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Minister announces new mechanism for quarterly electricity tariff revisions

Updated: Tuesday, 24 October 2023 01:18

- **Energy Minister Kanchana Wijesekera Says CEB restructuring proposal will be submitted to Cabinet next week**

Power and Energy Minister Kanchana Wijesekera announced yesterday that a new mechanism will be implemented to revise electricity tariffs once every three months, as opposed to the existing system of biannual revisions.

Speaking to journalists, he clarified that there was a prevailing misconception regarding the Ceylon Electricity Board's (CEB) authority to revise tariffs. He emphasised that the CEB has the authority to request tariff adjustments, particularly in the event of a crisis.

This process has been utilised for recent tariff revisions, ensuring compliance with legal guidelines.

To stabilise the sector's financial health and ensure sustainable operations, he said the Government introduced a policy in January 2023 to implement biannual revisions of electricity prices, with provisions for emergency tariff adjustments when necessary, especially in extraordinary situations.

He stated this year has seen three significant tariff revisions, marking a 66% increase on 15 February, a subsequent 14% decrease on 1 July, and a recent 18% increase on 21 October.

Regarding the necessity of tariff revisions amid reports of heavy rainfall across Sri Lanka, Minister Wijesekera noted that although certain areas have experienced flooding, the region's housing power-generating reservoirs have not received significant rainfall.

"As of 22 October 2023, the total hydro storage at major reservoirs stands at 65.81%. This figure represents a notable decrease from the same period in 2022, where the storage was at 84.41%, and 2021, which recorded a higher level of 86.48%," he added.

In terms of power generation from hydro sources, Wijesekera said the total output as of 22 October 2023, is reported to be 2,893.76 Gigawatt-hours (GWh). "In contrast, the full-year figures for 2022 and 2021 were considerably higher, reaching 5,364.29 GWh and 5,639.99 GWh, respectively. Initial estimates for 2023 projected a generation of 4,500 GWh, which was later revised down to 3,750 GWh in September," he explained.

Minister Wijesekera revealed plans for a comprehensive restructuring of the Ceylon Electricity Board (CEB), which will soon be presented to the Cabinet of Ministers. "This proposal is scheduled for presentation in the upcoming week and submitted to the Attorney General's Office, with expectations of receiving feedback within the week," he added.

The financial status of the power sector also came under scrutiny, with the Minister disclosing that accumulated losses from 2014 to 2022 amount to Rs. 565 billion.

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“To support the CEB during this period, the Government extended a working capital subsidy of Rs. 257 billion. Furthermore, the 2022 financial year recorded a loss of Rs. 272 billion. As of the end of September 2023, the incurred loss for the year stands at Rs. 29 billion,” he said.