	12
6.2. Commission Decision on Revenue Surplus for July to December 2025	12
7. Financial Loss of the First Quarter of 2025.....	12

7.1.	Licensee Submission and Commission’s Observations	12
7.2.	Commission Decision on First Quarter Loss of 2025	13
8.	Electricity Sales Revenue	13
8.1.	Licensee Submission and Commission’s Observations	13
8.2.	Commission Decision on Electricity Sales Revenue.....	13
9.	Tariff Revision Percentage and Rate Structure	13
9.1.	Licensee Submission and Commission’s Observations	13
9.2.	Commission Decision on the Tariff Revision Percentage and Rate Structure	14

List of Acronyms

2024H1	Period of January to June in the year 2024
2025H1	Period of January to June in the year 2025
2025Q1	Period of January to March in the year 2025
2026H1	Period of January to June in the year 2026
AWPLR	Average Weighted Prime Lending Rate
BSOB	Bulk Supply Operations Business
BST	Bulk Supply Tariff
BSTA	Bulk Supply Transaction Account
CAPEX	Capital Expenditure
CBSL	Central Bank of Sri Lanka
CCPI	Colombo Consumer Price Index
CEB	Ceylon Electricity Board
CPC	Ceylon Petroleum Corporation
DL	Distribution Licensee
GDP	Gross Domestic Product
GWh	Giga Watt Hours
HFO	Heavy Fuel Oil
IPP	Independent Power Producers
kWh	Kilo Watt Hour
LC	Letter of credit
LECO	Lanka Electricity Company Private Limited
LISS	Licensee Information Submission System
MLKR	Million Sri Lankan Rupees
MW	Mega Watt
NCRE	Non-Conventional Renewable Energy
O&M	Operation and Maintenance
OD	Overdraft
OND	October, November and December
OPEX	Operational Expenditure
PPA	Power Purchase Agreement
PPIUS	Producer Price Index United States of America
PUCSL	Public Utilities Commission of Sri Lanka
ROA	Return on Assets
ROE	Return on Equity
SLEA	Sri Lanka Electricity Act No.20 of 2009
TL	Transmission Licensee
ToU	Time of Use
UNT	Uniform National Tariff
UNTA	Uniform National Tariff Adjustment

1. Introduction

In terms of the Section 30 of Sri Lanka Electricity Act No. 20 of 2009, General Policy Guidelines for the electricity industry and the Commission approved “Tariff Methodology - 2021”, CEB was directed to submit the tariff proposal for the second tariff revision of 2025. Accordingly, the end user and bulk supply tariff proposals by CEB, considering the period from June to December, were received by the Commission on May 16, 2025, for the second tariff revision of 2025. The CEB proposal requests for a tariff increase of 18.3%, effective from June 01, 2025.

In terms of Section 17(b) of PUCSL Act, No. 35 of 2002, and Section 30(3)(b) of Sri Lanka Electricity Act, No. 20 of 2009, the Commission declared open the stakeholder consultation on the tariff revision. The consultation document published includes detailed evaluation on the CEB submission. The consultation sessions were conducted covering all 9 provinces, with the participation of over 500 stakeholders representing various sectors. Summary of comments (oral and written) from stakeholder consultation is given in Annex – 1.

This decision, made on June 10, 2025, as per the powers vested with the Commission, in terms of the Section 30(2) of Sri Lanka Electricity Act No. 20 of 2009, considered the submissions by CEB and LECO, inputs from the other stakeholders, approved Tariff Methodology, other related legal provisions, and General Policy Guidelines. The revised end user tariffs (Annex - 2) are effective from June 12, 2025, (for both CEB and LECO consumers), until next tariff revision.

2. Generation Energy Cost

Electricity generation – Energy cost component is significantly dependent on the forecasted demand, generation mix and fuel prices, for the subjected period. Therefore, these areas are detailed in the sections below.

2.1. Demand Forecast

2.1.1. Licensee Submission and Commission’s Observations

The electricity generation demand forecast for the period of June to December 2025 has been submitted by the CEB, considering the forecasted electricity sales for the period and the approved network losses. This generation demand forecast in comparison to the actual demand for the year 2024 is provided below.

Table 1: Generation demand forecast

Description	Unit	Quantity
Generation demand forecast for Jun to Dec 2025	GWh	10,116
Actual generation demand for Jun to Dec 2024	GWh	10,010
Forecasted generation demand growth	%	1.06%

2.1.2. Commission Decision on the Demand Forecast

Demand forecast by CEB is accepted on the ground that the growth in demand, compared to comparative period of the last year, is below the expected GDP growth of 2025. Further, with the growing solar rooftop penetration, an increase of 1.06% in the electricity demand compared to 2024 is reasonable.

2.2. Hydro Generation Forecast

2.2.1. Licensee Submission and Commission's Observations

The Major Hydro generation forecast submitted for the second tariff revision of 2025, in comparison to the actual generation for the same period in previous years is shown in the table below.

Table 2: June to December Hydro generation

Description	Unit	Major Hydro Generation
CEB forecast for Jun-Dec 2025	GWh	3,224
Actual for Jun-Dec 2024	GWh	3,104
Actual for Jun-Dec 2023	GWh	3,391
Actual for Jun-Dec 2022	GWh	3,762
Actual for Jun-Dec 2021	GWh	2,752

*Note: New plant additions increase the generation capacity annually, resulting in more potential for electricity generation compared to the previous year

2.2.2. Commission Decision on the Hydro Generation Forecast

Based on the comparison with previous actual data given in the table above, the hydro generation forecast submitted by CEB is accepted.

2.3. NCRE Generation Forecast

2.3.1. Licensee Submission and Commission's Observations

The NCRE generation forecasted by the Commission for June to December 2025 is compared below with the CEB submission. The Commission forecast is derived considering the source wise NCRE capacity availability and actual capacity factors yielded by each source, during the last two years.

Table 3: NCRE generation forecasts for June to December

Month	Unit	NCRE Generation Forecast	
		CEB	PUCSL
Jun - 2025	GWh	431	436
Jul - 2025	GWh	418	431
Aug - 2025	GWh	424	382
Sep - 2025	GWh	424	441
Oct - 2025	GWh	399	395
Nov - 2025	GWh	361	397
Dec - 2025	GWh	354	372
Total	GWh	2,810	2,854

2.3.2. Commission Decision on the NCRE Generation Forecast

The CEB submitted NCRE generation forecast is in line with the alternative forecast done by the Commission. Hence the CEB forecast is accepted.

2.4. Fuel Prices

2.4.1. Licensee Submission and Commission's Observations

The fuel prices considered for CEB submission are as follows.

Table 4: Fuel price forecast

Fuel Type	Unit	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Coal	LKR/kg	45.69	45.04	43.88	42.68	42.68	42.68	42.68
Fuel Oil	LKR/Ltr.	167.00	167.00	167.00	167.00	167.00	167.00	167.00
Naphtha	LKR/Ltr.	131.00	131.00	131.00	131.00	131.00	131.00	131.00
Diesel	LKR/Ltr.	274.00	274.00	274.00	274.00	274.00	274.00	274.00

The CEB submission states that the coal prices are based on the actual/tendered prices. Liquid fuel prices used are as communicated by the Ceylon Petroleum Corporation. It should be noted that the CEB is yet to enter into fuel supply agreements for power generation plants, despite directives issued on the matter.

2.4.2. Commission Decision on the Fuel Prices

The CPC has agreed to supply liquid fuel at the prices stated above. However, as per the international price forecasts (www.jpmorgan.com), the fuel prices are likely to reduce in the coming months. Further, the inclusion of retail supply related costs within the prices offered to CEB were questioned by the stakeholders. The Commission will closely monitor the fuel prices for power generation and the CEB commitment towards signing Fuel Supply Agreements, as directed by the Commission. Furthermore, the Commission has decided to issue an enforcement order on this matter. Considering the above, the Commission accepts the submitted fuel prices, subject to possible claw backs in the future based on any variations to the actual fuel prices.

2.5. Commission Decision on the Generation Energy Cost

Considering the above decisions on the constituent elements within the Generation - Energy Cost, the Commission approves the following generation energy cost forecast, submitted by the CEB, for the period of June to December 2025.

Table 5: June to December generation energy cost forecast

Plant/Complex	Unit	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Mahaweli/Laxapana/Samanala - Hydro	GWh	513.59	483.50	357.56	389.64	578.29	516.10	385.49
	LKR/kWh	-	-	-	-	-	-	-
Thambapawani – Wind	GWh	58.88	52.44	51.06	48.38	21.40	14.33	20.92
	LKR/kWh	-	-	-	-	-	-	-
Sapugaskanda Old – Furnace Oil	GWh	10.48	16.41	15.79	5.83	10.10	15.13	15.74
	LKR/kWh	47.52	44.96	45.15	52.26	47.58	45.36	45.16
Sapugaskanda Ext. – Furnace Oil	GWh	26.00	32.35	20.75	13.53	20.52	19.21	20.29
	LKR/kWh	40.49	39.95	41.29	43.27	41.33	41.59	41.37
Kelanitissa Small GT – Diesel	GWh	-	-	-	-	-	-	-
	LKR/kWh	-	-	-	-	-	-	-
Kelanitissa GT7 – Diesel	GWh	-	-	-	-	-	-	-
	LKR/kWh	-	-	-	-	-	-	-
Kelanitissa Combined Cycle 1 – Naphtha/Diesel	GWh	31.89	77.27	70.03	49.15	62.42	59.22	60.63
	LKR/kWh	37.34	36.20	36.27	36.44	36.24	36.42	36.40
Kelanitissa Combined Cycle 2 – Diesel	GWh	-	0.47	0.94	0.91	3.42	-	-
	LKR/kWh	-	379.74	182.61	145.93	102.26	-	-
Lakvijaya – Coal	GWh	367.42	379.67	526.10	508.02	345.66	339.42	526.10
	LKR/kWh	19.65	19.06	18.43	17.95	18.15	18.33	17.93
New Chunnakam – Furnace Oil	GWh	5.90	8.75	5.53	3.69	5.60	5.26	5.55
	LKR/kWh	41.98	39.16	40.09	41.36	40.06	40.23	40.08
Chunnakam & Islands – Diesel	GWh	0.20	0.20	0.20	0.20	0.20	0.20	0.20

	LKR/kWh	88.21	88.21	88.21	88.21	88.21	88.21	88.21
Barge – Furnace Oil	GWh	17.90	23.82	18.97	11.78	15.92	17.19	18.09
	LKR/kWh	42.45	40.53	41.35	43.81	42.12	41.77	41.55
30MW Hambantota – Diesel	GWh	-	-	-	-	-	-	-
	LKR/kWh	-	-	-	-	-	-	-
20MW Mathugama – Diesel	GWh	-	-	-	-	0.07	-	-
	LKR/kWh	-	-	-	-	167.56	-	-
Westcoast IPP – Furnace Oil	GWh	26.90	53.33	57.62	19.25	16.97	51.87	40.75
	LKR/kWh	47.26	46.27	46.19	48.05	48.43	46.30	46.58
Sobadhanavi IPP – Furnace Oil	GWh	-	-	-	-	-	-	-
	LKR/kWh	-	-	-	-	-	-	-
Solar Rooftop Generation	GWh	129.02	147.00	147.99	156.29	151.16	134.71	140.57
	LKR/kWh	29.24	29.24	29.24	29.24	29.24	29.24	29.24
Other renewable	GWh	242.76	218.30	225.34	219.17	226.64	211.88	192.21
	LKR/kWh	17.00	17.33	17.32	17.32	17.06	16.92	17.28
Total Generated Energy	GWh	1,431	1,493	1,498	1,426	1,458	1,385	1,427
Monthly Energy Cost	MLKR	20,158	24,116	25,892	21,909	20,246	20,737	23,514
Total Energy Cost	MLKR	156,572						

3. Generation Capacity Cost

3.1. Licensee Submission and Commission's Observations

The CEB submitted Generation capacity cost of each power plant is given below.

Table 6: Generation capacity cost forecast

Plant/Complex	Unit	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Mahaweli – Hydro ⁽¹⁾	MLKR	1,865	400	412	416	421	427	443
Laxapana – Hydro ^{(4),(6)}	MLKR	299	553	558	560	562	564	561
Samanala – Hydro ^{(2),(6)}	MLKR	236	295	300	751	304	306	313
Thambapawani – Wind ^{(3),(6)}	MLKR	550	560	560	560	560	560	560
Sapugaskanda Old – Furnace Oil	MLKR	65	69	72	73	74	76	80
Sapugaskanda Ext. – Furnace Oil	MLKR	67	71	74	75	76	78	82
Kelanitissa Small GT – Diesel	MLKR	44	46	46	46	47	47	48
Kelanitissa GT7 – Diesel	MLKR	77	82	83	83	84	85	86
Kelanitissa Combined Cycle 1 – Naphtha/Diesel	MLKR	94	100	101	102	102	103	104
Kelanitissa Combined Cycle 2 – Diesel	MLKR	88	73	74	74	74	85	86
Lakvijaya – Coal	MLKR	1,008	1,059	1,095	1,108	1,124	1,143	1,192
New Chunnakam – Furnace Oil	MLKR	28	50	51	52	52	53	54
Chunnakam & Islands – Diesel	MLKR	9	9	9	9	9	9	9
Barge – Furnace Oil	MLKR	51	54	57	58	60	61	65
30MW Hambantota – Diesel	MLKR	26	27	27	27	27	27	27
20MW Mathugama – Diesel	MLKR	17	18	18	18	12	18	18
Westcoast IPP – Furnace Oil	MLKR	1,404	1,446	1,446	1,404	1,446	1,404	1,446
Sobadhanavi IPP – Diesel/LNG	MLKR	1,193	1,232	1,232	1,193	1,232	1,193	1,232
Rooftop solar	MLKR	-	-	-	-	-	-	-
Other renewables	MLKR	-	-	-	-	-	-	-
Total	MLKR	7,120	6,143	6,214	6,610	6,265	6,238	6,404
		44,943						

The Commission requested clarifications on the inclusion of non-recurrent items under the above capacity costs. The CEB clarification states the following in this regard.

- [1] An amount of MLKR 1,500 is included for June 2025, for Upper Kotmale power station (in the Mahaweli Complex). This is to settle a payment as ordered by the Arbitration Tribunal.
- [2] Equivalent LKR amount to USD 1.6 million, has been included for the second half of 2025, for Umaoya power station (in the Samanala Complex), to complete the remaining works of the plant and to rectify the identified defects. This payment has been directed through a Cabinet decision.
- [3] Loan repayment amount of MLKR 1,783 related to Thambapawani Wind power station has been included for the subjected period.
- [4] Loan repayment amount of MLKR 429 related to Broadland power station (in the Laxapana Complex) has been included for the subjected period.
- [5] An amount of MLKR 650 has been included for Generation Division's Escrow Fund.
- [6] An amount of MLKR 1,139 has been included as project related payments for Broadland, Umaoya and Thambapawani power stations.
- [7] Includes instalments of loans taken to finance capital expenditures of CEB owned power plants.

3.2. Commission Decision on the Generation Capacity Cost

Considering the requirement of maintaining a healthy cashflow of CEB Generation Licensee, the above costs are allowed to be recovered during this period. Accordingly, the forecasted capacity costs in Table 6 above are accepted. However, the Commission will not entertain non-recurrent costs in future tariff revisions, unless the CEB obtains approval of the Commission for PPAs of CEB owned power plants. Further, the above capacity costs are subjected to claw-back based on the actual expenditures.

4. Transmission and Distribution Costs

4.1. Licensee Submission and Commission's Observations

4.1.1. CEB Transmission and Distribution Costs

The CEB proposed transmission and distribution costs for the subjected period are as follows.

Table 7: CEB Transmission and Distribution cost submissions

Description	Unit	Forecast for June to December 2025
Transmission Cost	MLKR	12,989
Distribution Cost – CEB DLs	MLKR	47,869

The CEB submission states that the above costs are derived by reinstating OPEX claw-back performed during the first tariff revision of the year 2025 and including the forecasted shortfall in approved *Allowed Revenue* to cover up the Transmission Licensee's operational expenditure. The comparison of previously approved *Allowed Revenues* with the CEB proposal is given below.

Table 8: Comparison of CEB Transmission and Distribution cost submissions with approved Allowed Revenues

Description	Unit	Approved Allowed Revenue for 2025	Proportionate Approved Allowed Revenue for June to December	Latest CEB proposal for June to December	CEB Proposed additional cost
Transmission Allowed Revenue	MLKR	21,172	12,350	12,989	639
Distribution Allowed Revenue - CEB	MLKR	78,036	45,521	47,869	2,348

4.1.2. LECO Distribution Cost

LECO has communicated its concerns on the OPEX claw-back applied during the determination of *Allowed Revenue* of LECO for 2025, claiming that such provisions are not incorporated in the approved Tariff Methodology. However, it is to be noted that in terms of Section 30(2)(b) of Sri Lanka Electricity Act (SLEA), only reasonable and efficient costs can be passed to the tariff. Accordingly, in the scenarios where Licensee over forecasts OPEX and expends less, it is undue for the Licensee to retain such surplus. Further, the LECO has also raised concerns over the CAPEX claw-back calculation procedure adopted in determining *Allowed Revenue* of LECO for 2025.

4.2. Commission Decision on Transmission and Distribution Costs

The Commission has approved the *Allowed Revenues* of the Transmission and Distribution Licensees in accordance with the Tariff Methodology and Section 30 of Electricity Act No.20 of 2009. In terms of Section 30(2)(b) of SLEA, only reasonable and efficient costs can be passed to the tariff. The OPEX claw-back provisions are arising from the above, while the methodology explicitly mentions the CAPEX claw-back. The calculation procedures adopted are technically in line with the OPEX and CAPEX claw-back principles.

However, from the concerns raised by LECO, the payment of statutory taxes for the year 2023, not being offset in the OPEX claw-back is accepted by the Commission. Therefore, the MLKR 1,388, statutory taxes for LECO in the year 2023, is removed from the claw-back effected on the Allowed Revenue of the year 2025.

Further, the Transmission Licensee's Allowed Revenue increase is accepted considering the possible under forecast of Allowed Revenue with the operational discrepancy of the revenue filing template, as claimed by the CEB.

Accordingly, the approved *Allowed Revenues* for the period are given below.

Table 9: Approved Distribution and Transmission costs

Description	Unit	Approved Allowed Revenue for June to December 2025
Transmission Allowed Revenue	MLKR	12,989
Distribution Allowed Revenue - CEB	MLKR	45,521
Distribution Allowed Revenue - LECO	MLKR	5,070

5. Finance Cost

5.1. Licensee Submission and Commission's Observations

A total of MLKR 14,062 has been submitted by CEB as finance costs for the period of June to December 2025. The breakdown of these costs is shown in the table below.

Table 10: Finance cost breakdown

Description	Unit	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Total
Long / Short Term Interest Account	MLKR	549.8	543.8	537.9	531.9	525.9	519.9	513.9	3,723.1
Overdraft Interest Account	MLKR	400.0	300.0	300.0	300.0	300.0	300.0	300.0	2,200.0
Debenture Interest Account	MLKR	155.8	155.8	155.8	155.8	155.8	155.8	155.8	1,090.8
Lease interest Account	MLKR	1.6	1.6	1.6	1.6	1.6	1.6	1.6	11.1
Delayed Interest on IPP Payments	MLKR	75.0	75.0	75.0	50.0	50.0	50.0	50.0	425.0
Delayed Interest on NCRE Payments	MLKR	1,175.0	75.0	75.0	25.0	25.0	25.0	25.0	1,425.0
Tariff Impact of Debt Restructuring	MLKR	733.6	765.7	767.9	730.9	747.7	709.8	731.4	5,187.0
Total	MLKR	3,090.9	1,916.9	1,913.2	1,795.2	1,806.0	1,762.1	1,777.7	14,062.1

The Commission requested further clarifications on the following items.

1. Overdraft interest
2. Delayed interest on IPP and NCRE payments
3. Tariff impact on debt restructuring

5.1.1 Overdraft interest

As per the clarifications received from CEB, the overdraft interest calculation has been performed as follows, considering below interest rates and balances.

Table 11: Overdraft interest calculation

Description	Unit	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Total overdraft balance	MLKR	21,500.0	18,000.0	17,500.0	17,500.0	17,500.0	17,500.0	17,500.0
Pre-approved OD limit (@ 10.45%)	MLKR	9,515.0	9,515.0	9,515.0	9,515.0	9,515.0	9,515.0	9,515.0
Temporary overdraft (@ 32%)	MLKR	11,985.0	8,485.0	7,985.0	7,985.0	7,985.0	7,985.0	7,985.0
Total overdraft interest	MLKR	402.5	309.1	295.8	295.8	295.8	295.8	295.8
	MLKR	2,190.6						

In another clarification received from CEB on the matter, a portion of the overdraft balance is to be taken under the restructured debt and corresponding repayment cost calculation. However, CEB explains the restructuring of overdraft is to happen in stages.

5.1.2. Delay interest on IPP and NCRE payments

The following delay interest for IPP and NCRE producers have been calculated by the CEB as follows.

Table 12: IPP and NCRE delay interest calculation

Description	Unit	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
IPP	Total overdue	MLKR	11,724.0	8,274.0	8,524.0	8,324.0	5,824.0	5,624.0
	Delay interest (@ 10.45%)	MLKR	76.0	74.2	72.5	50.7	49.4	48.5
	Total Delay Interest	MLKR	420.3					
NCRE	Total overdue	MLKR	1,200.0	1,100.0	950.0	800.0	650.0	350.0
	Delay interest (@ 8.45%)	MLKR	7.8	6.7	5.6	4.6	3.5	1.4
	Total Delay Interest	MLKR	32.0					

In addition to the above, an amount of MLKR 1,400 has been included to be paid as NCRE delay interest payment from June to December 2025. This is termed as 'Moragahakanda DI' payment. Further clarifications received on the matter reveal that this is an accumulated delay interest amount for all the delayed payments made to Moragahakanda MHP, starting from January 01, 2021.

5.1.3. Debt restructuring

As explained in the CEB clarifications, the following payables of CEB have been restructured.

Table 13: Outstanding amounts considered for restructuring

Debt	Unit	Outstanding Considered for Restructuring
Bank Loans	MLKR	54,599
People's Bank - Overdraft facility	MLKR	15,000
Total	MLKR	69,599

Bank loans considered above have been obtained in the period of 2019 to 2024, for purposes such as settling CPC, IPP, NCRE, and Coal payments. It is stated that the above debts are to be restructured by obtaining 3 new loans from Commercial Banks. These loan details along with the repayment cost for the year 2025 is shown in the table below.

Table 14: Restructured loan repayment details

Restructured Loan	Loan Amount (BLKR)	Repayment Period (Years)	Interest Rate (%)	Repayment within 2025 (MLKR)		
				Capital	Interest	Total
Loan 1	15	8	AWPLR + 1.0	1,094	796	1,890
Loan 2	50	8	AWPLR + 1.0	3,646	2,653	6,299
Loan 3	5	5	AWPLR + 1.5	583	274	857
Total				5,323	3,723	9,046

Further clarifications received from CEB state that the interest cost of restructured loans is considered under the item 'Long / Short Term Interest Account'. Also, the capital repayment of these loans is considered under the item 'Tariff Impact of Debt Restructuring'.

5.2. Commission Decision on Finance Cost

Considering the clarifications received from the CEB on the above elements within the Finance Cost submitted, the Commission accepts the submitted Finance Cost.

6. Revenue Surplus for July to December 2025

6.1. Licensee Submission and Commission's Observations

The Clause 2.5.3 and 2.5.4 of the Tariff Methodology requires the calculated TL's revenue surplus of MLKR 11,858, for July to December 2024, to be brought forward to the period of July to December 2025. Accordingly, this amount is considered as a positive revenue adjustment for June to December 2025, in the CEB submission.

Any claw-back resulting from cost and revenue variations of month of June 2025 will be applied to corresponding period of 2026.

6.2. Commission Decision on Revenue Surplus for July to December 2025

The Commission accepts MLKR 11,858 as a positive revenue adjustment for the period considered, in accordance with the clauses 2.5.3 and 2.5.4 of Tariff Methodology. The June month surplus related to MLKR 51,098 transfer is not considered in this tariff revision, which will be applied to the corresponding period of 2026, together with excess revenue/deficit of June 2025, as described in 6.1 above.

7. Financial Loss of the First Quarter of 2025

7.1. Licensee Submission and Commission's Observations

As per the CEB submitted provisional accounts for the period of January to March 2025, CEB has claimed a financial loss of MLKR 18,474. The CEB tariff proposal includes a negative revenue adjustment of MLKR 8,283, for the period of June to December 2025, to reflect the above loss.

Participating in the stakeholder consultation opened on the electricity tariff revision, the Secretary to the Treasury has forwarded the view of the Ministry of Finance on the tariff revision. Accordingly, the first quarter loss of MLKR 18,474 has been highlighted by the Ministry. Further, a request has been

made to maintain electricity tariffs at cost-recovery level with quarterly adjustments based on a forward-looking manner.

7.2. Commission Decision on First Quarter Loss of 2025

The inclusion of the 2025 first quarter loss in the tariff calculation for the June to December 2025 period is not acceptable in terms of the approved Tariff Methodology. Any deficit/surplus of Transmission Licensee of the period of January – June 2025, will be adjusted in January – June 2026.

It is also noted that the Commission has brought forward a surplus from 2024H1, of MLKR 51,098, for the period of January to June 2025. This is sufficient to offset the financial loss indicated in CEB accounts for the first quarter of the year 2025. Hence there is no financial deficit to be accommodated in accordance with the clauses 2.5.3 and 2.5.4 of Tariff Methodology. The inclusion of MLKR 8,283 has also been queried by the Auditor General via the audit query dated June 04, 2025.

Therefore, the Commission rejects the negative revenue adjustment of MLKR 8,283.

8. Electricity Sales Revenue

8.1. Licensee Submission and Commission's Observations

CEB has forecasted sales of 9,329 GWh for the period of June to December 2025. The breakdown of CEB end-user sales and sales to LECO is shown below, as submitted by CEB.

Table 15: CEB submitted sales revenue breakdown

Description	Jun - Dec Forecasted Sales (GWh)	Jun - Dec Forecasted Electricity Sales Revenue (MLKR)
CEB DL End-user sales	8,490	210,673
Sales to LECO	840	20,040
Total	9,329	230,714

8.2. Commission Decision on Electricity Sales Revenue

The Commission accepts the revenue forecast submitted by the CEB.

9. Tariff Revision Percentage and Rate Structure

9.1. Licensee Submission and Commission's Observations

The summary of CEB cost/revenue forecasts for the subjected period and the calculation of tariff revision percentage is shown in the table below.

Table 16: Summary of CEB submitted costs/revenue

Description		Unit	Amount
Generation	Energy cost	MLKR	156,572
	Capacity cost	MLKR	44,993
Transmission cost		MLKR	12,989
Distribution cost - CEB		MLKR	47,869
Finance Cost		MLKR	14,062
Total Cost		MLKR	276,485
Estimated Revenue at present tariff		MLKR	230,714
Est. BST excess revenue & UNTA 2024 2H		MLKR	11,858
2025 1Q deficit incl. adj. of positive balance of LKR 10.191 Bn		MLKR	(8,283)
Surplus/ (Deficit)		MLKR	(42,196)
Proposed tariff revision percentage		%	18.3%

*Note: CEB submission considers LECO as a single consumer. Therefore, end-user revenue of LECO consumers and LECO allowed revenue is not included above. If the CEB proposal is adjusted with LECO allowed revenue, the percentage increase would be 18.0% (Deficit of MLKR 42,196 divided by total revenue of MLKR 234,396).

The tariff structure proposed by CEB to enable the above revenue increase provides a uniform increase for all consumer categories and subgroups.

However, considering the Commission's decision on all the cost and revenue components above, the tariff revision percentage is calculated as follows.

Table 17: Summary of commission approved costs/revenues

Description		Unit	Amount for Jun-Dec
Generation	Energy cost	MLKR	156,572
	Capacity cost	MLKR	44,993
Transmission cost		MLKR	12,989
Distribution cost	CEB DLs	MLKR	45,521
	LECO	MLKR	5,070
Finance Cost		MLKR	14,062
Total Cost		MLKR	279,207
Estimated Revenue at present tariff		MLKR	234,396
Est. BST excess revenue & UNTA 2024 2H		MLKR	11,858
Surplus/ (Deficit)		MLKR	(32,953)
No. of days from June 1st, until the revised tariff implemented		Nos.	11
Approved tariff revision percentage		%	15%

9.2 Commission Decision on the Tariff Revision Percentage and Rate Structure

As calculated above, the Commission approves an overall increase in electricity tariffs by 15%, to be effective from June 12, 2025. In terms of Section 30(4) of SLEA and giving due consideration to the comments of stakeholders, the Commission has decided to distribute the tariff increase across consumer categories, as shown in the table below.

Table 18: Consumer category wise revenue impact

Category		% Change in Revenue
Domestic	0-30	9%
	31-60	11%
	61-90	12%
	91-180	15%
	180<	17%
	D-TOU	17%
General Purpose		14%
Government		16%
Hotel Purpose		15%
Industrial Purpose		15%
Religious & Charitable Purpose		12%
Streetlamp		11%
Overall		15%

The approved tariff table along with the applicable conditions for the licensees are provided in Annex - 3.

Summary of Comments from the Stakeholder Consultation – Electricity Tariff Revision : June 2025

The public consultation was conducted to gather stakeholders' feedback on the second proposed electricity tariff revision for 2025. The consultation sessions were held across all nine provinces, with the participation of over 500 stakeholders representing a wide range of sectors. Stakeholders were consulted on the key topics outlined below. A summary of received comments is given below.

Consultation Category	Number of Stakeholder Mentions	Summary of Comments from Stakeholders
1. Forecasted Generation Mix and Costs	20	<ul style="list-style-type: none"> • More emphasis must be given to renewable sources like solar and wind, which are cost-effective in the long run • The projected cost of thermal generation is too high and unsustainable. Transition plans for renewables should be accelerated • Heavy reliance on coal will make us vulnerable to external shocks. Diversify the mix urgently • Generation dispatch of CEB is not properly done • CEB under-forecast hydro generation
2. Fuel Costs	12	<ul style="list-style-type: none"> • CEB must finalize fuel supply agreements transparently and early to avoid unexpected cost hikes. • Fuel pricing should be based on long-term contracts, not market volatility. • Without clarity on fuel agreements, these cost forecasts cannot be trusted. • CPC prices Furnace, Naphtha, and Diesel to CEB above the cost of refining these oil products. Therefore, CPC earns undue profits.
3. Transmission and Distribution Costs	10	<ul style="list-style-type: none"> • T&D costs should not be increased mid-year. This violates the tariff methodology. • CEB's operational inefficiencies should not be passed on to consumers.
4. Finance Costs	16	<ul style="list-style-type: none"> • Why are consumers paying for unknown historic debts? Full breakdown needed. • Clarity on the past loans and how they are being repaid. • Reduction of electricity tariff by efficient operation of CEB is required. • Payment for legacy debts included under finance costs is unreasonable
5. Revenue Surplus (Jul–Dec 2024)	9	<ul style="list-style-type: none"> • The revenue surplus should be used to cushion low-income households from price shocks. • There's a lack of clarity on how this surplus is being used in the 2025 calculation. • CEB has not adhered to Tariff Methodology.

6. Financial Loss (Q1 2025)	10	<ul style="list-style-type: none"> • A Q1 loss should not be recovered through customer tariffs; this is a management issue. • This goes against the cost-reflective tariff methodology. • The cost of blackouts should not be passed on to consumers • Secretary to the Treasury requested full Q1 loss to be added to the cost.
7. Proposed Tariff Structure	35	<ul style="list-style-type: none"> • Strongly oppose the 18.3% hike. Domestic users are already overburdened. • There should be no hike unless transparency and accountability are ensured. • Urge a reassessment of the weight assigned to GP-2 • Consolidation and extension of ToU tariffs, and maintaining the lifeline tariff as the sole subsidy. • SMEs shall be given subsidies. • Benefit of low-cost generation such as hydro shall be passed to low-consuming electricity consumers. • Reduce tariff for domestic and religious consumers. • kVA charge shall be reduced to small and medium scale industries. • Fixed charge for Agriculture tariff should be reduced. • Fixed tariff should be introduced for industrial / Hotel tariff category for at least 3 years. • New tariff category should be introduced for differently abled people and people below poverty line. • Recommends reforming the electricity tariff structure for long-term sustainability by adopting effective tariff design principles.
8. Commission's Analysis on Submission	18	<ul style="list-style-type: none"> • PUCSL must assert its authority in enforcing rules on CEB.
9. Stakeholder Proposals for Improvement	40	<ul style="list-style-type: none"> • Adopt benchmarking for CEB and LECO operations to improve efficiency. • Decentralize power generation using NCRE and reduce peak demand through DSM. • Street light tariff rates should be reduced. • Battery Energy Storage Systems (BESS) and Pumped Storage Power Plants should be promoted for balancing intermittent renewables and improving reliability. • IMF cost-recovery electricity pricing should be done effectively and efficiently to achieve cost reduction. • CEB restructuring should be done as much as possible. • Forensic audit should be carried out for CEB • Cost audit shall be made mandatory

Tariff Table for a 30 Day Billing Cycle

Annex - 2

		Tariff effective until 11th June 2025				Approved Tariff, Effective from 12th June 2025							
		Energy Charge (LKR/kWh)		Fixed Charge (LKR/month)		Energy Charge (LKR/kWh)				Fixed Charge (LKR/month)			
Domestic													
Consumption 0-60 kWh per month													
Block 1 : 0-30 kWh		4.00		75.00		4.50				80.00			
Block 2 : 31-60 kWh		6.00		200.00		8.00				210.00			
Consumption above 60kWh per month													
Block 1 : 0-60 kWh		11.00		-		12.75				-			
Block 2 : 61-90 kWh		14.00		400.00		18.50				400.00			
Block 3 : 91-120 kWh		20.00		1,000.00		24.00				1,000.00			
Block 4 : 121-180 kWh		33.00		1,500.00		41.00				1,500.00			
Block 5 : Above 180 kWh		52.00		2,000.00		61.00				2,100.00			
Domestic Time Of Use													
Peak [18:30 to 22:30]		55.00		2,000.00		67.00				2,100.00			
Day [05:30 to 18:30]		35.00				35.00							
Off Peak [22:30 to 05:30]		15.00				21.00							
Religious & Charitable													
Block 1 : 0-30 kWh		4.50		75.00		4.50				75.00			
Block 2 : 31-90 kWh		4.50		200.00		4.50				200.00			
Block 3 : 91-120 kWh		6.50		300.00		8.00				350.00			
Block 4 : 121-180 kWh		15.00		1,200.00		19.00				1,300.00			
Block 5 : Above 180 kWh		23.00		1,600.00		26.00				1,700.00			
Other Consumers		Industrial/Hotel		General Purpose/Government		Industrial		Hotel		General Purpose		Government	
Volume Differentiated Monthly Consumption (kWh/month)		<300	>300	<180	>180	<300	>300	<300	>300	<180	>180	<180	>180
Supply at 400/230V & Contract Demand<42kVA (1)	Energy Charge (LKR/kWh)	7.00	13.00	22.00	30.00	8.00	17.00	8.00	17.00	25.00	34.00	25.00	34.00
	Fixed Charge (LKR/month)	250.00	750.00	500.00	1,500.00	300.00	800.00	300.00	800.00	500.00	1,600.00	500.00	1,600.00
Supply at 400/230V & Contract Demand >42kVA (2)	Peak [18:30 to 22:30] (LKR/kWh)	23.00		42.00		28.00		28.00		47.00		47.00	
	Day [05:30 to 18:30] (LKR/kWh)	13.00		34.00		15.00		15.00		41.00		41.00	
	Off Peak [22:30 to 05:30] (LKR/kWh)	11.00		27.00		12.00		12.00		31.00		31.00	
	Demand Charge (LKR/kVA)	1,300.00		1,400.00		1,400.00		1,400.00		1,500.00		1,500.00	
	Fixed Charge (LKR/month)	5,000.00		5,000.00		5,000.00		5,000.00		5,000.00		5,000.00	
Supply at 11kV & above (3)	Peak [18:30 to 22:30] (LKR/kWh)	22.00		41.00		27.00		27.00		46.00		46.00	
	Day [05:30 to 18:30] (LKR/kWh)	12.00		33.00		14.00		14.00		39.50		39.50	
	Off Peak [22:30 to 05:30] (LKR/kWh)	10.00		26.00		11.00		11.00		30.00		30.00	
	Demand Charge (LKR/kVA)	1,250.00		1,350.00		1,350.00		1,350.00		1,450.00		1,450.00	
	Fixed Charge (LKR/month)	5,000.00		5,000.00		5,000.00		5,000.00		5,000.00		5,000.00	
Street Lighting													
Energy Charge (LKR/kWh)		45.00				50.00							
Agriculture: Optional Time of Use													
Peak [18:30 to 22:30] (LKR/kWh)		23.00				23.00							
Day [05:30 to 18:30] (LKR/kWh)		13.00				13.00							
Off Peak [22:30 to 05:30] (LKR/kWh)		8.00				7.00							
Fixed Charge (LKR/month)		750.00				750.00							
EV Charging Stations		DC Fast Charging		AC Level 2 Charging		DC Fast Charging				AC Level 2 Charging			
Peak (LKR/kWh)		111.00		90.00		111.00				90.00			
Day (LKR/kWh)		87.00		70.00		87.00				70.00			
Off Peak (LKR/kWh)		53.00		40.00		53.00				40.00			

Optional Pre-paid Tariff Scheme (LECO) for Retail Consumers

		Tariff effective until 11th June 2025	Approved Tariff, Effective from 12th June 2025
		Energy Charge (LKR/kWh)	Energy Charge (LKR/kWh)
Domestic	Block 1 : 0-90 kWh/month	14.00	16.00
	Block 2 : Above 90 kWh/month	52.00	61.00
Religious	Block 1 : 0-90 kWh /month	8.00	8.00
	Block 2 : Above 90 kWh/month	25.00	28.00
General (GP-1)		32.00	36.00
Industrial (I-1)		14.00	18.00
Hotel (H-1)		14.00	18.00

Conditions to the Licensee

<u>Condition</u>	<u>Deadline</u>
1. CEB and LECO shall share a plan with timelines to submit quarterly licensee wise cost accounts	September 30, 2025
2. CEB and LECO shall share a plan with timelines to perform cost audits of their Licensee wise cost accounts	September 30, 2025