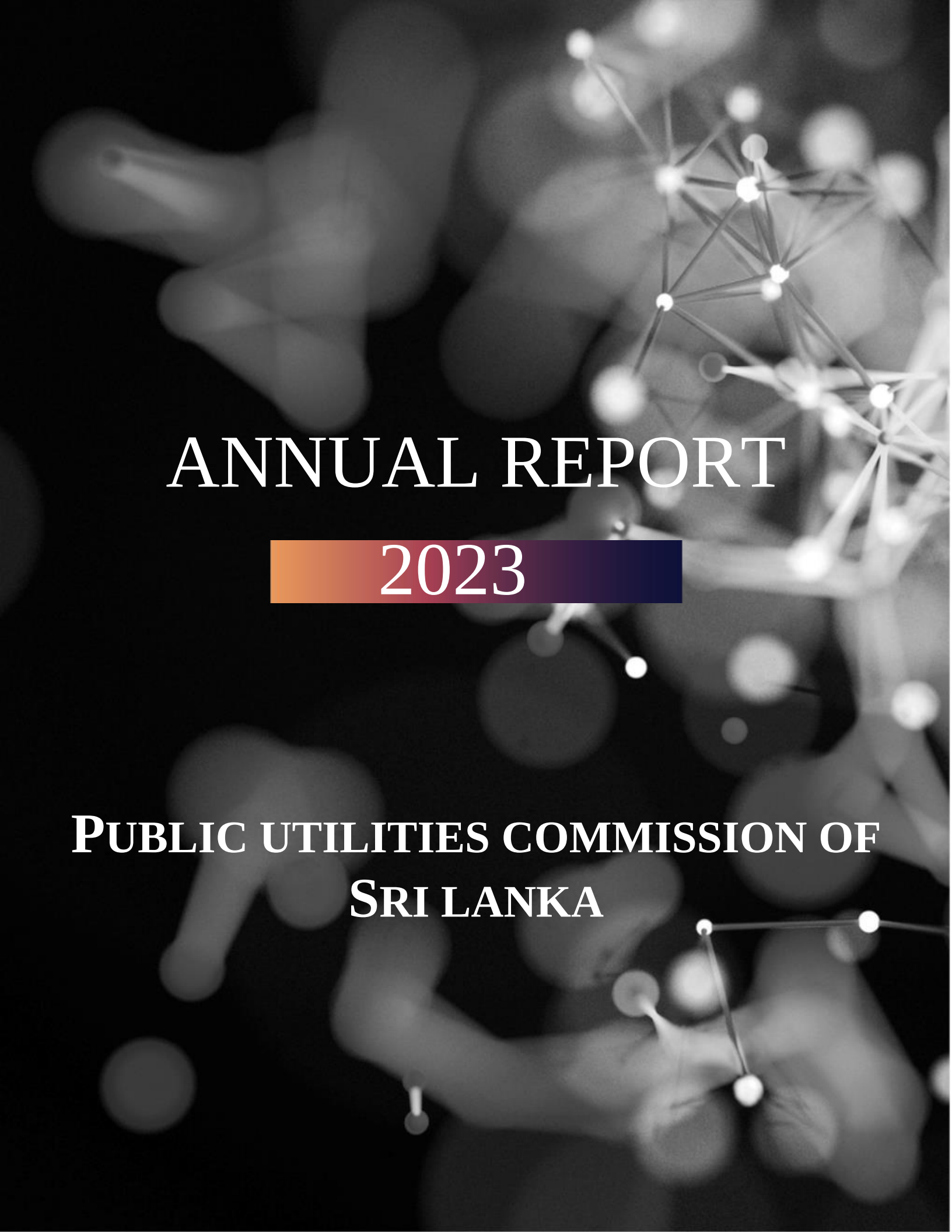




# ANNUAL REPORT

2023

**PUBLIC UTILITIES COMMISSION OF  
SRI LANKA**





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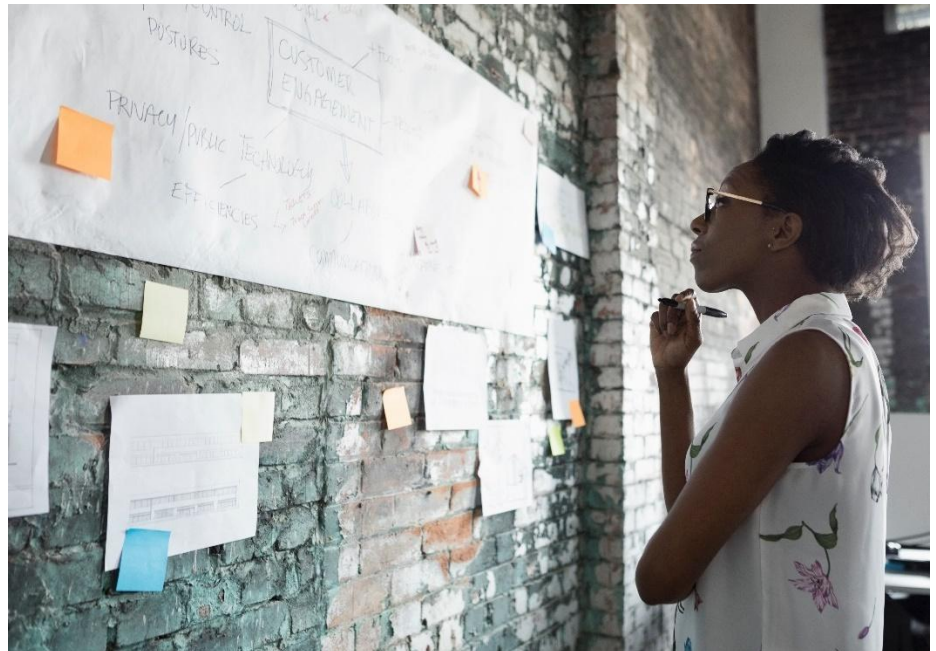
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# Introduction

In the year 2023, the Public Utilities Commission of Sri Lanka achieved notable advancements in the regulation of diverse sectors and markets, as highlighted within the pages of the Mid-Year Report. This comprehensive document offers a well-rounded overview of the regulatory influence exerted across various industries, presents research findings, outlines forthcoming strategies, and provides insights into the Commission's financial standing.

Central to this report is a focused examination of the electricity sector, complemented by the Commission's contributions to bolstering water services and petroleum industries. While currently acting as the regulatory authority for the electricity domain and assuming a shadow regulatory role in the lubricant market, the Commission remains diligently engaged in preparing for full-fledged regulatory oversight once industry-specific acts receive parliamentary approval. The report meticulously tracks the progress made in laying the foundational groundwork for both sectors, with a clear aim of achieving regulatory control in the near term.

Within the pages of the Mid-Year Report 2023, readers will also find detailed insights into the slated activities for the upcoming year across various industries.



# ABOUT US

Established in 2003, the Public Utilities Commission of Sri Lanka (PUCSL) commenced its operations with the appointment of its inaugural group of Commissioners and Director General. A quintet of distinguished members constitutes the Commission, each appointed for a five-year tenure by the Minister responsible for Policy Development, in consultation with the Constitutional Council. Underpinning its authority are the Public Utilities Commission of Sri Lanka Act No.35 of 2002, the Sri Lankan Electricity Act No.20 of 2009, and the Sri Lanka Electricity (Amendment) Act No. 31 of 2013.

The PUCSL assumes the dual role of the economic, technical and safety regulator of the Electricity Industry and the shadow regulator for the lubricant market. In addition to the electricity industry, the Commission was recognized by the PUCSL Act as the sector regulator for water services industry and petroleum industry. The Industrial Acts for water and petroleum industries are yet to be passed through the parliament.

Operating as an independent entity, its decisions are meticulously crafted through comprehensive analysis and subject to approval by the Commission Members, comprising the Chairman, Deputy Chairman, and other Members appointed by the Constitutional Council. The members of the Commission are persons with ability and integrity and have shown capacity in addressing problems relating to engineering, law, economics, business management, accountancy, or administration.

At the heart of the Commission's operational prowess are highly skilled professionals proficient in various industries including electricity, water services, petroleum, and the lubricant market. This adept team facilitates the PUCSL's mission to regulate the electricity industry as the vanguard of economic, safety, and technical oversight, while concurrently undertaking the role of a shadow regulator in the lubricant market.

The PUCSL actively collaborates with the water services and petroleum industries, offering invaluable regulatory insights. This proactive engagement stems from the anticipation of forthcoming industry-specific acts that are awaiting parliamentary approval. By providing regulatory guidance, the PUCSL supports these industries in their journey toward enhanced governance and efficiency, reflecting its commitment to a dynamic and regulated landscape.



# CORPORATE INFORMATION

**Name of the Commission** - Public Utilities Commission of Sri Lanka

**Legal Status** - Established by the Public Utilities Commission of Sri Lanka Act, No 35 of 2002

## **Commission Members**

Prof. Manjula Fernando – Chairman of the Commission

Ms.Chathurika Wijesinghe – Deputy Chairman of the Commission

Mr. Douglas N Nanayakkara – Member of the Commission

Mr. Sellampola Gedara Senarathna – Member of the Commission

## **Director General**

Mr. Damitha Kumarasinghe

## **Secretary to the Commission**

Mrs Nadeeja Warapitiya

## **Auditors**

Auditor General's Department, 306/72, Polduwa Road, Battaramulla.

## **Registered Office**

6th Floor, BOC Merchant Tower St. Michael's Road, Colombo 3, Sri Lanka.

E-mail: [info@pucsl.gov.lk](mailto:info@pucsl.gov.lk)

Telephone: +9411 239 2607/8

Fax: +9411 239 2641

Website: [www.pucsl.gov.lk](http://www.pucsl.gov.lk)

## **Banker**

Bank of Ceylon 1st & 2nd Floor, BOC Merchant Tower, No. 28, St. Michaels's Road, Colombo.

# OUR VISION

To create an environment for all inhabitants of Sri Lanka, and the contributors to its development, to have access to essential infrastructure and utility services in the most economical manner, within the boundaries of the sustainable development agenda of the country.

# OUR MISSION

To regulate all utilities within the purview of the Public Utilities Commission of Sri Lanka to ensure safe, reliable, and reasonably-priced infrastructure services for existing as well as future consumers in the most equitable and sustainable manner.

## Objectives

The objectives of the Commission are set out in the Section 14 (2) of the PUCSL Act.

These objectives are identified below:

- Protect the interest of all consumers
- Promote competition
- Promote efficiency in both the operations of, and capital investment in, public utilities industries
- Promote an efficient allocation of resources in public utilities industries
- Promote safety and service quality in public utilities industries
- Benchmark, where feasible, the utilities' services as against international standards
- Ensure that price-controlled entities acting efficiently; do not find it unduly difficult in financing their public utilities industries.

# FUNCTIONS OF PUCSL

Functions of the Public Utilities Commission as stipulated in the Public Utilities Commission Act, No. 35 of 2002 are as follows,

- (a) Exercise, perform and discharge the powers, functions and duties conferred on or assigned to the Commission by or under the PUCSL Act or any industry Act
- (b) Consult, to the extent the Commission considers appropriate, any person or group who or which may be affected, by the decisions of the Commission
- (c) Advise the Government, as the Commission deems appropriate, on all matters concerning any industry falling within the purview of the PUCSL Act
- (d) Collect, record, and disseminate information concerning any public utilities industries subject to section 15(4) of PUCSL Act
- (e) Prepare within six months of its establishment a regulatory manual containing a code of good practice governing the functions of the Commission and revise it as and when required
- (f) Exercise licensing, regulatory and inspection functions in respect of all matters provided for in any industry Act
- (g) Enforce the provisions of licenses, contracts and other instruments issued under the authority of any industry Act
- (h) Regulate tariffs and other charges levied by regulated entities where required by any industry Act
- (i) Determine by mediations disputes arising in any public utilities industry
- (j) Set and enforce technical and other standards relating to the safety, quality, continuity, and reliability of the public utilities industries
- (k) Undertake such other incidental or ancillary activities which the Commission may consider appropriate for the effective discharge of any of its functions

## Goals for Outcomes – Electricity Industry

1. Outcome 01 -Improved productivity & convenience for electricity consumers
2. Outcome 02 – Affordable price for consumers and sustainable financial stability for licensees
3. Outcome 03 – Improved safety of every living being and properties of public, licensees & operators
4. Outcome 04 -Improved environmental conditions for human, animals, and plants

## OUR VALUES

### FAIRNESS

We will make decisions in a manner that conforms to generally accepted good practices taking in to account our objectives, duties, and functions.

### IMPARTIALITY

We will treat all views, comments and complaints received and all issues relevant to us in an unbiased manner, taking in to account all our legal obligations.

### INDEPENDENCE

Our decisions will be free from undue influence.

### TIMELINESS

We recognize that delays cost money and cause frustration. We will Endeavor to respond to any issues that may come up as quickly as possible.

### TRANSPARENCY

We will generally publish all evidence, decisions, and related documents, unless prevented by confidential or legal constraints. We will inform all stakeholders of the procedures and issues that we are considering. We also publish, annually, a report detailing our activities and their costs.

### OBJECTIVITY

We will weigh each argument based on its merits, evidence and guidance provided by policy, law, and judicial rulings.

### CONSISTENCY

We will develop decisions that are in keeping with our legal obligations under relevant legislation and we will try, where we believe it is helpful, to follow the same approach used in earlier “similar fact” decisions.



# GOALS – ELECTRICITY INDUSTRY

## **POWER QUALITY**

1. Increased compliance by licensees on statutory supply voltage levels to consumers (i.e. 230 V  $\pm$  6% for voltage and 50 Hz  $\pm$  0.5% for frequency)

## **SUPPLY QUALITY**

2. Increased compliance by service providers on the targets for average electricity outage time experienced by a consumer within a year
3. Increased compliance by service providers on the targets for average number of electricity interruptions experienced by a consumer within a year
4. Increased compliance by service providers on targets for the average electricity breakdown restoration time for consumer service line faults

## **SERVICE QUALITY**

5. Increased awareness for consumers on their rights and obligations related to the electricity supply services
6. Increased compliance by service provider on targets for the average time taken to serve consumer inquiry/request/complaint
7. Increased compliance by PUCSL on average time taken to serve consumer complaints/disputes

## **SUPPLY ADEQUACY**

8. Increased compliance with electricity generation plans to ensure that the electricity demands in the country is met all the time
9. Increased awareness and knowledge for all stakeholders on energy efficiency and conservation activities
10. Increased compliance by electricity distribution service providers on Utility driven demand side management regulations

## **TARIFF AND SERVICE CHARGES**

11. Increased transparency and fairness to all stakeholders on cost incurred and tariff imposed in the supply of electricity
12. Increased transparency and fairness on charges levied by service providers on services offered to customers

## **ELECTRICITY SAFETY**

13. Increased awareness and knowledge for all stakeholders to reduce number of electrocutions and fatal electrical accidents below the target
14. Increased compliance with regulations by all stakeholders to reduce number of electrocutions and fatal electrical accidents below the target

## **ENVIRONMENT**

15. Increased compliance with the environmental regulation by licensees in the electricity industry
16. Increased compliance on government policy on renewable energy targets

# REPORT 2023

In this Annual report, we highlight the activities achieved in year 2023. Through concerted efforts and strategic initiatives, significant advancements have been realized across multiple fronts. Our endeavors encompass areas such as operational efficiency enhancements, regulatory framework fortification, and stakeholder engagement. Notable milestones were achieved regarding the electricity safety and consumer protection.

These accomplishments underscore our unwavering commitment to continuous improvement. Our mission is to achieve positive outcomes for the electricity industry, as well as meet established targets for the petroleum and water services sectors. By embracing innovation and adapting to evolving challenges, we strive to enhance the overall landscape of utility industries that comes under the PUCSL.

The Annual Report for 2023 reflects not only the accomplishments of the past year but also serves as a testament to our enduring commitment to progress and excellence.

The report includes the achievements of PUCSL, progress of the activities, financial statements, auditor general's opinion, PUCSL reply to the auditor general's opinion, audit committee report and activities for year 2024.

# TARIFF AND ECONOMIC AFFAIRS

## Electricity Tariff in Sri Lanka 2023: Balancing Challenges and Relief

The year 2023 brought significant changes to Sri Lanka's electricity sector, with the approval of a 66% electricity tariff hike by the Public Utilities Commission of Sri Lanka (PUCSL). The decision, which aimed to generate additional income for the Ceylon Electricity Board (CEB), faced both support and opposition, leading to subsequent revisions and measures to alleviate the burden on consumers.

### I. FIRST TARIFF REVISION

In January 2023, the proposal to increase electricity tariffs by 66% was forwarded to the PUCSL with the objective of generating an additional income of Rs. 287 billion for the CEB and the proposal was approved by the Commission with conditions.

PUCSL held a stakeholder consultation on the proposal and more than 65 oral comments and written comments were received on the proposed tariff.





The PUCSL approved tariff hike had a profound impact on consumers' electricity bills across different usage categories. For instance, the tariff for 30 units of electricity increased by a staggering 261% to Rs. 1,300, while the tariff for 60 units skyrocketed to Rs. 1,880. Even the existing tariff for 90 units experienced a significant hike, increasing to Rs. 4,430. Consumers using 120 units faced a 74% increase in their electricity bills.

## II. SECOND TARIFF REVISION

The CEB submitted the second tariff proposal for the year 2023 to PUCSL on May 15, 2023, and the proposed tariff revision was open to public comments, aiming to ensure transparency and inclusivity in the process as stipulated in the Sri Lanka Electricity Act and the Public Utilities Commission of Sri Lanka Act. The commission has solicited feedback from the public on the 3 percent electricity tariff reduction proposed by the Ceylon Electricity Board (CEB) and the alternative proposal by the Commission itself. More than 50 oral and written comments were received by the Commission on the tariff.



The PUCSL recognized the need to strike a balance between the CEB's financial sustainability and providing relief to consumers. On July 1st, 2023, they implemented a second tariff revision, offering an overall reduction of 14.2% in electricity tariffs.

Under the revised measures, lower electricity users in the 0-30 units category received a significant 65% reduction in their electricity tariffs. Consumers using 31-60 units enjoyed a 51.5% reduction, while those consuming 61-90 units benefited from a 24.5% reduction in tariffs. Furthermore, the Hotel Sector saw a 26.3% reduction, the industry category experienced a 9% reduction, and Commercial Buildings enjoyed a 5% reduction. Religious purposes category received an overall 16% reduction, while the Government entities received a modest 0.8% reduction.

Additionally, the PUCSL issued several directives aimed at enhancing transparency and billing practices in the electricity sector. These directives included ensuring that residents of all condominium properties are billed according to their respective tariff categories and metering or

estimating streetlight consumption, with billing to be directed to the Local Authority or Road Authority.

Furthermore, the PUCSL emphasized the importance of paying interest on security deposits obtained from consumers, thereby providing consumers with returns on their investments. Additionally, fuel supply agreements were executed with CPC and Lanka Coal Company, and Power Purchase Agreements between CEB transmission and CEB generation plants, along with Power Sales Agreements between Distribution Licensees and CEB Transmission Licensee, were established.

The PUCSL also stressed the prompt settlement of due payments to Renewable Energy-based electricity generators, including small-scale rooftop solar providers, acknowledging the vital role of renewable energy in sustainable development.

|                                                          |                          | Revised Tariff effective from July 1, 2023 |          |          |          |                          |          |          |          |
|----------------------------------------------------------|--------------------------|--------------------------------------------|----------|----------|----------|--------------------------|----------|----------|----------|
|                                                          |                          | Energy Charge (LKR/kWh)                    |          |          |          | Fixed Charge (LKR/month) |          |          |          |
| Domestic                                                 |                          |                                            |          |          |          |                          |          |          |          |
| Consumption 0-60 kWh/month                               |                          |                                            |          |          |          |                          |          |          |          |
| 0-30                                                     |                          | 10.00                                      |          |          |          | 150.00                   |          |          |          |
| 31-60                                                    |                          | 25.00                                      |          |          |          | 300.00                   |          |          |          |
| Consumption above 60kWh/month                            |                          |                                            |          |          |          |                          |          |          |          |
| 0-60                                                     |                          | 32.00                                      |          |          |          | -                        |          |          |          |
| 61-90                                                    |                          | 35.00                                      |          |          |          | 400.00                   |          |          |          |
| 91-120                                                   |                          | 50.00                                      |          |          |          | 1,000.00                 |          |          |          |
| 121-180                                                  |                          | 50.00                                      |          |          |          | 1,500.00                 |          |          |          |
| >180                                                     |                          | 75.00                                      |          |          |          | 2,000.00                 |          |          |          |
| Domestic TOU                                             |                          |                                            |          |          |          |                          |          |          |          |
| Peak                                                     |                          | 90.00                                      |          |          |          | 2,000.00                 |          |          |          |
| Day                                                      |                          | 70.00                                      |          |          |          |                          |          |          |          |
| Off Peak                                                 |                          | 30.00                                      |          |          |          |                          |          |          |          |
| Religious                                                |                          |                                            |          |          |          |                          |          |          |          |
| 0-30                                                     |                          | 10.00                                      |          |          |          | 150.00                   |          |          |          |
| 31-90                                                    |                          | 20.00                                      |          |          |          | 250.00                   |          |          |          |
| 91-120                                                   |                          | 35.00                                      |          |          |          | 600.00                   |          |          |          |
| 121-180                                                  |                          | 45.00                                      |          |          |          | 1,500.00                 |          |          |          |
| >180                                                     |                          | 50.00                                      |          |          |          | 2,000.00                 |          |          |          |
| Other Consumers                                          |                          | Industrial                                 |          | Hotel    |          | GP                       |          | GV       |          |
| Volume Differentiated<br>Monthly Consumption (kWh/month) |                          | <300                                       | >300     | <300     | >300     | <180                     | >180     | <180     | >180     |
| 400/230V & <42kVA                                        | Energy Charge (LKR/kWh)  | 18.00                                      | 25.00    | 18.00    | 25.00    | 35.00                    | 45.00    | 35.00    | 45.00    |
|                                                          | Fixed Charge (LKR/month) | 300.00                                     | 1,000.00 | 300.00   | 1,000.00 | 600.00                   | 1,500.00 | 600.00   | 1,500.00 |
| Optional<br>TOU                                          | Peak (LKR/kWh)           | 37.00                                      |          |          |          |                          |          |          |          |
|                                                          | Day (LKR/kWh)            | 34.00                                      |          |          |          |                          |          |          |          |
|                                                          | Off Peak (LKR/kWh)       | 29.00                                      |          |          |          |                          |          |          |          |
|                                                          | Fixed Charge (LKR/month) | 1,000.00                                   |          |          |          |                          |          |          |          |
| 400/230V &<br>>42kVA                                     | Peak (LKR/kWh)           | 37.00                                      |          | 37.00    |          | 55.00                    |          | 55.00    |          |
|                                                          | Day (LKR/kWh)            | 34.00                                      |          | 34.00    |          | 47.00                    |          | 47.00    |          |
|                                                          | Off Peak (LKR/kWh)       | 29.00                                      |          | 29.00    |          | 39.00                    |          | 39.00    |          |
|                                                          | Demand Charge (LKR/kVA)  | 1,600.00                                   |          | 1,600.00 |          | 1,600.00                 |          | 1,600.00 |          |
|                                                          | Fixed Charge (LKR/month) | 5,000.00                                   |          | 5,000.00 |          | 5,000.00                 |          | 5,000.00 |          |
| 11kV &<br>above                                          | Peak (LKR/kWh)           | 36.00                                      |          | 36.00    |          | 54.00                    |          | 54.00    |          |
|                                                          | Day (LKR/kWh)            | 33.00                                      |          | 33.00    |          | 46.00                    |          | 46.00    |          |
|                                                          | Off Peak (LKR/kWh)       | 28.00                                      |          | 28.00    |          | 38.00                    |          | 38.00    |          |
|                                                          | Demand Charge (LKR/kVA)  | 1,500.00                                   |          | 1,500.00 |          | 1,500.00                 |          | 1,500.00 |          |
|                                                          | Fixed Charge (LKR/month) | 5,000.00                                   |          | 5,000.00 |          | 5,000.00                 |          | 5,000.00 |          |
| Street Lighting                                          |                          |                                            |          |          |          |                          |          |          |          |
| Energy Charge (LKR/kWh)                                  |                          | 45.00                                      |          |          |          |                          |          |          |          |
| EV Charging Stations                                     |                          | DC Fast Charging                           |          |          |          | AC Level 2 Charging      |          |          |          |
| Peak (LKR/kWh)                                           |                          | 112.00                                     |          |          |          | 90.00                    |          |          |          |
| Day (LKR/kWh)                                            |                          | 88.00                                      |          |          |          | 70.00                    |          |          |          |
| Off Peak (LKR/kWh)                                       |                          | 53.00                                      |          |          |          | 40.00                    |          |          |          |

Electricity tariff effective for the period from July 1, 2023 to December 31, 2023

## **PUCSL Conditions to CEB with the approval of tariff**

1. CEB and LECO shall take immediate steps to ensure that consumers occupying all condominium properties are charged the applicable tariff for their category. CEB/ LECO may enter into agreements with the Management Corporations to ensure that common area consumption and other maintenance overheads are recovered through a service charge, as per Section 18(bb) of Sri Lanka Electricity Act, No. 20 of 2009 (as amended).
2. Consumption for streetlights shall be metered/estimated, billed, and collected from the relevant Local Authority or the Road Authority.
3. Security deposits obtained from consumers shall be invested and interest shall be paid out of the return on the investment.
4. Interest on any security deposit obtained for the supply of electricity shall be paid/ deducted from the monthly bill of all consumers.
5. CEB shall execute Fuel Supply Agreements with CPC and Lanka Coal Company.
6. CEB shall establish the Power Purchase Agreements between CEB transmission and CEB generation plants, and the Power Sales Agreements between Distribution Licensees and CEB Transmission Licensee.
7. CEB owned power plants that does not have a generation license shall obtain a license within two months.
8. All due payments to Renewable Energy based electricity generators (including small scale roof top solar) shall be settled as soon as possible.
9. Operationalize Bulk Supply Transmission Account by CEB in two months' time from the date of this decision.
10. Fixed charge for consumers with solar roof tops under Net Metering and Net Accounting schemes shall be charged the fixed charge applicable to their net imported energy. Thus, if they have a net export, the fixed charge will be the applicable fixed charge for zero consumption
11. CEB and LECO shall speed up installing solar rooftop solutions for religious premises and shall report the Commission of the progress within two months' time from the date of this decision.

During the period of July to December 2023, the second tariff revision in Sri Lanka resulted in an estimated total cost of 280.46 billion LKR. This cost encompassed the expenses for total generation, transmission, and distribution, as well as the finance cost of existing loans and a planned loan of 15 billion LKR to settle outstanding payments for renewable energy developers. The finance cost of the loans was calculated at an average rate of 26 percent. However, due to a subsequent reduction in fuel prices after the tariff filing on May 15, 2023, the estimated cost decreased by 12 billion LKR. As a result, the revenue generated from the Commission-approved tariff during this period amounted to 290.75 billion LKR. Consequently, there was a surplus of 22.29 billion LKR in revenue over and above the total cost, providing some financial relief to the electricity sector during the specified timeframe.

In conclusion, the year 2023 witnessed significant developments in Sri Lanka's electricity tariff landscape. While the initial 66% tariff hike aimed to address financial concerns for the CEB, it faced opposition and resulted in a revised tariff reduction to alleviate the burden on consumers. The PUCSL's directives aimed to improve billing practices and promote transparency in the sector, ensuring a more sustainable and consumer-friendly electricity market. Balancing the needs

of the CEB and the welfare of consumers remains a continuous challenge, but the measures taken in 2023 indicate a step towards achieving this delicate equilibrium.

### III. THIRD TARIFF REVISION

On September 4, 2023, the CEB conveyed crucial information regarding its financial situation, highlighting the depletion of hydro conditions and an upsurge in electricity demand. The communication also outlined a projected financial deficit by the end of 2023, considering two hydro scenarios of 3,500 GWh and 3,750 GWh hydro generation annually. Notably, this communication did not explicitly request a tariff revision.

However, on September 27, 2023, the CEB submitted an interim tariff revision request, reiterating the previously mentioned reasons. The request included two proposals suggesting a 22% increase in electricity tariffs to mitigate the anticipated financial losses for the year 2023. Throughout the initiation of the tariff review procedure, the Commission raised questions on the hydro dispatch and demand forecasts presented by the CEB in various communications.

As part of the tariff revision process, PUCSL held both written and oral stakeholder consultations. The Oral Stakeholder consultation for the tariff review was conducted at BMICH, on October 18, 2023. PUCSL received 43 oral comments from community leaders, private organizations, experts, associations, and the public on the tariff changes.





Subsequently, CEB submitted a revised tariff proposal, requesting for an 18% increase on October 17, 2023. Upon the conclusion of the stakeholder consultation, the Commission decided to approve an end user tariff increase of 18%, effective from October 20, 2023 to June 30, 2024, while imposing a list of conditions to CEB. These conditions include,

1. To conduct an independent audit for fourth quarter 2023 and report to the Commission by 31 of January 2024
2. To establish fully supplied Bulk Supply Transaction Account (BSTA) by 31st of December 2023
3. To settle all outstanding dues in the year 2023 to renewable energy generation licensees by 31st of March 2024
4. To recognize the delay interest due under Standardized Power Purchase Agreement in the Financial Statement by 31st of March 2024
5. To negotiate and enter into fuel supply agreements with fuel suppliers by 31st of December 2023
6. To liberalize Solar roof top schemes by allowing unhindered transfer to and from different schemes by 31st of March 2024
7. To remove location restrictions for Renewable energy and allow aggregation of consumer accounts (under same prosumer) for Net Metering and Net Accounting contracts by 31st of March 2024
8. To negotiate, restructure and reduce finance cost (interest cost) by 31st of December 2023
9. To complete and commission the Kothmale - New Polpitiya 220kV Transmission line by 31st of August 2024
10. To submit a plan to reduce Transmission and Distribution losses over next five years by 31st March 2024
11. To submit a plan to encourage energy conservation and efficiency by 31st March 2024
12. To reduce employee cost by 31st March 2024,

- i. No bonus or other incentive payments for employees for the year 2023
  - ii. To ensure succession planning in the years ahead to eliminate/reduce employee turnover.
  - iii. Optimal Utilization of existing human resource and minimize new recruitments
- 13.To eliminate the waste and nonproductive expenditure to minimize/eliminate such expenditure in the electricity supply cost

# Approved Electricity Tariff with Effect from 20<sup>th</sup> October 2023

| EFFECTIVE FROM<br>(for each 30 - day billing period)             |                              | EXISTING TARIFF            |                        |                          |                       |                              |                           | APPROVED TARIFF          |                        |                       |                       |                              |                           |
|------------------------------------------------------------------|------------------------------|----------------------------|------------------------|--------------------------|-----------------------|------------------------------|---------------------------|--------------------------|------------------------|-----------------------|-----------------------|------------------------------|---------------------------|
|                                                                  |                              | 2023-07-01                 |                        |                          |                       |                              |                           | 2023-10-20               |                        |                       |                       |                              |                           |
| DOMESTIC                                                         |                              |                            |                        |                          |                       |                              |                           |                          |                        |                       |                       |                              |                           |
|                                                                  |                              | Energy Charge (Rs./kWh)    |                        | Fixed Charge (Rs./mth)   |                       | Energy Charge (Rs./kWh)      |                           | Fixed Charge (Rs./mth)   |                        |                       |                       |                              |                           |
| Consumption 0 - 60 kWh per month                                 |                              |                            |                        |                          |                       |                              |                           |                          |                        |                       |                       |                              |                           |
| Block 1 : 0 - 30 kWh                                             |                              | 10.00                      |                        | 150.00                   |                       | 12.00                        |                           | 180.00                   |                        |                       |                       |                              |                           |
| Block 2 : 31 - 60 kWh                                            |                              | 25.00                      |                        | 300.00                   |                       | 30.00                        |                           | 360.00                   |                        |                       |                       |                              |                           |
| Consumption above 60 kWh per month                               |                              |                            |                        |                          |                       |                              |                           |                          |                        |                       |                       |                              |                           |
| Block 1 : 0 - 60 kWh                                             |                              | 32.00                      |                        | N/A                      |                       | 38.00                        |                           | N/A                      |                        |                       |                       |                              |                           |
| Block 2 : 61 - 90 kWh                                            |                              | 35.00                      |                        | 400.00                   |                       | 41.00                        |                           | 480.00                   |                        |                       |                       |                              |                           |
| Block 3 : 91 - 120 kWh                                           |                              | 50.00                      |                        | 1,000.00                 |                       | 59.00                        |                           | 1,180.00                 |                        |                       |                       |                              |                           |
| Block 4 : 121 - 180 kWh                                          |                              | 50.00                      |                        | 1,500.00                 |                       | 59.00                        |                           | 1,770.00                 |                        |                       |                       |                              |                           |
| Block 5 : 181 kWh and above                                      |                              | 75.00                      |                        | 2,000.00                 |                       | 89.00                        |                           | 2,360.00                 |                        |                       |                       |                              |                           |
| Optional Time of Use (ToU) Electricity Tariff for Dom. Consumers |                              |                            |                        |                          |                       |                              |                           |                          |                        |                       |                       |                              |                           |
| Day (05:30 - 18:30 hrs)                                          |                              | 70.00                      |                        | 2,000.00                 |                       | 83.00                        |                           | 2,360.00                 |                        |                       |                       |                              |                           |
| Peak (18:30 - 22:30 hrs)                                         |                              | 90.00                      |                        |                          |                       | 106.00                       |                           |                          |                        |                       |                       |                              |                           |
| Off Peak (22:30 - 05:30 hrs)                                     |                              | 30.00                      |                        |                          |                       | 35.00                        |                           |                          |                        |                       |                       |                              |                           |
| RELIGIOUS & CHARITABLE INSTITUTIONS                              |                              |                            |                        |                          |                       |                              |                           |                          |                        |                       |                       |                              |                           |
| Consumption 0 - 180 kWh per month                                |                              |                            |                        |                          |                       |                              |                           |                          |                        |                       |                       |                              |                           |
| Block 1 : 0 - 30 kWh                                             |                              | 10.00                      |                        | 150.00                   |                       | 12.00                        |                           | 180.00                   |                        |                       |                       |                              |                           |
| Block 2 : 31 - 90 kWh                                            |                              | 20.00                      |                        | 250.00                   |                       | 24.00                        |                           | 300.00                   |                        |                       |                       |                              |                           |
| Block 3 : 91 - 120 kWh                                           |                              | 35.00                      |                        | 600.00                   |                       | 41.00                        |                           | 710.00                   |                        |                       |                       |                              |                           |
| Block 4 : 121 - 180 kWh                                          |                              | 45.00                      |                        | 1,500.00                 |                       | 53.00                        |                           | 1,770.00                 |                        |                       |                       |                              |                           |
| Block 5 : 181 kWh and above                                      |                              | 50.00                      |                        | 2,000.00                 |                       | 59.00                        |                           | 2,360.00                 |                        |                       |                       |                              |                           |
| OTHER CONSUMER CATEGORIES                                        |                              | Industrial                 |                        | Hotel                    |                       | General Purpose / Government |                           | Industrial               |                        | Hotel                 |                       | General Purpose / Government |                           |
| Volume differentiated monthly consumption                        |                              | IP 1-1 (≤ 300 kWh/mth)     | IP 1-2 (> 300 kWh/mth) | H 1-1 (≤ 300 kWh/mth)    | H 1-2 (> 300 kWh/mth) | GP/GV 1-1 (≤ 180 kWh/mth)    | GP/GV 1-2 (> 180 kWh/mth) | IP 1-1 (≤ 300 kWh/mth)   | IP 1-2 (> 300 kWh/mth) | H 1-1 (≤ 300 kWh/mth) | H 1-2 (> 300 kWh/mth) | GP/GV 1-1 (≤ 180 kWh/mth)    | GP/GV 1-2 (> 180 kWh/mth) |
| Rate 1<br>Supply at 400/230 V<br>Contract demand ≤ 42 kVA        | Energy Charge (Rs. /kWh)     | 18.00                      | 25.00                  | 18.00                    | 25.00                 | 35.00                        | 45.00                     | 20.00                    | 28.00                  | 20.00                 | 28.00                 | 43.00                        | 56.00                     |
|                                                                  | Fixed Charge (Rs./mth)       | 300.00                     | 1,000.00               | 300.00                   | 1,000.00              | 600.00                       | 1,500.00                  | 340.00                   | 1,120.00               | 340.00                | 1,120.00              | 750.00                       | 1,860.00                  |
| Rate 2<br>Supply at 400/230 V<br>Contract demand > 42 kVA        | Energy Charge (Rs./kW)       | 34.00                      |                        | 34.00                    |                       | 47.00                        |                           | 38.00                    |                        | 38.00                 |                       | 58.00                        |                           |
|                                                                  | Day (05:30 - 18:30 hrs)      | 34.00                      |                        | 34.00                    |                       | 47.00                        |                           | 38.00                    |                        | 38.00                 |                       | 58.00                        |                           |
|                                                                  | Peak (18:30 - 22:30 hrs)     | 37.00                      |                        | 37.00                    |                       | 55.00                        |                           | 43.00                    |                        | 41.00                 |                       | 68.00                        |                           |
|                                                                  | Off Peak (22:30 - 05:30 hrs) | 29.00                      |                        | 29.00                    |                       | 39.00                        |                           | 32.00                    |                        | 32.00                 |                       | 48.00                        |                           |
| Rate 3<br>Supply at 11 kV & above                                | Demand Charge (Rs./kVA)      | 1,600.00                   |                        | 1,600.00                 |                       | 1,800.00                     |                           | 1,800.00                 |                        | 1,800.00              |                       | 2,000.00                     |                           |
|                                                                  | Fixed Charge (Rs./mth)       | 5,000.00                   |                        | 5,000.00                 |                       | 5,600.00                     |                           | 5,600.00                 |                        | 5,600.00              |                       | 6,200.00                     |                           |
|                                                                  | Day (05:30 - 18:30 hrs)      | 33.00                      |                        | 33.00                    |                       | 46.00                        |                           | 37.00                    |                        | 37.00                 |                       | 57.00                        |                           |
|                                                                  | Peak (18:30 - 22:30 hrs)     | 36.00                      |                        | 36.00                    |                       | 54.00                        |                           | 40.00                    |                        | 40.00                 |                       | 67.00                        |                           |
| Rate 3<br>Supply at 11 kV & above                                | Off Peak (22:30 - 05:30 hrs) | 28.00                      |                        | 28.00                    |                       | 38.00                        |                           | 31.00                    |                        | 31.00                 |                       | 47.00                        |                           |
|                                                                  | Demand Charge (Rs./kVA)      | 1,500.00                   |                        | 1,500.00                 |                       | 1,680.00                     |                           | 1,680.00                 |                        | 1,680.00              |                       | 1,860.00                     |                           |
|                                                                  | Fixed Charge (Rs./mth)       | 5,000.00                   |                        | 5,000.00                 |                       | 5,600.00                     |                           | 5,600.00                 |                        | 5,600.00              |                       | 6,200.00                     |                           |
|                                                                  | STREET LIGHTING              |                            |                        |                          |                       |                              |                           |                          |                        |                       |                       |                              |                           |
| Street Lighting (Rs./kWh)                                        |                              | 45.00                      |                        |                          |                       |                              |                           | 56.00                    |                        |                       |                       |                              |                           |
| EV CHARGING OF CEB CHARGING STATIONS                             |                              | DC Fast Charging (Rs./kWh) |                        | Level 2 AC Ch. (Rs./kWh) |                       | DC Fast Charging (Rs./kWh)   |                           | Level 2 AC Ch. (Rs./kWh) |                        |                       |                       |                              |                           |
| Day (05:30 - 18:30 hrs)                                          |                              | 88.00                      |                        | 70.00                    |                       | 109.00                       |                           | 87.00                    |                        |                       |                       |                              |                           |
| Peak (18:30 - 22:30 hrs)                                         |                              | 112.00                     |                        | 90.00                    |                       | 139.00                       |                           | 112.00                   |                        |                       |                       |                              |                           |
| Off Peak (22:30 - 05:30 hrs)                                     |                              | 53.00                      |                        | 40.00                    |                       | 66.00                        |                           | 50.00                    |                        |                       |                       |                              |                           |
| AGRICULTURE - Optional Time of Use (ToU) Electricity Tariff      |                              | Energy Charge (Rs./kWh)    |                        | Fixed Charge (Rs./mth)   |                       | Energy Charge (Rs./kWh)      |                           | Fixed Charge (Rs./mth)   |                        |                       |                       |                              |                           |
| Rate 1 Supply at 400/230V Contract demand ≤ 42 kVA               | Day (05:30 - 18:30 hrs)      | 34.00                      |                        | 1,000.00                 |                       | 38.00                        |                           | 1,120.00                 |                        |                       |                       |                              |                           |
|                                                                  | Peak (18:30 - 22:30 hrs)     | 37.00                      |                        |                          |                       | 41.00                        |                           |                          |                        |                       |                       |                              |                           |
|                                                                  | Off Peak (22:30 - 05:30 hrs) | 29.00                      |                        |                          |                       | 32.00                        |                           |                          |                        |                       |                       |                              |                           |

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## Awareness Session for CEB & LECO Officials on Tariff Methodology and Electricity Tariff Filing Process



The Public Utilities Commission of Sri Lanka took a significant step in advancing transparency and understanding in the energy sector by conducting an enlightening awareness session for officials from the Ceylon Electricity Board (CEB), Lanka Electricity Company (LECO), and the National Audit Office on Tuesday (29th Aug 2023) at Sri Lanka Institute of Development Administration.

The session aimed to empower participants with essential insights into the intricate process of filing electricity tariffs for the years 2024-26 based on the cost reflective methodology approved by PUCSL. This initiative is part of the Commission's commitment to ensure fair and sustainable electricity pricing that benefits both consumers and industry stakeholders.

Key highlights of the awareness session included presentations by prominent experts in the field. Mr. Kanchana Siriwardena, Director of Tariff and Economic Affairs at PUCSL, provided a comprehensive overview of the legal and regulatory framework governing Electricity Tariffs in

Sri Lanka. His expertise shed light on the complexities and intricacies of this vital aspect of the energy sector.

Further enriching the session, Mr. Hasanka Kamburugamuwa, Deputy Director of Tariff and Economic Affairs at PUCSL, delivered an enlightening lecture on the Transmission and Distribution tariff filing process. This session provided valuable insights into the technical nuances involved in tariff determination, ensuring that participants had a thorough understanding of the subject matter.

Participants were also made aware of the specifics surrounding Bulk supply tariff submission and end-user tariff design. This crucial information empowers industry professionals to make informed decisions that align with the national energy policy and economic stability.

Moreover, the session covered the critical aspect of Uniform National Tariff Adjustment and Data Requirements, providing a holistic perspective on the tariff setting process.

By organizing this awareness session, PUCSL underscores its dedication to fostering cooperation and mutual understanding between regulatory bodies and utility providers. It is envisioned that this initiative will contribute to the establishment of fair and competitive electricity tariffs, ultimately benefiting the people of Sri Lanka.

### **Study on demand response to price changes**

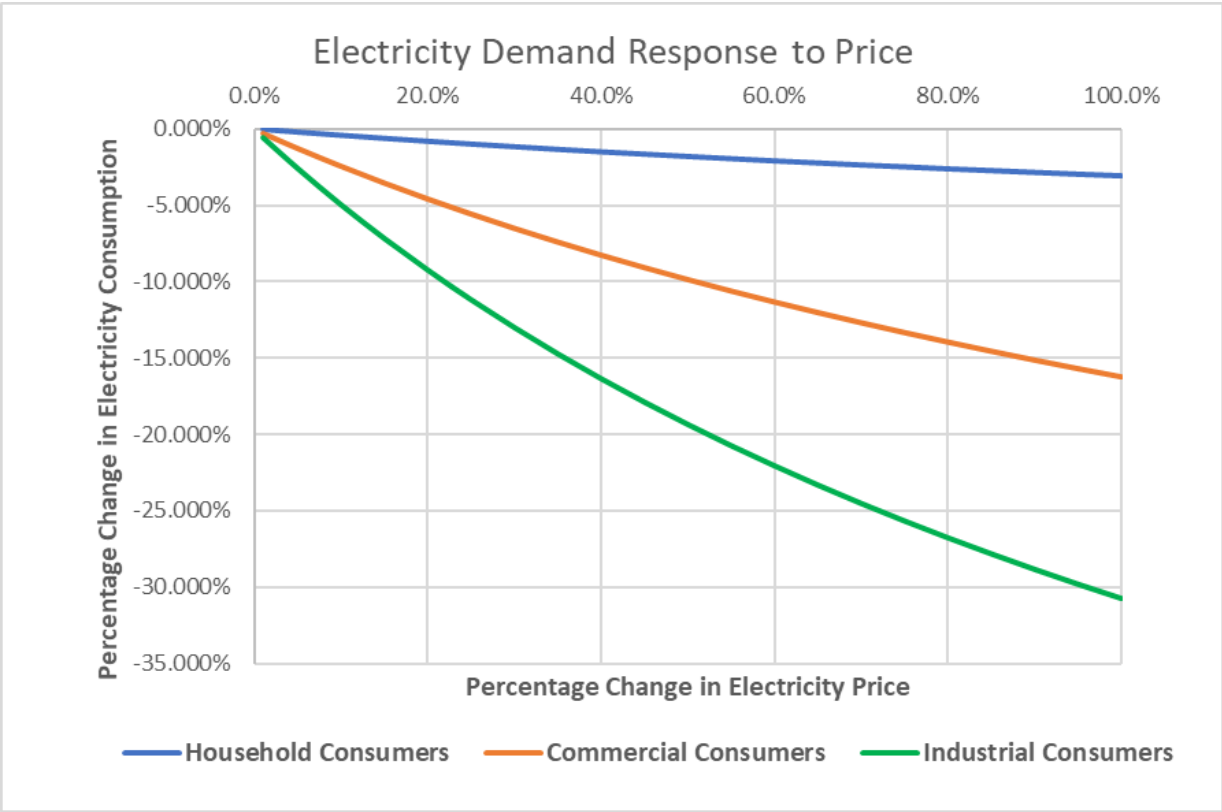
Electricity price in Sri Lanka has seen a number of unprecedented revisions in recent times. The demand for electricity has also experienced significant changes amidst these price revisions. Government's latest policy decision calls for no subsidies on electricity and this provides a situation where the price of electricity is very much cost reflective. Under these circumstances, it would be in the interest of many parties including the regulator, utilities, consumers, and the government to see the kind of relationship that exists between the price and demand for electricity. This empirical study focuses on identifying this relationship, with the use of actual data from the Sri Lankan electricity market. The study provides insights to the stakeholders on designing effective tariffs for different consumer groups, promoting demand side management and energy conservation through electricity tariffs and electricity demand forecasting.

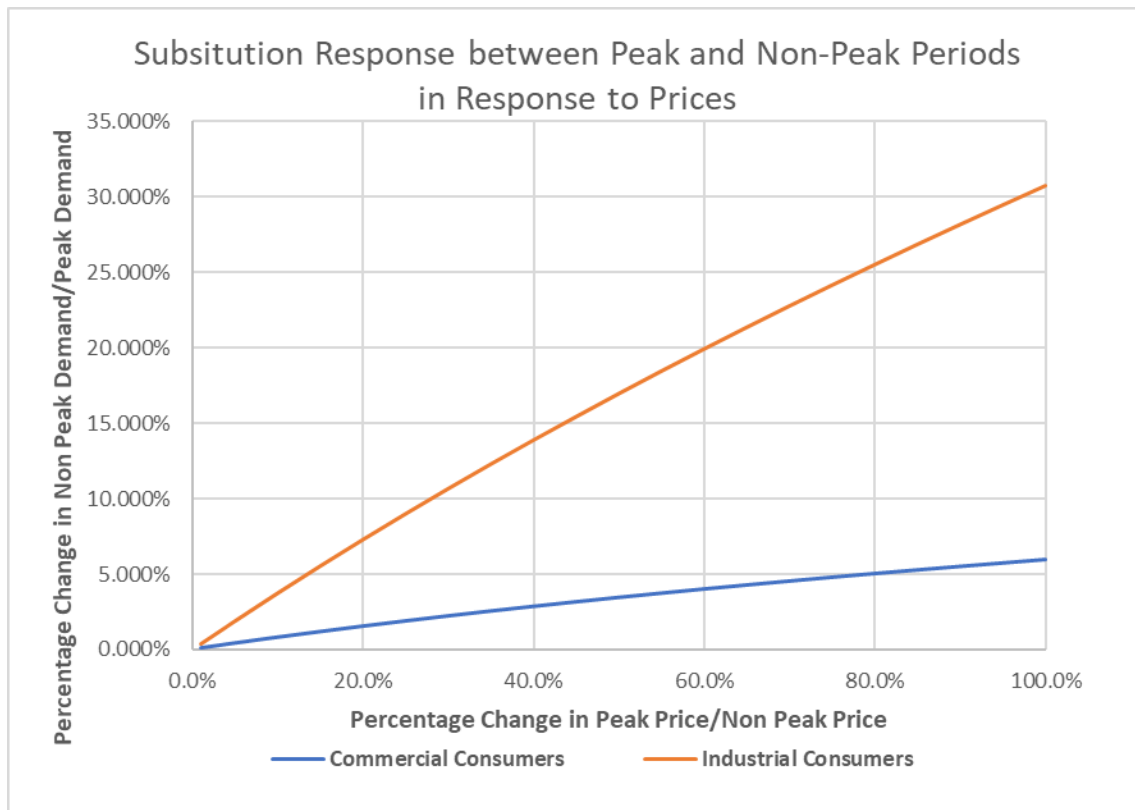
The price elasticity of electricity demand is used for assessing consumer behavior in this study. The study specifically focuses on the short-term price elasticities considering a period of six months, which includes a tariff revision. Domestic, Commercial and Industrial Consumers are analyzed separately. Non-probabilistic convenience sampling is used for the data collection.

Lanka Electricity Company (Pvt.) Ltd. (LECO) distribution licensee was contacted for the collection of required data due to the availability of a significant number of telemeters in its network. Data from telemeters have the advantage of being highly accurate and readings coinciding with the calendar month. Accordingly, monthly electricity consumption data obtained from LECO for telemetered Household, Commercial and Industrial consumers, for the period of December 2022 to May 2023. This time has been considered to capture the short-term effects of February 15, 2023 tariff increase of 66% average, overall consumer categories. To eliminate the impact of routine power cuts prior to February 15, 2023, data collected only from the consumers connected to the feeders exempted from the demand management scheme. Average unit electricity rates for the consumers were calculated using applicable approved tariff tables.

Following results were obtained with the study.

| Consumer Category            | Direct Price Elasticity of Demand | Substitution Price Elasticity between Peak and Non-peak Periods |
|------------------------------|-----------------------------------|-----------------------------------------------------------------|
| Domestic                     | -0.04502                          | N/A                                                             |
| Commercial (General Purpose) | -0.25623                          | 0.083871                                                        |
| Industrial                   | -0.53049                          | 0.386959                                                        |





As per the results, Domestic consumers were seen to be the least responsive group to the price changes. This could be due to the households already being placed at a minimum consumption level with the tariff increase that took place in August 2022, about 4 months prior to the data collection period considered. Meanwhile, a significant price sensitivity is observed from Industrial and Commercial consumers. This could be due to the business entities not being able to accommodate any more cost increases in the shrinking economy that prevailed during the period, and deciding to cut down on consumption by lowering the economic activities.

Further, the analysis results suggest a greater substitutability between consumption periods for industrial consumers, compared to that of commercial consumers. This could be due to the significant portion of commercial consumers being in operation during the day period. Thus, no significant change in inter-period consumption can be expected for the commercial consumers.

### Small Distributor Tariff Review

Advancing toward equitable and transparent electricity distribution, substantial progress has been achieved through the Small Distributor Tariff Review. This initiative is dedicated to ensuring that customers are not subjected to unjust charges for electricity supplied by exempted parties.

A key accomplishment in this journey has been the successful granting of tariffs for those parties that have requested exemptions. Through this process, we have taken a proactive step to address potential disparities in electricity charges. By assigning tariffs to exempted parties, PUCSL

contribute to a more balanced and fair distribution of costs across consumers. In 2023, the tariff was reviewed for the small distributors

## **Electricity Tariff Data Analysis and Dissemination**

In pursuit of transparency and public awareness, the endeavor to analyze and disseminate electricity tariff data has achieved notable progress. The objective is to ensure that the public is well-informed about the intricacies of electricity services, fostering a more informed consumer base.

Significant headway has been made with the completion of four comprehensive reports as part of this initiative. These reports serve as valuable resources, shedding light on the complexities of electricity tariffs and their implications. While the target for the year was set at six reports, the accomplishment of four reports underscores the commitment to providing accessible and understandable information to the public.

Through the diligent analysis and dissemination of electricity tariff data, this effort contributes to an empowered and informed community of consumers. As we continue to work towards our goal, the focus remains on enhancing public understanding and engagement, ultimately leading to a more transparent and accountable electricity service framework. Accordingly, the following reports were completed.

- **Electricity Demand and Cost of Supply – 2023: Situation at the end of first quarter**

This report provides a briefing on the quantity of electricity generated during the first quarter of 2023. Comparisons are drawn with the figures of 2022. The report also provides a forecast on the energy generation requirement for the second quarter of 2023, based on the demand patterns identified for the first quarter. Cost of electricity supply for 2023 has been re-estimated considering the reduced exchange rate and fuel prices.

- **Present Situation of Demand and Revenue of Distribution Licensees**

This report compares the demand forecast submitted by CEB in April 2023 to the one that was submitted during the February 15, 2023 tariff revision. The report identifies the annual generation requirement being reduced to 15,377 GWh, from the initial forecast of 16,520 GWh. Further, the impact of this on the CEB estimated revenue for the year of Rs. 722 Bn, is analyzed. Under the revised demand scenario, the distribution licensee revenues have been found to reduce to Rs. 658 Bn.

- **Electricity supply cost for 2023 2nd Half**

This report analyzes the electricity supply cost for the second half of 2023 under the reduced demand, fuel prices and exchange rate. The analysis identifies the cost of electricity supply for the second half of 2023 to go down to Rs. 285 Bn from the Rs. 372 Bn as estimated according to the CEB tariff filing in January, 2023. Report concludes by highlighting the reduction in 2023 second half costs by 23% compared to the initial estimates by CEB in January, 2023

- **Electricity supply cost analysis details**

This report analyzes the cost items under the May 15, 2023, tariff filing by CEB. The annual cost of CEB has been identified to have come down to Rs. 623 Bn from the initial estimate of Rs. 722 Bn, in January 2023. The cost items of the filing pertaining to the second half of 2023 for CEB is calculated to be Rs. 280.46 Bn. The report also highlights the fact that a 5.84% tariff reduction is possible as per CEB's own proposal, even though it is stated as only a reduction of 3.15% in the tariff filing.

- **Analysis of tariff submissions in year 2023**

Ceylon Electricity Board has requested for tariff revisions on three occasions during the year 2023. Four annual cost submissions were made during the course. This report provides a cross analysis on the numbers filed in these submissions. The summary of cost submissions is shown below.

| Description              | Unit | CEB 2023 Annual Cost Submitted on; |         |         |         |
|--------------------------|------|------------------------------------|---------|---------|---------|
|                          |      | 5-Jan                              | 15-May  | 26-Sep  | 17-Oct  |
| Generation Energy Cost   | MLKR | 548,636                            | 403,373 | 439,274 | 425,123 |
| Generation Capacity Cost | MLKR | 79,695                             | 62,011  | 56,256  | 49,226  |
| Transmission Cost        | MLKR | 25,596                             | 25,596  | 23,183  | 21,466  |
| CEB Distribution Cost    | MLKR | 68,475                             | 73,519  | 65,813  | 64,494  |
| Corporate Cost           | MLKR | -                                  | -       | 8,933   | 9,084   |
| Finance Cost             | MLKR | -                                  | 58,886  | 51,790  | 53,085  |

|              |             |                |                |                |                |
|--------------|-------------|----------------|----------------|----------------|----------------|
| <b>Total</b> | <b>MLKR</b> | <b>722,402</b> | <b>623,385</b> | <b>645,249</b> | <b>622,478</b> |
|--------------|-------------|----------------|----------------|----------------|----------------|

Further, this report highlights the significant increase in fixed cost components during the October-17 tariff filing, even though this revision was supposed to cover the increase in energy cost due to reduction in hydro dispatch. It also raises concerns over the forecast of high thermal oil generation for October to December 2023, under the situation where, a wet weather condition is forecasted by the Meteorological department. The report estimates CEB to make over Rs. 48 billion profits for the year 2023.

- **Analysis of LECO “Allowed Charges” submission for year 2024**

This report analyzes the charges submitted by LECO for the year 2024 for the standard services provided. These charges are reviewed in reference with the Commission approved methodology for allowed charges, 2016. The report compares the charges for standard services such as retail service connections, bulk service connections, line constructions, for year 2024 with 2023. Overall, compared to the 2023 submission, most of the material costs have reduced slightly. Anyhow, the increase in staff costs and transport costs has overtaken the material cost reduction to result in a slight increase of charges for most of the services in the year 2024.

# ENVIRONMENT, RENEWABLE AND EFFICIENCY

## **Awareness of distribution exempted parties on Solar PV and Energy efficiency improvement opportunities**

The initiative to raise awareness among distribution exempted parties regarding Solar PV and Energy efficiency improvement opportunities has made commendable strides. The primary aim is to equip these parties with valuable insights, finding the root causes for not adopting such initiatives and sharing the knowledge to harness the benefits of Solar PV and enhance energy efficiency.

The 1<sup>st</sup> phase targets the exempted apartment buildings. The Primary focus is to aware the management committee and build up their capacity on energy efficiency improvements. With focused efforts, a total of ten awareness sessions have been successfully conducted to date, serving as platforms for sharing crucial information, identifying gaps, and facilitating meaningful discussions. As mentioned, the management committee members and senior managers in each apartment were joined and explained efforts to be taken in improving energy efficiency and renewable integration. New opportunities and obstacles arising with implementing new programs were also discussed.



## **Facilitating 1000 Electricians on Solar PV installations to qualify with NVQ3 level on an RPL basis**

The initiative aimed at facilitating 1000 electricians to attain NVQ3 qualifications in Solar PV installations has achieved notable progress. The primary objective is to enhance the skills and expertise of Solar PV technicians through Recognition of Prior Learning (RPL) assessments. The program garnered significant interest, with more than 1100 applicants showcasing their interest in obtaining NVQ3 qualification through this program. The in-house filtering process selected the most suitable 250 applications and presented them to VTA and NAITA for assessment which they successfully completed. Despite many challenges, the accomplishments thus far underscore the program's impact on improving the skill set of electricians in the field of Solar PV technology.



## **Approvals for procurement of Renewable Energy Power Plants**

Significant progress has been made around approving procurement requests for Renewable Energy Power Plants. The process involves thorough review and assessment of Requests for Proposals (RFP) and Standard Power Purchase Agreements (SPPA) submissions by the Licensee. The main objective is to ensure strict adherence to the legal stipulations outlined in the Sri Lanka Electricity Act No.20 of 2009 (as amended) and the energy procurement guideline issued by the Commission. During this reporting period, substantial advancements have been achieved with the

granting of approvals for four Requests for Proposals (RFP) and four Power Purchase Agreement (SPPA). These approvals signify the alignment of the submissions with the legal and regulatory frameworks, confirming their compliance with the relevant provisions of the Sri Lanka Electricity Act.

The successful evaluation and approval of these procurement requests underscore the Commission's commitment to promoting and facilitating the growth of Renewable Energy Power Plants in a manner that aligns with legal mandates. This progress signifies a positive step towards enhancing the renewable energy sector's contribution to the national energy landscape and sustainable development goals.

### **Establishment of training facilities for NVQ 3 & 4 Level Solar technicians in 5 government training centers**

In recognition of the importance of establishing a formal education system on solar technology in the country, the PUCSL commenced a project to establish training facilities in VTA and technical colleges to train solar technicians under NVQ3 certification in solar technology. Based on that, project proposals were requested from technical colleges, showing their training programs and continuation plan, and some have already submitted their proposals. The PUCSL worked with technical colleges and VTA centers to identify and facilitate the required resource personnel and training for trainers, equipment, and fund requirements in collaboration with stakeholders. As it was planned to provide the required equipment for 5 government training centers to conduct NVQ3 certificates on both an academic and RPL basis in Solar Technology, the PUCSL was able to grant material worth around 1.3M LKR to Homagama Technical College with the help of donors after discussions with many industries and NGOs. As per the target, the PUCSL hopes to secure sponsorship and facilitate the other 4 centers by the first quarter of 2024.

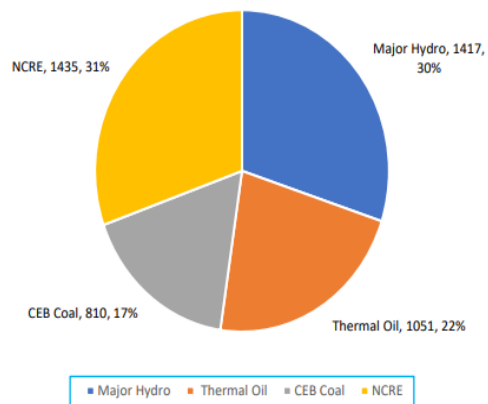


## **Dissemination of Information Related to Renewable Power Generation and Environmental performance of power plants**

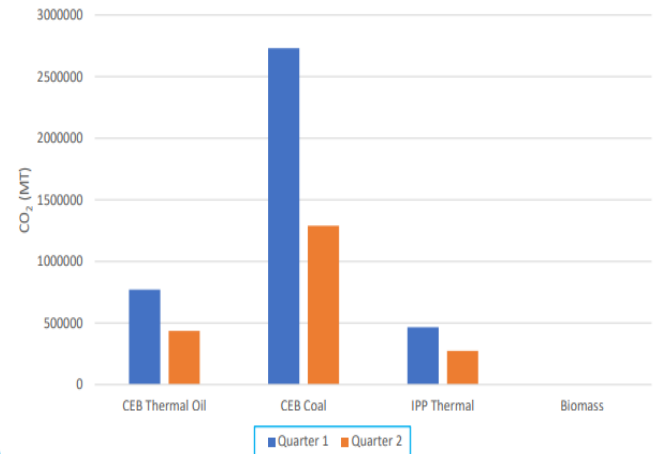
The quarterly report on renewable generation provides a comprehensive overview of the status and trends in renewable energy generation in Sri Lanka. The document encompasses various aspects, including government policy targets, the potential for renewable energy development, generation expansion plans, and updates on renewable energy procurement. The primary objective of this report is to offer valuable insights for investment opportunities within the energy sector of Sri Lanka. The report highlights the capacities, generation of electricity via renewable energy resources in Sri Lanka, namely Mini Hydro, Wind, Solar PV, Biomass, and Municipal Solid Waste, quarterly comparisons, demand variation etc. The report can be access via;

<https://www.pucsl.gov.lk/electricity/quality/environment-and-renewable-energy/>

Installed Capacity (MW) by Source - as at 30.06.2023



CO<sub>2</sub> (MT)



Sneak peek into the report;

# CONSUMER AFFAIRS

## **Enhancing Consumer Protection and Utility Accountability**

In the realm of public utility services, ensuring consumer satisfaction and addressing grievances in a timely and efficient manner is of paramount importance. The Public Utilities Commission of Sri Lanka (PUCSL) continues to play a pivotal role in upholding electricity consumer rights, mediating disputes, and fostering accountability within the electricity sector. As we reach the midpoint of 2023, it is an opportune time to reflect on the accomplishments and initiatives undertaken by PUCSL in the pursuit of consumer-centric utility services.

## **A Comprehensive Overview of Cases**

The year 2023 has witnessed a robust engagement between PUCSL and consumers, evident from the diverse range of cases handled. A total of 539 cases were received by PUCSL across various categories, underscoring the organization's commitment to addressing consumer concerns. The cases encompass a spectrum of issues, including new connections, disconnections, billing discrepancies, meter-related matters, way-leave disputes, quality concerns, tariff category changes, and miscellaneous matters. This comprehensive approach reflects PUCSL's dedication to resolving an array of consumer-related challenges that impact their everyday lives.

## **Upholding Consumer Rights for a Sustainable Future**

PUCSL remains steadfast in its commitment to consumer protection, accountability, and equitable utility services. By providing accessible channels for complaints, offering mediation services, conducting thorough investigations, raising public awareness, and collecting valuable data, PUCSL strives to create a utility sector that is responsive, consumer-focused, and sustainable. Through these efforts, PUCSL ensures that consumers' voices are heard, their rights are protected, and their utility experiences are enhanced for a brighter future.

## Empowering Consumers Through Decisions

PUCSL's commitment to transparency and accountability is reflected in the informed decisions communicated to consumers. Throughout the year of 2023, a total of 452 decisions were given to consumers. These decisions are the result of careful evaluation and analysis, responding to issues such as new connections, disconnections, billing disputes, meter issues, way-leave conflicts, quality concerns, and tariff category adjustments. By informing consumers of these decisions, PUCSL ensures that their voices are heard and their rights are protected.

### PUCSL officers inspecting sites





| <i>Category</i> | <i>Jan</i> | <i>Feb</i> | <i>Mar</i> | <i>Apr</i> | <i>May</i> | <i>Jun</i> | <i>Jul</i> | <i>Aug</i> | <i>Sep</i> | <i>Total</i> | <i>Resolved/Decision<br/>informed<br/>Until today</i> | <i>Total site<br/>inspections</i> |
|-----------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|-------------------------------------------------------|-----------------------------------|
| <i>Region 1</i> | 22         | 18         | 15         | 16         | 13         | 18         | 25         | 9          | 10         | 146          | 452                                                   | 30                                |
| <i>Region 2</i> | 17         | 10         | 18         | 17         | 5          | 8          | 20         | 12         | 5          | 112          |                                                       |                                   |
| <i>Region 3</i> | 10         | 9          | 16         | 13         | 7          | 9          | 3          | 6          | 11         | 84           |                                                       |                                   |
| <i>Region 4</i> | 12         | 4          | 25         | 9          | 7          | 9          | 12         | 12         | 14         | 104          |                                                       |                                   |
| <i>LECO</i>     | 18         | 6          | 7          | 7          | 15         | 14         | 9          | 6          | 11         | 93           |                                                       |                                   |
| <i>PROJECT</i>  | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0            |                                                       |                                   |
| <i>Total</i>    | 79         | 47         | 81         | 62         | 47         | 58         | 69         | 45         | 51         | 539          |                                                       |                                   |

Monthly complaints -2023

## *Mediating Licensee-Consumer Disputes:*



**දකුණේ විදුලියට...**

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The resolution of disputes between licensees and tariff customers, as well as among licensees themselves, is a crucial aspect of maintaining a harmonious energy sector. The mediation process offers a platform for parties involved in a dispute to engage in constructive discussions facilitated by experienced mediators. This mechanism aims to prevent conflicts from escalating, while fostering an environment of dialogue, understanding, and equitable solutions.

### ***Empowering Through Resolution:***

The ongoing efforts to strengthen consumer relations and streamline operations in the Electricity and Petroleum sectors have borne fruit. The establishment of a mediation process has significantly contributed to dispute resolution. The monitoring mechanism in place has successfully resolved disputes using both Part I and Part II of the rules.

Through diligent efforts, 10 disputes through Part I and 04 disputes through Part II of the gazette has been resolved. This achievement signifies the efficacy of the mediation process in addressing grievances and disputes within the energy sector. By providing a transparent, accessible, and

impartial platform for discussions, mediation empowers all parties involved to seek mutually beneficial solutions.

### ***The Way Forward:***

The successful resolution of disputes through mediation underscores the commitment to fostering a cooperative energy ecosystem. As the energy sector continues to evolve, so does the mediation process, adapting to emerging challenges and ensuring that disputes are addressed promptly and fairly. By consistently engaging in open dialogue, stakeholders are collectively shaping an energy sector that is responsive, accountable, and focused on consumer satisfaction.

### ***A Crucial Case:***

In a significant achievement, the Public Utilities Commission of Sri Lanka (PUCSL) successfully mediated the resolution of a complex dispute between the Ceylon Electricity Board and landowners in Ratnapura's Siripagama area. The contention centered around a segment of the national electricity grid connecting with the southern province, passing through the disputed land. Aligned with the electricity dispute resolution protocols outlined in the Sri Lanka Electricity Act No. 20 of 2009, Section 53, published in a special gazette on January 25, 2015, the mediation occurred on August 11, 2023. Initially, private appraisers proposed a compensation of 41 million rupees for a 630-meter transmission line section. This amount later adjusted to 9.6 million rupees, following criteria set by the Asian Development Fund. However, the Ceylon Electricity Board's offer was limited to 1.69 million rupees.

Promptly addressing the issue, PUCSL received the dispute on August 8 and managed to reach a resolution within a remarkably short 3-day period. The landowners, a Ratnapura-based family, showcased their commitment to public welfare by voluntarily donating the land to the government without compensation, emphasizing their concern for the nation's electricity needs.

Witnessed by the Dispute Resolution Committee of PUCSL, the family members and the General Manager of the Sri Lanka Electricity Board officially endorsed the agreement. This pact not only

facilitates the transmission line construction, as per the Ceylon Electricity Board's plans, but also mandates that the electric cable be installed on the private land, adhering to a minimum height requirement of 20 meters, in line with regulations governing condition and continuity. This agreement is immediately enforceable.

Enshrined under Section 39 of the Sri Lanka Electricity Act, PUCSL holds the responsibility of mediating electricity industry disputes. Introduced in 2011 and subsequently updated in 2015, this dispute resolution mechanism has proven its effectiveness in efficiently addressing conflicts involving licensed entities, consumers, and other stakeholders. In the case of the transmission line dispute, Mr. Roshan Weerasuriya, Deputy Director of the Consumer Affairs Division of PUCSL, led the dispute resolution committee, assisted by experienced external members, Ms. C. Ellawala, Attorney at Law, and Eng. Gamini Senanayake.

### **Enhancing Electricity Consumer Experience Through Consumer Mobile Service**

Electricity consumption is an integral part of our daily lives, powering our homes, businesses, and industries. However, electricity consumers often face a range of issues that hinder their experience and satisfaction. These issues can stem from misunderstandings, lack of awareness, or inadequate communication channels between consumers, utility providers, and other relevant agencies. To bridge this gap and ensure improved consumer-utility interaction, a groundbreaking initiative has been introduced – the Consumer Mobile Service for Electricity.

#### ***Empowering Consumers:***

Recognizing the diverse challenges faced by electricity consumers, the Consumer Mobile Service aims to provide a platform for consumers to address their grievances, complaints, and concerns directly. This service offers consumers the opportunity to engage in one-to-one meetings with relevant authorities and officers who possess the expertise to resolve electricity-related issues. Whether it's pending complaints, gray areas, or lack of awareness, consumers can now seek tailored solutions through this service.

### ***Collaborative Solutions:***

The strength of the Consumer Mobile Service lies in its collaborative approach. Electricity licensees, divisional secretaries, and Public Utilities Commission of Sri Lanka (PUCSL) staff join forces to provide comprehensive solutions to consumers. This collaboration ensures that all facets of the issue are thoroughly addressed and resolved. By facilitating a direct line of communication between consumers and various stakeholders, the Consumer Mobile Service promotes transparency, accountability, and effective solutions.

### ***Progress Update:***

The commitment to enhancing consumer experiences is evident in the ongoing Consumer Mobile Service initiative. This initiative spans across 21 area engineer offices, covering diverse regions of the island. The initial phase has seen 12 sessions conducted successfully, addressing electricity consumer issues in Diyathalawa, Badulla, Chilaw, Puttalam, Kurunegala, Narammala, Ruwanwella, Deraniyagala, Trincomalee, Seruwila, Manmunai North, and Valachchena.

2613 consumers (Community Leaders) in 21 area engineer offices have been made aware on consumer rights and obligations. Further decisions for 515 consumer issues have been provided at the consumer mobile services covering 18 area engineer offices.

### ***Impact and Benefits:***

The Consumer Mobile Service is not merely about addressing individual issues; it signifies a paradigm shift towards a more consumer-centric approach within the electricity sector. By engaging in direct conversations with consumers, authorities can gain valuable insights into the challenges faced by consumers on a broader scale. This understanding paves the way for policy adjustments, process improvements, and better communication strategies, ultimately leading to improved consumer satisfaction and trust.

### ***Looking Ahead:***

As the Consumer Mobile Service for Electricity continues its journey, its impact is set to grow even further. With more sessions planned to cover a wider geographic area, more consumers will benefit from this initiative. The ongoing collaboration between stakeholders underscores the commitment to fostering a more responsive and accountable electricity sector. The Consumer Mobile Service for Electricity exemplifies the power of direct communication and collaboration in resolving consumer issues and improving the overall experience. By providing tailored solutions, fostering transparent communication, and promoting collaboration, this initiative is a pivotal step towards ensuring higher consumer-utility satisfaction. As more sessions are conducted and more consumer concerns are addressed, this service is poised to transform the electricity sector into one that truly listens to and supports its consumers.

### **Resolving Disputes Through Mediation: A Milestone in Consumer Relations**

In the ever-evolving energy landscape, ensuring seamless interactions between licensees, customers, and stakeholders is paramount. Disputes and disagreements can arise, often impeding the progress of the energy sector. To address this challenge, a dynamic and effective mediation process has been established, heralding a significant step towards resolving issues in the Electricity and Petroleum sectors.





## **Mechanism for Implementation on Requests for New Electricity Connections.**

Public Utilities Commission of Sri Lanka (the Commission) issued licensees a Guideline on New Connection and Standard Tariff Agreement dated 31.10.2018 as per the provisions given in Sri Lanka Electricity Act No. 20 of 2009 as amended by Act No. 31 of 2013.

Over the past years, the Commission has received number of complaints from consumers as well as licensees on the issues faced by them when obtaining a new electricity connection. This was further highlighted by them during awareness programmes conducted by the Commission for distribution licensees in 2021 & 2022. Accordingly, to address the issues reported by such stakeholders and smooth implementation thereby the Commission has decided to amend the existing Guideline on New Connection and Standard Tariff Agreement. In this regard the Commission has drafted amendments to the existing guidelines and the base agreement. The draft has been forwarded to the licensee to get the views of the licensee.

## **Mechanism for Implementation on Requests Related to Wayleave**

The Commission has been receiving complains upon wayleave and felling or lopping of trees and the complains regarding these areas are more than 50 percent from the total complaints in each year. Supply of new connections and completing of laying electrical lines have been dragged for a long time due to delay in obtaining wayleave by the licensees and providing decisions by the Divisional Secretaries for wayleave issues. Accordingly, the Commission has amended Wayleave guideline in 2019.

Meanwhile, it is observed that implementation on requests related to wayleave is not properly occurred and stuck as proper implementation mechanism is not executed. Accordingly, it is required to prepare a mechanism for implementation on requests related to Wayleave.

Draft version of the Mechanism for Implementation on Requests Related to Wayleave was completed. Comments are to obtain from distribution licensees.

## **Mechanism for Implementation on Requests for Change of Tariff Customer**

Public Utilities Commission of Sri Lanka (the Commission) issued licensees a Guideline on change of Tariff Customer dated 04.12.2017 as per the provisions given in Sri Lanka Electricity Act No. 20 of 2009 as amended by Act No. 31 of 2013.

Over the past years, the Commission has received number of complaints from consumers as well as licensees on the issues faced by them when changing tariff customers. This was further highlighted by them during the awareness programmes conducted by the Commission for distribution licensees in 2021 & 2022. Accordingly, to address the issues reported by such stakeholders and smooth implementation thereby the Commission has decided to amend the existing Guideline on change of tariff customers and introduce a new application form for Name/Address change.

In this regard, the Commission has drafted amendments to the existing guidelines. The draft has been forwarded to the licensee to get the views of the licensee.

## **Execute and implement MOUs with partner organizations to eradicate unauthorized and adulterated**

Publishing the gazette under CAA legislation to raid adulteration plants and products completed and drafting of a MOU with CAA is in the final stage. Agreement with INSEE Echo for lubricant disposal (only green license holder) is being finalized. Further agreements with ITI and CPSTL for fuel testing are being finalized. Request have been made to SL Customs to enter an agreement to minimize importation of unauthorized and illegal lubricants.

## **Preparation of Guidelines for Provincial Regulatory Unit**

6 Guidelines were completed.

- 1) Guidelines for disposal of wastewater.
- 2) Guidelines for mineralization of water.
- 3) Guidelines for the tariff structure.
- 4) Guidelines for the operators of RO plants.

5) Guidelines for issuing bills.

6) Guidelines for the maintenance of the intake.

#### Consumer Consultative Committee (CCC) Coordination

Conducting and coordination of 12 CCC monthly meetings completed. submission of advices to the commission appropriate standards to be prescribed or determined under the PUCSL act – 2 advises submitted to the commission. another 2 advises are being drafted. advice to the commission on power quality in SME to be completed.

#### Advices

the ccc submitted two advices to the commission on 03.10.2022 and the other two advices have been finalized and are to be submitted to the commission at the next commission meeting.

| Ref No | Advice                                                                                                  | Status                                                                     |
|--------|---------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|
| 01     | Advice to PUCSL on Greening the National Grid and Allowing preferential access to RE for private sector | Submitted to the Commission on 03/10/2022 (Paper No – PUC/2022/COA/271/01) |
| 02     | Advice to PUCSL on Household Off-grid Renewable Systems                                                 | Submitted to the Commission on 03/10/2022 (Paper No – PUC/2022/COA/271/02) |
| 03     | Addressing Energy poverty in Sri Lanka through External Aid                                             | Submitted to the Commission on 06/10/2023 (Paper No – PUC/2022/COA/283/02) |
| 04     | Implementing ISO 50001 guided energy management systems at public sector buildings                      | Submitted to the Commission on 06/10/2023 (Paper No – PUC/2022/COA/283/01) |

## **Public Consultations on Tariff Revision**

The CCC, as the representative of the consumers, takes steps frequently to express its views on electricity tariff at the event of public consultation on tariff revision. Accordingly, it has presented its views on tariff revision at two times in this year.

| <b>Date</b> | <b>Purpose</b>                   | <b>Venue</b> | <b>Presented by</b>                     |
|-------------|----------------------------------|--------------|-----------------------------------------|
| 2023/02/08  | Electricity Tariff Revision 2023 | BMICH        | Mr. Nimal Perera (Chairman – CCC)       |
| 2023/06/27  | Electricity Tariff Revision 2023 | BMICH        | Mr. D. Hettiarachchi (Secretary of CCC) |

### **Education and Awareness in the Petroleum Industry**

CAA Officers Awareness: Establishing a regulatory framework with CAA to penalize for lubricant adulteration and illegal imports by a gazette under CAA act (Directive 88) was completed. Making CAA officers aware on lubricant market and how to identify authorized products and unauthorized products and training them in the market demonstrations was completed. Lubricant retailers, service station staff and mechanics awareness: Conducting awareness session for retail network (Service stations, Mechanics, retailers) completed for 6 provinces so far. NVQ -03 for Pump attendants in Fuel Filling Stations: The NVQ curriculum was finalized with TVEC and agreement prepared with VTA to sign and carryout the project to empower 20,000 Pump attendants with NVQ-3. At the same time PUCSL identified that prior to start NVQ 3 for pump attendants, having regulations for fuel storage, Transportation and selling are required. After briefing the situation to the Ministry of Power and Energy, such regulations were developed and had been communicated in July 2023.

Description of the program - Rules related to lubricant manufacturing, reimportation, supply and selling was amended under three different gazettes issued by CAA under the guidance of PUCSL. These three gazettes play a major role in identifying adulterated and unauthorized products in the market. Before start raiding based on these new regulations, COA and PUCSL identified the importance of making retail network aware on the changed rules they must adhere. The CAA chairman and executive staff made the request at the inaugural meeting on this regard. The proposal made to the Commission on this regard was approved and ratified.

Retailers, Service Stations Staff, and mechanics were made aware on the amended regulations together with representatives of CAA. At the sessions it was identified that most of the retail network of the market is ignorant on the basics of lubricants and its usage. They were educated on the key areas and they must know.

Awareness on handling complaints based on the petroleum consumer complaint and dispute handling procedure was made. Now they are capable of handling complaints according to the procedure.



## Measurement of Electricity Customer Service Performance of LECO

Customer Service Performance is one of the major components that has been identified for the Performance Regulation under the Electricity (Distribution) Performance Standards Regulations 2016. Supply Quality, Power Quality and Commercial Quality are the other areas identified under the same regulation.

Customer service performance evaluates based on guaranteed standards. The Distribution Licensee shall be required to furnish the PUCSL with a report on its customer service programme, which shall include the target levels of performance for customer services listed in the Table 1 in the Schedule in the regulation by first of December of every year. The Distribution Licensee shall justify the basis for the determination of target levels and the PUCSL may propose changes to the same. The PUCSL may propose modifications and amend the targets and inform the Licensee accordingly within three weeks from the submission of the report; and The report shall include the actions and proposals, the Distribution Licensee plans to implement to improve the customer services in the ensuing year and a comparison of the customer service levels achieved in the current year with the target levels of performance.

Lanka Electricity Company (Pvt) Limited has submitted targets under each customer services identified under the Customer Service Performance. The objective of this report is to assess the achievement of agreed targets by the LECO. The required data for the assessment to be submitted by the licensee in the agreed format. There are nine customer services identified for customer service performance however data required for only four out of nine customer services have been submitted by LECO during first quarter of year 2022. The assessment is limited to customer services that the data have been submitted. Customer Service Center (CSC) considered as the focal point for assessment since the accountability on corrective measures could be centered towards CSC. 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> quarterly reports are being finalized.

# POLICY ADVICE ON SECURITY OF ELECTRICITY SUPPLY IN 2024 AND 2025

In PUCSLs' ongoing effort to ensure the security of electricity supply in 2024 and 2025, significant progress has been made in the following key areas:

**Data Collection and Analysis:** Past electricity supply data has been meticulously collected and analyzed, forming the basis of the preliminary report. This analysis includes a comprehensive examination of historical power cuts, generation capacities, and fuel price trends.

**Preliminary Report Completion:** PUCSL have successfully completed the preliminary report, which serves as a critical foundation for policy recommendations. This report outlines the initial findings and insights gained from the data analysis.

The next steps will involve:

**Prospective Power Cut Identification:** The comprehensive study will move forward with identifying prospective power cuts for 2024 and 2025. This phase will consider the addition of generation capacities, the availability of generation plants, and fluctuations in fuel prices.

**Policy Recommendation Development:** Building upon the preliminary report, we will formulate a set of well-researched policy recommendations aimed at mitigating or avoiding power cuts in 2024 and 2025. These recommendations will be presented to the Government for consideration.

PUCSLs' commitment to ensuring a reliable and uninterrupted electricity supply remains unwavering. We will continue to work diligently to develop effective policies that safeguard the nation's energy security in the years to come.

## Enhancing Renewable Integration in Sri Lanka's Transmission Network

In a pivotal step toward a sustainable energy future, Sri Lanka is well underway in conducting a comprehensive study focused on optimizing its transmission network for the seamless integration of renewable energy sources.

One of the initial milestones of this endeavor has been the successful completion of a comprehensive literature survey. This survey delved into global best practices employed by countries at the forefront of renewable energy integration, such as Germany, Denmark, and the

Netherlands. By examining their experiences and strategies, valuable insights have been gained to inform Sri Lanka's own journey.

### The Road Ahead: Adoptability Assessment

With the literature survey serving as a strong foundation, the study is poised to move forward with a rigorous assessment of the adoptability of these global best practices within Sri Lanka's specific landscape. This will entail a meticulous analysis of factors such as geographical variations, existing infrastructure, regulatory frameworks, and socio-economic considerations.

### Unlocking Sri Lanka's Renewable Potential

As Sri Lanka strives to boost its renewable energy capacity, this study holds the key to unlocking the full potential of clean energy sources. By identifying and tailoring world best practices to local context, PUCSL aim to eliminate constraints in the transmission network, paving the way for a more reliable and sustainable energy future.

The halfway point has been marked with significant progress, and PUCSL is committed to steering this initiative towards a successful conclusion. Through a harmonious blend of global expertise and local adaptability, Sri Lanka aims to lead the way in harnessing the power of renewables for a brighter and more sustainable tomorrow.

### Implementation and Condition Monitoring of New Regulatory Framework for Exempted Parties in the Electricity Sector

PUCSL is making significant strides in its endeavor to revisit and reformulate the regulatory framework governing (Electricity) Distribution Exempted Parties. This initiative aims to bring about transparency, fairness, and efficiency within the sector while safeguarding the interests of all stakeholders involved.

### Key Milestone Achieved: Draft Final Report

The PUCSL is pleased to announce the successful completion of the draft final report. This report represents a crucial step forward in the regulatory reform process. Within this comprehensive document, our team of expert consultants has proposed a revised regulatory framework that addresses existing loopholes, strengthens oversight, and enhances compliance with industry standards.

### Proposed Deliverables: Supply Services Code and Rights and Obligation Document

One of the standout achievements of this progress is the proposal for two essential documents:

**Supply Services Code:** This document outlines the standards and guidelines that exempted parties must adhere to in providing electricity distribution services. It serves as a benchmark for service quality, reliability, and consumer protection.

**Rights and Obligation Document:** Designed to ensure transparency and clarity, this document delineates the rights and obligations of both exempted parties and consumers. It sets forth a fair and equitable framework that fosters mutual understanding and accountability.

### The Road Ahead: Implementation and Awareness

As PUCSL move forward, the focus will shift toward the implementation of this new regulatory framework in collaboration with all relevant stakeholders. This process will be characterized by a concerted effort to ensure that all parties involved are well-informed about the changes and equipped to effectively operate within the new guidelines.

The PUCSL remains committed to the pursuit of a stronger, more transparent, and efficient electricity sector. The completion of the draft final report and the proposal of critical documents mark a significant step in this journey.

### Advancing Digitalization of Electricity Distribution Services for Empowered Consumers

In ongoing efforts to empower consumers and streamline services in the electricity distribution sector, PUCSL have achieved a significant milestone with the completion of a comprehensive literature review. This review serves as a foundational step in PUCSL mission to enhance and expand digitalization in the realm of electricity distribution services.

### The Current Landscape: Identifying Challenges and Opportunities

The literature review has provided valuable insights into the current situation. It has highlighted the challenges faced by consumers in accessing various electricity-related services due to outdated, manual, or paper-based administrative processes. While some utilities have made strides in integrating certain services into their websites and mobile apps, a substantial portion of these services remains untouched by digital transformation.

### Charting the Path Forward: The Digitalization Imperative

PUCSLs' findings reinforce the urgency and importance of further digitalization in the electricity distribution sector. Empowering consumers means not only providing access to essential services but also ensuring that these services are easily accessible and user-friendly. With the literature review as a springboard, PUCSL now poised to propose a series of strategies and actions aimed at advancing digitalization in electricity distribution services.

As moving forward, PUCSL focus remains firmly on the goal of empowering consumers through digitalization. The literature review has armed with the insights needed to propose practical, consumer-centric solutions that will not only modernize but also revolutionize the way consumers interact with electricity distribution services.

### Advancing V to G Systems with Regulatory Framework

Considering the energy sector's current challenges, the potential for Vehicle-to-Grid (V to G) systems is promising. PUCSLs' progress thus far includes the completion of a thorough literature review. The next crucial step is the development of a regulatory framework, essential for the successful integration of V to G systems into the existing energy landscape.

### Streamlining License Applications with Online Solutions

In ongoing efforts to enhance efficiency and convenience in the electricity sector, PUCSL excited to report substantial progress in launching an Online License Application System.

### Significant Milestone Achieved: Testing Completion at 90%

PUCSL have reached a major milestone with the completion of 90% of the testing phase for our new Online License Application System. This system represents a significant departure from the cumbersome manual application process, and it is poised to transform the licensing procedure into a streamlined, digitalized workflow.

### A Leap Towards Modernization: Benefits for Stakeholders

The introduction of this online solution is a proactive response to industry trends, aligning PUCSL with other organizations that have already embraced digitalization. This advancement offers several key benefits:

**Efficiency:** Applicants can now submit their license applications online, reducing administrative processing times significantly.

**Convenience:** The new system simplifies the application process for stakeholders, making it more accessible and user-friendly.

**Transparency:** Digitalization ensures that the entire licensing process is transparent and traceable, enhancing accountability and trust.

### Next Steps: Final Testing and Implementation

As PUCSL near the final stages of testing, our focus will shift towards fine-tuning and ensuring the system's robustness. Once completed, PUCSL will move swiftly into the implementation phase, making this Online License Application System accessible to all stakeholders.

The introduction of the Online License Application System is a testament to PUCSL commitment to embracing digital transformation. This endeavor not only streamlines administrative processes but also enhances the overall experience for stakeholders. PUCSL look forward to sharing more updates as we take this critical step toward modernizing the electricity sector's licensing procedures.

## Successful Upgrade of LISS

The decade-old Load Information and Settlement System (LISS) has undergone a vital upgrade to align with recent changes in the electricity sector. This modification was imperative due to evolving tariff structures, net metering, and time-of-use (TOU) tariff adjustments.

### Key Achievements:

**Comprehensive Upgrade Completed:** PUCSL is pleased to announce the successful completion of a comprehensive upgrade for all LISS templates. This modernization addresses the issues stemming from previous modifications that were not appropriately configured to the LISS.

**Customized Tables for CEB:** In response to the Ceylon Electricity Board's (CEB) request, we have created specialized summary tables tailored to their submissions. This ensures that their data integration into the LISS is more efficient and accurate.

**Enhanced Data Templates:** As part of this upgrade initiative, PUCSL have met the data template requirements of the Electricity Regulatory Commission's (ERE) division. These enhancements improve data accuracy and reporting capabilities, aligning LISS with the sector's evolving needs.

This LISS upgrade represents a significant step toward ensuring the accuracy and effectiveness of the system in a rapidly changing energy landscape. PUCSL remain committed to delivering accurate and reliable energy data and settlements as PUCSL continue to adapt to industry changes.

## Empowering Small-Scale Renewable Generation Licensees

The objective of this initiative is to ensure that these licensees have a clear understanding of the licensing process and conditions.

## Key Milestones Achieved:

**Halfway Mark Reached:** It is pleased to report that PUCSL have completed six out of twelve planned awareness programs. These programs are instrumental in equipping licensees with the knowledge which need to navigate the licensing landscape effectively.

**On-Site Visits:** As part of efforts, PUCSL conducted on-site visits to National Center for Renewable Energy (NCRE) power plants. During these visits, PUCSL engaged directly with licensees, providing them with comprehensive information about licensing conditions.

PUCSL's commitment to empowering small-scale renewable generation licensees with the necessary awareness and knowledge remains steadfast. Through these awareness programs and on-site engagements, PUCSL aim to foster a more informed and compliant community of licensees.

## Advancing Disaster Management Plans for the Electricity Sector

PUCSL's efforts to develop a comprehensive disaster management plan for the electricity sector are well underway. This critical initiative aims to ensure the uninterrupted supply of electricity during and after both natural and man-made disasters.

### Key Milestone Achieved: Draft Inception Report

PUCSL have successfully reached a significant milestone with the completion of the Draft Inception Report. This report serves as the foundational blueprint for the disaster management plan. It was presented to stakeholders, marking an important step towards aligning our strategies and garnering valuable input.

### Next Steps: Finalizing the Inception Report

PUCSL focus now shifts towards finalizing the Inception Report. This final iteration will incorporate feedback from stakeholders, ensuring that their insights and expertise are integrated into the plan's development.

In moving forward, PUCSL remain steadfast in commitment to creating a robust disaster management plan for the electricity sector. The aim is to safeguard the continuity of services and enable efficient resource allocation in times of crisis.

# REGULATORY AFFAIRS

## Lubricant Market Monitoring Plan

Presently, there are 26 parties authorized to import, export, blend, manufacture, distribute and sell lubricants under 37 brands. Out of the 26 parties, only 4 parties have been authorized to import raw materials and blend lubricants in Sri Lanka.

The quality of the lubricant required is recommended by the Original Equipment Manufacturer (OEM) based on specifications denoted using categorization by organizations such as the American Petroleum Institute, Japanese Automotive Standards Organization etc.

The Sri Lanka Standards Institution has published minimum Sri Lanka Standards for automotive applications namely, gasoline (petrol) engines, diesel engines, four-stroke motorcycle engines, two-stroke motorcycle engines and gear boxes. The parties are required to ensure compliance to the legal requirements including conformance of their products to the (minimum) SLS or higher, as per the agreements entered in to with the Government of Sri Lanka. There are unauthorized, counterfeit, and adulterated lubricants in the market. However, unaware of the standard of such lubricants, consumers may opt for cheaper lubricants. Unlike substandard fuel which will be noted almost immediately, the effect of using substandard lubricants will only be noted years later after it has caused much damage to the engine. The prevalence of such products has increased in recent years and industry sources estimate that the “grey” lubricant market is now well over 20% of the legitimate lubricant market. As a result, authorised market participants find it difficult to compete with such unauthorized, counterfeit, and adulterated products which are sold at cheaper rates. Therefore, an effective market monitoring plan is mandatory to counteract the expanding illegal lubricant market.

## Market monitoring

Considering the above, the Commission formulated a market monitoring plan in respect of unauthorized brands, counterfeit products and adulterated products with a view to protect the interests of consumers as well as authorized market participants. The objective is to prepare an overall plan for monitoring activities in the lubricant market on an annual basis.

The said market monitoring plan stipulates the following:

Information gathering and information sources

Preparation of annual market visits schedule

Market monitoring team composition

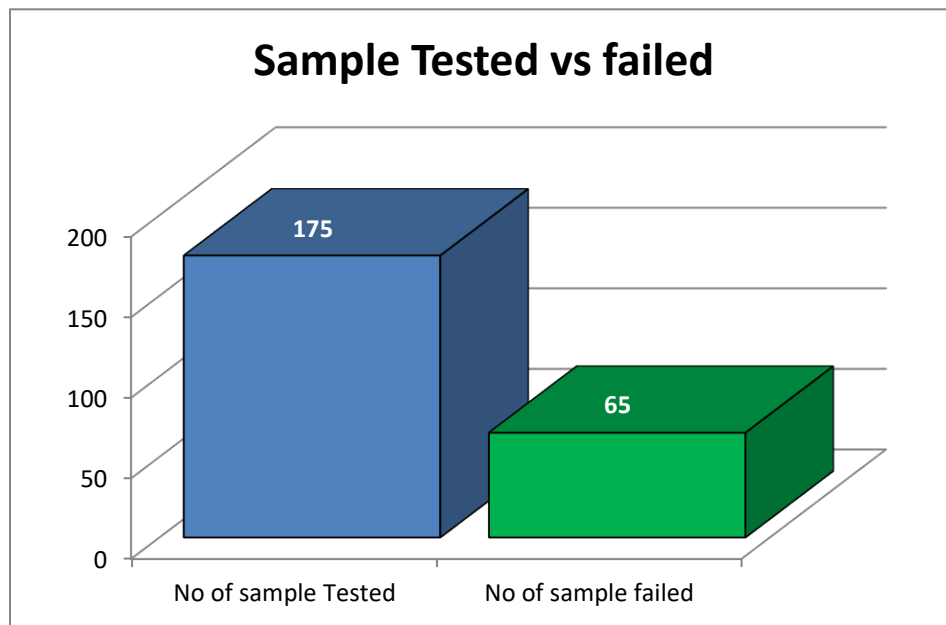
Sampling of lubricants, sample retention and laboratory testing

Analysis and recommendations

In terms of the market monitoring plan, the market monitoring schedule for the year 2023 has been formulated based on the vehicle population in each district - accordingly 368 retail outlets covering all districts would be inspected and 400 samples would be drawn throughout the year for testing in independent and blender’s laboratories.

By end June, 168 outlets were inspected and 197 samples were drawn. These inspections encompassed various types of retail establishments, including 48 exclusive lube shops, 120 multi-brand shops, and 89 outlets with agreements involving market participants.

The lab analysis reports received up to now (175 samples) reveal that 65 samples (i.e. 37%) are off -specification and may not be suitable for use in recommended applications. This is an alarming situation and confirms the wide availability of unauthorized, counterfeit, and adulterated products in the market as indicated by Market Participants and consumers.



The findings from the inspections and sample analyses have highlighted several general observations that contribute to the presence of substandard products in the market. These include:

- Lack of awareness among sales staff regarding product applications and quality.
- Procurement of loose quantities from distributors/suppliers at lower prices, which may compromise product authenticity.
- Widespread sale of fast-moving products in loose form.
- Many retail outlets not maintaining proper records of products sold, including batch numbers.
- Availability of non-compliant products that are not selling well.
- Most retail outlets not following the "First In, First Out" (FIFO) inventory method, potentially leading to expired or degraded products being sold.
- Poor housekeeping practices at retail outlets.
- Instances of pricing irregularities concerning quantity, possibly leading to consumer deception.

The PUCSL is committed to acting against illegal activities in the market and plans to collaborate with designated authorities to conduct raids on outlets selling unauthorized, counterfeit, and adulterated products. Legal prosecution may be pursued against parties involved in such illicit activities to safeguard the interests of consumers and legitimate market players.

Prepare quarterly lubricant market reports (Q1 and Q2)

In terms of agreements executed by the GoSL with lubricant market participants, the Commission collects, records, and disseminates operational and financial performance data from market participants. Up July 2023, two quarterly lubricant market reports have been prepared and its summary is outlined below

## ANALYSIS OF THE FIRST QUARTER 2023

Comparison of Q1 sales data between 2023 and 2022

Type of Lubricant-wise Lubricant Sales Quantity

| Type of Lubricant-wise<br>Lubricant Sales<br>Quantity | First Quarter Sales Volume KL |           | Growth      |          |
|-------------------------------------------------------|-------------------------------|-----------|-------------|----------|
|                                                       | 2022                          | 2023      | KL          | %        |
| Automotive Oils                                       | 14,325.65                     | 7,527.27  | (6,798.38)  | (47.46)  |
| Industrial Oils                                       | 4,116.10                      | 1,436.24  | (2,679.86)  | (65.11)  |
| Marine Oils                                           | 1,427.32                      | 1,147.68  | (279.64)    | (19.59)  |
| Greases                                               | 709.31                        | 284.01    | (425.30)    | (59.96)  |
| Other                                                 | 0.26                          | -         | (0.26)      | (100.00) |
| Total                                                 | 20,578.64                     | 10,395.19 | (10,183.45) | (49.49)  |

Automotive Lubricant Sales Quantity

| Automotive Lubricant<br>Sales Quantity | First Quarter Sales Volume KL |          | Growth     |         |
|----------------------------------------|-------------------------------|----------|------------|---------|
|                                        | 2022                          | 2023     | KL         | %       |
| Diesel Engine Oils<br>Multi Grade      | 6,994.60                      | 3,317.70 | (3,676.90) | (52.57) |
| Four Stroke Motor<br>Cycle Oils        | 3,944.85                      | 2,140.60 | (1,804.25) | (45.74) |
| Gasoline Engine Oils<br>Multi Grade    | 1,321.38                      | 839.98   | (481.40)   | (36.43) |
| Two Stroke Oils                        | 951.05                        | 661.43   | (289.62)   | (30.45) |
| Automotive Gear Oils                   | 560.51                        | 293.84   | (266.66)   | (47.58) |
| Gasoline Engine Oils<br>Mono Grade     | 222.45                        | 125.01   | (97.44)    | (43.80) |
| Automatic<br>Transmission Fluids       | 255.90                        | 124.29   | (131.60)   | (51.43) |

|                                  |           |          |            |         |
|----------------------------------|-----------|----------|------------|---------|
| Other                            | 25.95     | 17.96    | (8.00)     | (30.81) |
| Diesel Engine Oils<br>Mono Grade | 48.97     | 6.46     | (42.51)    | (86.81) |
| Total                            | 14,325.65 | 7,527.27 | (6,798.38) | (47.46) |

In the first quarter of 2023, the total sales volume of automotive lubricants was 7,527.27 KL, which significantly dropped by 6,798.38 KL or 47.46% compared to the sales volume of 14,325.65 KL in 2022. All categories of automotive lubricants experienced a decline in sales volume during this period, with diesel engine oils multi-grade and four-stroke motor cycle oils witnessing the largest drops. These figures indicate a challenging market situation for automotive lubricants in the first quarter of 2023.

In the comparison between the first quarter of 2022 and 2023, the total sales volume for all lubricants combined decreased from 20,578.64 KL to 10,395.19 KL, indicating a substantial decline of 10,183.45 KL or 49.49% in total sales volume. In summary, all categories of lubricants witnessed a decrease in sales volume during the first quarter of 2023 compared to the previous year. The automotive oils and industrial oils categories experienced the largest drops in sales volume, while the marine oils and greases categories had relatively smaller decreases.

Note: In 2022, the total sales volume of lubricants was 50,742.38 KL. It is worth noting that the first quarter alone accounted for more than 40% of the total sales volume, amounting to 20,578.64 KL. This indicates an exceptional surge in sales volume, primarily driven by consecutive price increases in this period. Consumers purchased extra quantities of products in order to save on future expenses, while retailers sought to maximize their profits.

Comparison of Q4 and Q1 sales volumes between 2022 and 2023 respectively

Type of Lubricant-wise Lubricant Sales Quantity

| Type of Lubricant-wise Lubricant Sales Quantity | 2022-Q4 and 2023-Q1 Sales Quantity (KL) |           | Growth  |        |
|-------------------------------------------------|-----------------------------------------|-----------|---------|--------|
|                                                 | 2022- Q4                                | 2023-Q1   | KL      | %      |
| Automotive Oils                                 | 7,035.18                                | 7,527.27  | 492.09  | 6.99   |
| Greases                                         | 277.46                                  | 284.01    | 6.55    | 2.36   |
| Industrial Oils                                 | 1,477.37                                | 1,436.24  | (41.14) | (2.78) |
| Marine Oils                                     | 813.84                                  | 1,147.68  | 333.84  | 41.02  |
| Total                                           | 9,603.85                                | 10,395.19 | 791.34  | 8.24   |

Considering all types of lubricants, the total sales quantity increased from 9,603.85 KL in Q4 of 2022 to 10,395.19 KL in Q1 of 2023.

The overall growth in total sales quantity during this period was 791.34 KL, reflecting a growth rate of 8.24%. This indicates a positive trend in the lubricant market, with an overall increase in demand across different lubricant types.

In summary, the analysis of the attached data highlights the growth and decline in sales quantity for different types of lubricants. Automotive oils and marine oils experienced significant growth, while industrial oils showed a decline.

#### Automotive Lubricant Sales Quantity

| Automotive Lubricant Sales Quantity | 2022-Q4 and 2023-Q1 Sales Quantity (KL) |          | Growth  |         |
|-------------------------------------|-----------------------------------------|----------|---------|---------|
|                                     | 2022-Q4                                 | 2023-Q1  | KL      | %       |
| Diesel Engine Oils Multi Grade      | 3,250.43                                | 3,317.70 | 67.27   | 2.07    |
| Four Stroke Motor Cycle Oils        | 1,798.49                                | 2,140.60 | 342.11  | 19.02   |
| Gasoline Engine Oils Multi Grade    | 718.40                                  | 839.98   | 121.58  | 16.92   |
| Two Stroke Oils                     | 642.27                                  | 661.43   | 19.16   | 2.98    |
| Automotive Gear Oils                | 346.67                                  | 293.84   | (52.83) | (15.24) |
| Gasoline Engine Oils Mono Grade     | 119.14                                  | 125.01   | 5.87    | 4.92    |
| Automatic Transmission Fluids       | 129.64                                  | 124.29   | (5.35)  | (4.13)  |
| Other                               | 26.50                                   | 17.96    | (8.54)  | (32.24) |
| Diesel Engine Oils Mono Grade       | 3.63                                    | 6.46     | 2.83    | 78.00   |
| Total                               | 7,035.18                                | 7,527.27 | 492.09  | 6.99    |

Overall, the total sales quantity for all types of automotive lubricants increased from 7,035.18 KL in Q4 of 2022 to 7,527.27 KL in Q1 of 2023. The growth in total sales quantity during this period was 492.09 KL, representing a growth rate of 6.99%.

## ANALYSIS OF THE SECOND QUARTER 2023

Comparison of Q1 sales data between 2023 and 2022

### Type of Lubricant-wise Lubricant Sales Quantity

| Type of Lubricant-wise Lubricant Sales Quantity | Second Quarter Sales Volume KL |          | Growth     |         |
|-------------------------------------------------|--------------------------------|----------|------------|---------|
|                                                 | 2022                           | 2023     | KL         | %       |
| Automotive Oils                                 | 7,829.37                       | 7,124.52 | (704.85)   | (9.00)  |
| Industrial Oils                                 | 2,049.01                       | 1,443.58 | (605.43)   | (29.55) |
| Marine Oils                                     | 947.11                         | 936.031  | (11.08)    | (1.17)  |
| Greases                                         | 244.577                        | 274.215  | 29.64      | 12.12   |
| Total                                           | 11,070.07                      | 9,778.35 | (1,291.72) | (11.67) |

In the second quarter of 2023, there were significant changes in lubricant sales across various categories. Sales of automotive oils declined by 9.00%, from 7,829.37 KL in 2022 to 7,124.52 KL. This drop may be attributed to shifting consumer preferences, altered market demand, or fluctuations in the automotive sector.

Industrial oils experienced a substantial decrease of 29.55%, dropping from 2,049.01 KL in 2022 to 1,443.58 KL in 2023, possibly due to a contraction in industrial activities, changes in manufacturing processes, or evolving customer requirements.

Marine oil sales slightly decreased by 1.17%, from 947.11 KL in 2022 to 936.031 KL in 2023, influenced by factors in the shipping and maritime industry like regulatory changes or global trade fluctuations.

In contrast, sales of greases grew by 12.12%, from 244.577 KL in 2022 to 274.215 KL in 2023, likely driven by increased demand for specific applications or effective marketing strategies.

Overall, the total lubricant sales volume decreased by 11.67%, from 11,070.07 KL in 2022 to 9,778.35 KL in 2023, indicating a challenging period for the industry, potentially influenced by broader economic factors, market dynamics, or shifts in customer behavior.

### Automotive Lubricant Sales Quantity

| Automotive Lubricant Sales Quantity | Second Quarter Sales Volume KL |          | Growth   |         |
|-------------------------------------|--------------------------------|----------|----------|---------|
|                                     | 2022                           | 2023     | KL       | %       |
| Diesel Engine Oils Multi Grade      | 3,257.86                       | 2,864.69 | (393.17) | (12.07) |
| Four Stroke Motor Cycle Oils        | 2,365.21                       | 2,089.09 | (276.12) | (11.67) |
| Gasoline Engine Oils Multi Grade    | 626.86                         | 951.82   | 324.96   | 51.84   |

|                                 |          |          |          |         |
|---------------------------------|----------|----------|----------|---------|
| Two Stroke Oils                 | 852.12   | 667.22   | (184.91) | (21.70) |
| Automotive Gear Oils            | 415.69   | 327.34   | (88.35)  | (21.25) |
| Automatic Transmission Fluids   | 101.61   | 118.02   | 16.42    | 16.16   |
| Gasoline Engine Oils Mono Grade | 167.17   | 90.10    | (77.07)  | (46.10) |
| Other                           | 24.78    | 16.23    | (8.55)   | (34.51) |
| Diesel Engine Oils Mono Grade   | 18.07    | 0.01     | (18.05)  | (99.92) |
| Total                           | 7,829.37 | 7,124.52 | (704.85) | (9.00)  |

In the second quarter of 2023, notable changes occurred in automotive lubricant sales across different categories.

Diesel Engine Oils Multi Grade saw a decline of 12.07%, from 3,257.86 KL in 2022 to 2,864.69 KL in 2023, possibly influenced by shifts in diesel engine usage or preferences.

Four Stroke Motor Cycle Oils sales decreased by 11.67%, from 2,365.21 KL in 2022 to 2,089.09 KL in 2023, which might reflect changes in the motorcycle market. Gasoline Engine Oils Multi Grade experienced a significant growth of 51.84%, increasing from 626.863 KL in 2022 to 951.823 KL in 2023, possibly due to increased gasoline engine usage or changes in multi-grade oil demand.

Conversely, Two Stroke Oils sales dropped by 21.70%, from 852.12 KL in 2022 to 667.215 KL in 2023, potentially reflecting shifts in two-stroke engine applications.

Automotive Gear Oils sales decreased by 21.25%, from 415.694 KL in 2022 to 327.343 KL in 2023, indicating changes in automotive gear oil consumption. Automatic Transmission Fluids sales grew by 16.16%, from 101.605 KL in 2022 to 118.022 KL in 2023, possibly due to increased automatic transmission vehicle usage.

Gasoline Engine Oils Mono Grade sales saw a significant decrease of 46.10%, dropping from 167.173 KL in 2022 to 90.1 KL in 2023, likely influenced by shifts in mono-grade oil demand.

Diesel Engine Oils Mono Grade sales experienced a substantial decline of 99.92%, falling from 18.066 KL in 2022 to a negligible 0.014 KL in 2023.

Overall, total automotive lubricant sales decreased by 9.00%, from 7,829.37 KL in 2022 to 7,124.52 KL in 2023, indicating potential shifts in the automotive lubricant market or consumer preferences.

## Comparison of Q1 and Q2 sales volumes of the year 2023

### Type of Lubricant-wise Lubricant Sales Quantity

| Type of Lubricant-wise<br>Lubricant Sales Quantity | Q1 and Q2, 2023-Qty KL |          | Growth   |         |
|----------------------------------------------------|------------------------|----------|----------|---------|
|                                                    | 2023-Q1                | 2023-Q2  | KL       | %       |
| Automotive Oils                                    | 7,527.27               | 7,124.52 | (402.74) | (5.35)  |
| Industrial Oils                                    | 1,436.24               | 1,443.58 | 7.35     | 0.51    |
| Marine Oils                                        | 1,147.68               | 936.031  | (211.65) | (18.44) |
| Greases                                            | 284.007                | 274.215  | (9.79)   | (3.45)  |
| Total                                              | 10,395.19              | 9,778.35 | (616.84) | (5.93)  |

In the first and second quarters of 2023, changes in lubricant sales volume were evident across various categories. Automotive oil sales experienced a decline of 5.35%, dropping from 7,527.27 KL in Q1 to 7,124.52 KL in Q2, marking a reduction of 402.74 KL. Similarly, marine oil sales faced a significant reduction of 18.44%, declining from 1,147.68 KL in Q1 to 936.031 KL in Q2, resulting in a decrease of 211.65 KL. Grease sales also contributed to the volume decrease, with a 3.45% drop from 284.007 KL in Q1 to 274.215 KL in Q2, a reduction of 9.79 KL. Overall, the total lubricant sales volume decreased by 5.93%, from 10,395.19 KL in Q1 to 9,778.35 KL in Q2, indicating a collective reduction of 616.84 KL. These changes highlight the potential influence of market dynamics and demand shifts during this period.

The first and second quarters of 2023 witnessed significant shifts in lubricant sales volumes across different categories. Industrial oil sales demonstrated a modest growth of 0.51%, increasing from 1,436.24 KL in Q1 to 1,443.58 KL in Q2, marking a marginal uptick of 7.35 KL. While automotive oil sales experienced a decline of 5.35%, from 7,527.27 KL in Q1 to 7,124.52 KL in Q2, marking a decrease of 402.74 KL, other categories showed varying levels of volume gain. Despite the overall decrease, these fluctuations emphasize the dynamic nature of demand and the evolving market landscape during this period.

### Automotive Lubricant Sales Quantity

| Automotive<br>Lubricant Sales<br>Quantity | 2023-Q1 and Q2 Sales Quantity<br>(KL) |          | Growth   |         |
|-------------------------------------------|---------------------------------------|----------|----------|---------|
|                                           | Q1                                    | Q2       | KL       | %       |
| Diesel Engine Oils<br>Multi Grade         | 3,317.70                              | 2,864.69 | (453.00) | (13.65) |
| Four Stroke Motor<br>Cycle Oils           | 2,140.60                              | 2,089.09 | (51.51)  | (2.41)  |
| Gasoline Engine Oils<br>Multi Grade       | 839.98                                | 951.82   | 111.84   | 13.31   |

|                                 |          |          |          |         |
|---------------------------------|----------|----------|----------|---------|
| Two Stroke Oils                 | 661.43   | 667.22   | 5.78     | 0.87    |
| Automotive Gear Oils            | 293.84   | 327.34   | 33.50    | 11.40   |
| Gasoline Engine Oils Mono Grade | 125.01   | 90.10    | (6.99)   | (5.59)  |
| Automatic Transmission Fluids   | 124.29   | 118.02   | (6.27)   | (5.04)  |
| Other                           | 17.96    | 16.23    | (1.73)   | (9.63)  |
| Diesel Engine Oils Mono Grade   | 6.46     | 0.01     | (6.44)   | (99.78) |
| Total                           | 7,527.27 | 7,124.52 | (402.74) | (5.35)  |

Across the first and second quarters of 2023, significant shifts in automotive lubricant sales volumes were evident. Diesel Engine Oils Multi Grade experienced a notable decrease of 13.65%, with sales dropping from 3,317.70 KL in Q1 to 2,864.69 KL in Q2, reflecting a reduction of 453.00 KL. Similarly, Four Stroke Motor Cycle Oils saw a decline of 2.41%, with sales decreasing from 2,140.60 KL in Q1 to 2,089.09 KL in Q2, indicating a decrease of 51.51 KL. Gasoline Engine Oils Mono Grade sales also dropped by 5.59%, from 125.01 KL in Q1 to 90.10 KL in Q2, marking a reduction of 6.99 KL. Automatic Transmission Fluids and Other categories showed reductions as well, with 5.04% (6.27 KL decrease) and 9.63% (1.73 KL decrease) decreases respectively. The combined sales volume for all automotive lubricants decreased by 5.35%, from 7,527.27 KL in Q1 to 7,124.52 KL in Q2, resulting in a reduction of 402.74 KL. These changes underline potential shifts in consumer preferences, market dynamics, and industry trends during this period.

Examining the first and second quarters of 2023, changes in automotive lubricant sales volumes across different categories are apparent. Gasoline Engine Oils Multi Grade saw notable growth of 13.31%, increasing from 839.98 KL in Q1 to 951.82 KL in Q2, reflecting an increase of 111.84 KL. Automotive Gear Oils also demonstrated growth of 11.40%, with sales rising from 293.84 KL in Q1 to 327.34 KL in Q2, indicating a gain of 33.50 KL. Two Stroke Oils experienced a slight gain of 0.87%, increasing from 661.43 KL in Q1 to 667.22 KL in Q2, a rise of 5.78 KL. Despite variations in individual categories, the combined sales volume for all automotive lubricants decreased by 5.35%, from 7,527.27 KL in Q1 to 7,124.52 KL in Q2, implying the influence of evolving market dynamics and consumer demand.

# LICENSING

## Transmission Performance Measurement under Transmission Performance Standards Regulations

Transmission Performance Standards Regulations, prepared under sections 54 of the Sri Lanka Electricity Act, No. 20 of 2009, are already in effect. Through the regulations, the Transmission System performance is expected to grow by achieving the performance targets, which are updated over time. Therefore, with the aim of measuring and assessing the performance indices identified in the regulations two reports were prepared for the 4th quarter of 2022 and 01st quarter of 2023. Accordingly, following indices were calculated based on the interruption data submitted by the transmission licensee.

- System Average Interruption Frequency Per Transmission Line
- System Average Interruption Frequency Per Substation Transformer
- Transmission Line Interruption Duration Index (in Hours)
- Substation Transformer Interruption Duration Index (in Hours)
- Transmission Line Availability Index (%)
- Substation Transformer Availability Index (%)

## Review of New Power Plant Proposals

In terms of Section 43 of the Sri Lanka Electricity Act, the Transmission Licensee is required to obtain the approval of the Commission to commence the procurement process to add new generation capacity to the transmission network. Subsequently, the approval of the Commission needs to be obtained for the selected party from the procurement process and for the respective Power Purchase Agreement.

Accordingly, PUCSL reviewed and approved the following proposals and PPAs in 2023

### 200MW Natural Gas Fired Internal Combustion (IC) Engine Power Plant

CEB transmission licensee submitted a proposal for the approval of the Commission to initiate procurement process of 200MW Natural Gas Fired Internal Combustion (IC) Engine Power Plant with dual fuel capability at Kerawalapitiya. This Natural Gas Fired Power Plant is identified under the base case plan of the Long Term Generation Expansion Plan (LTGEP) 2023-2042 which was approved by the Commission in February 2023 and is scheduled to be

connected to the national grid by 2026. Therefore, the approval of the Commission was granted in July 2023 to initiate the procurement process of the power plant.

Amendment to the Power Purchase Agreement of the 350MW RLNG Power Plant  
CEB transmission licensee submitted some amendments to the Power Purchase Agreement (PPA) for the approval of the Commission, which had been signed between CEB and Sobadhanavi Ltd for the development of 350MW LNG Power Plant at Kerawalapitiya.

CEB has proposed following amendments to the PPA due increase in the project cost and due to suspension of the loan led by the Asian Development Bank (ADB).

Increasing the Capacity Charge  
Introduction of Variable Interest Rate for the tariff  
Introduction of Variable Working Capital Loan Amount

Considering the requirement of revising the tariff and justifications provided related to the increased project cost, the approval of the Commission was granted in October 2023 for the Amendment to the Power Purchase Agreement between CEB and Sobadhanavi Ltd.

### **100MW Generation Capacity on Short Term Basis**

The Cabinet of Ministers declared an emergency situation pertaining to the decision to release water from Samanalawewa Power Plant for irrigation purposes of downstream cultivations at the Cabinet meeting held on 07th August 2023 and granted approval to procure 100MW of supplementary power , for a period of 4 to 6 months to avoid planned power shedding.

Accordingly, CEB transmission licensee requested approval of the Commission under section 43(4)(c)(ii) of Sri Lanka Electricity Act No.20 of 2009 (as amended) to proceed with the procurement process of adding a generation capacity of 100MW on a short term basis.

Given the prevailed situation, the approval of the Commission was granted to proceed with the procurement process for adding a generation capacity of 100MW in the southern area on a short term basis for a period of 6 months from 18th August 2023.

Revisiting and revising the regulatory framework of exempted parties (exempted from the requirement of obtaining a license to generate/distribute and supply electricity)  
Exempted parties (parties exempted from the requirement of obtaining a license to generate/distribute and supply electricity) is being lightly regulated at the moment through a Certificate of Exemption and the associated conditions imposed therein. During the recent past, rapid development of the apartment sector, mix development projects have taken place and further, there are some new business models are being developed where electricity

distribution and supply of such models cannot be exempted with the existing regulatory framework. Also, economic, safety and technical regulatory tools available with respect to exempted parties are very limited at the moment. Therefore, licensing division reviewed the existing regulatory framework and revised the framework and prepared below items which are associated with the framework,

- Certificate of Exemption,
- Draft Supply Services Code for Exempted Persons,
- Application form for a COE,
- Application form for a renewal of the COE,
- Application form for the assignment of the COE,
- Criteria for evaluating the application form for a COE,
- Criteria to evaluate the minimum technical capabilities of the applicant for eligibility for a Certificate Of Exemption ,
- Statement of rights and obligation of electricity consumers,
- Applicable modifications to the Distribution Code

### **Launching Online License Application System and its modifications**

Current license application process is a manual process which takes considerable time for administrative work. Most of the other organizations are providing online solutions for this kind of licenses. Therefore, for the convenience of both stakeholders and the PUCSL, an Online License Application was developed and it is ready to launch.

### **Amendments to the Distribution Code**

Existing Distribution Code was prepared in year 2012 and it has been observed that several developments in the distribution system have taken place recently especially in integration of Roof Top Solar PV (Solar Battle, Net Metering, Net Accounting, Net Plus), integration of embedded generators (Mini hydro, Solar, Wind, Biomass, etc), etc. These developments have caused various changes in power quality, supply quality, islanding, fault level, protection coordination of the distribution network. Therefore, considering the above matters, the Distribution Code was amended.

### **License and Exemptions**

*Exemptions - Received 24 applications. Granted 22 exemptions.*

*License - Received 46 applications. Granted 6 licenses. 11 are in progress.  
29 applications are incomplete.*

## **Disaster Management Plan for the Electricity Sector**

Sri Lanka is increasingly impacted by various hazards, including weather-related events such as cyclones, monsoonal rain, and subsequent flooding and landslides. Additionally, climate change is contributing to unpredictable increases in hydro-meteorological hazards, both in terms of occurrences and intensity, further exacerbating the situation. Over the last decade, the frequency of disasters has risen by approximately 20% due to hydro-meteorological events. One of the significant challenges faced by the Ceylon Electricity Board (CEB) and Lanka Electricity Company (LECO) is ensuring uninterrupted electricity supply to consumers during disasters.

It is imperative to establish a national-level plan to maintain electricity supply during and after disasters caused by natural or man-made reasons. This plan is necessary to ensure service continuity and efficient resource allocation during and after disasters. Utility service providers should be responsible for preparing these disaster management plans. International best practices highlight the critical role of utility regulators in ensuring the preparation and implementation of disaster management plans by regulated utilities. Therefore, the Public Utilities Commission of Sri Lanka (PUCSL) plans to facilitate the development of disaster management plans for the Electricity Industry Utilities, under the guidance of the Disaster Management Centre. The inception report of the Disaster Management Plan was published as the first step in this process.

## **Assessing the Economic Impact of Scheduled Power Outages in 2022**

The reliability of electricity in 2022 was significantly compromised primarily due to shortages of fuel and coal for power generation. This occurred amid a lack of foreign exchange liquidity and declining reservoir levels. As a consequence, substantial demand management measures were implemented in the power sector, leading to prolonged power outages, particularly during March and April. These outages had a severe impact on economic activity. The primary goal of this project is to quantify the economic damages caused by these outages.

**Literature Survey:** PUCSL conducting an extensive literature survey to gain insights into methodologies and best practices for estimating economic damages resulting from unserved energy.

**Data Gathering:** Simultaneously, PUCSL is diligently collecting relevant data pertaining to the scheduled power interruptions in 2022 from CEB. This includes outage duration and affected regions.

## **Exploring Ancillary Service Procurement from Independent Power Producers (IPPs) in Sri Lanka**

PUCSL's ongoing study is focused on assessing the potential for procuring ancillary services from Independent Power Producers (IPPs) in Sri Lanka. These services encompass Frequency Control Ancillary Services, Network Control Ancillary Services, and System Restart Ancillary Services.

PUCSL is currently in the initial stages of the study, with the completion of 20% of the literature review. This critical phase involves identifying the possibilities and opportunities for procuring ancillary services from IPPs.

# CORPORATE COMMUNICATION

## Advancing Utility Industries and Workforce Development in Sri Lanka

### MORE THAN 600 ELECTRICIANS QUALIFIED WITH NVQ3 FREE OF CHARGE

In the landscape of utility services in Sri Lanka, the Public Utilities Commission of Sri Lanka (PUCSL) has emerged as a pivotal force, dedicated to transforming the electricity and water services industries. With a strong commitment to consumer welfare, safety, efficiency, and service excellence, the PUCSL has embarked on groundbreaking initiatives that empower skilled professionals, elevate industry standards, and drive sustainable practices.

#### **A Vision of Excellence:**

Central to the PUCSL's endeavors is the pursuit of reliable, affordable, and top-tier electricity services, underpinned by competition, efficiency, and sustainability. Anchoring this vision is a dynamic partnership with qualified electricians, as exemplified by the implementation of the National Framework for Electricians. This monumental initiative has led to the upskilling of an impressive cohort of 10,000 electricians past two years, all of whom have successfully undergone comprehensive training and secured National Vocational Qualification 3 (NVQ3) certification. PUCSL collaborate with National Apprentice and Industrial Training Authority, Vocational Training Authority, Technical Collages, District Secretariates in every Districts to provide the NVQ3 qualification to electricians free of charge.

#### **Empowering Skilled Professionals:**

Spanning across twelve districts including Galle, Ratnapura, Colombo, Jaffna, and Kandy, this far-reaching program is nothing short of transformative. By equipping electricians with the specialized skills and knowledge encapsulated in the NVQ3 qualification, the PUCSL is not only enhancing the competency of the workforce but also elevating the industry's safety standards.

#### **Prioritizing Safety:**

The ripple effect of this initiative is evident in the heightened focus on safety within the electricity sector. Consumers now actively seek out electricians bearing the NVQ3 certification, recognizing it as a hallmark of professionalism and expertise. This shift in consumer behavior is a testament to the value that the PUCSL's workforce development efforts have brought to the industry.

#### **A Comprehensive Impact:**

The ongoing partnership between the PUCSL and skilled electricians goes beyond immediate impact. By creating a strong foundation of qualified professionals, the PUCSL is fostering a

culture of excellence that will reverberate through the industry for years to come. This initiative not only empowers individuals but also raises the bar for the industry as a whole.

### **Safeguarding Consumer Interests:**

As a regulatory body, the PUCSL remains steadfast in its commitment to safeguarding consumer interests. By ensuring that electricians possess the required expertise and certification, the commission is contributing to a safer and more reliable electricity services environment for consumers across the nation.

### **A Bright Future Ahead:**

The partnership between the PUCSL and qualified electricians stands as a beacon of progress, symbolizing the commission's unwavering dedication to consumer welfare, safety, and excellence. By investing in workforce development and industry standards, the PUCSL is paving the way for a brighter and more sustainable future for Sri Lanka's utility industries. As skilled professionals continue to drive the industry forward, the nation's electricity services will undoubtedly reach new heights of efficiency, quality, and consumer satisfaction.

The NVQ3 Electricians Program by the PUCSL is not just a training initiative; it's a transformational journey that's shaping the future of the electricity sector. As the program continues to empower electricians with expertise, professionalism, and safety awareness, it's also illuminating a path toward a brighter, safer, and more reliable energy landscape for the people of Sri Lanka. This initiative is a true testament to the PUCSL's commitment to excellence and its dedication to driving positive change in the utility industries.





# EMPOWERING SRI LANKA'S SOLAR INDUSTRY WITH A QUALIFIED WORKFORCE

## 641 Solar Technicians were trained

Year 2023 marks a significant milestone in the country's renewable energy journey. As the world strives to combat climate change and reduce carbon emissions, Sri Lanka has embraced the ambitious goal of developing renewable energy sources. At the forefront of this mission is the solar industry, which plays a crucial role in harnessing clean, sustainable energy. One of the key highlights of this year's report is the emphasis on building a qualified workforce for the solar sector, through the innovative Authorized Solar System Service Technician (AST) program.

### **The AST Program: Fostering Expertise and Opportunity**

Recognizing the importance of skilled artisans and technicians in driving the solar industry's growth, PUCSL initiated the AST program. This two-day initial training program has proven to be a game-changer, providing numerous benefits to aspiring solar technicians and the nation's renewable energy objectives.

**Connecting Artisans with Solar Companies:** The AST program has paved the way for artisans and technicians to establish connections with solar companies as authorized agents. This collaboration creates a symbiotic relationship, wherein solar companies gain access to a pool of skilled workers, and artisans can leverage this partnership to explore part-time additional income opportunities.

**Work Experience for NVQ Exam:** As Sri Lanka strives to enhance its workforce's qualifications, work experience becomes a crucial factor. The AST program offers participants the opportunity to gain hands-on experience in the solar industry. This practical exposure serves as a stepping stone for artisans aspiring to undertake the National Vocational Qualification (NVQ) exam, further elevating their professional credentials.

**Authorized Solar System Service Technicians:** The AST program prepares participants to become Authorized Solar System Service Technicians. These technicians are equipped with the expertise to install, maintain, and repair solar systems. Their authorization not only enhances the quality of solar services but also contributes to the safety and reliability of solar installations across the country.

**Sales Representatives:** The program not only focuses on technical skills but also hones the participants' sales and communication abilities. Graduates of the AST program are well-equipped to serve as effective sales representatives for solar companies, promoting solar solutions and accelerating the adoption of renewable energy in Sri Lanka.

## **Impressive Participation and Outreach**

The success of the AST program in 2023 is reflected in the overwhelming response it received. A total of 641 solar technicians participated in the training, showcasing the growing interest in renewable energy careers. The Commission's strategic selection of districts for conducting the program, including Matale, Colombo, Ampara, Hambantota, Kilinochchi, Gampaha, Trincomalee, and Kalutara, ensured that opportunities for skill development reached various regions across the country.

## **The Road Ahead**

The Annual Report for 2023 demonstrates the Public Utilities Commission of Sri Lanka's unwavering commitment to the country's sustainable energy goals. The emphasis on building a qualified workforce for the solar industry through the AST program reflects a forward-thinking approach that aligns perfectly with global trends towards renewable energy adoption.

As the nation marches towards a greener future, the significance of nurturing a skilled and capable workforce in the solar sector cannot be overstated. The continued support and expansion of initiatives like the AST program will not only empower individuals with meaningful employment opportunities but also drive the nation's progress in achieving its renewable energy targets. The AST program stands as a shining example of how investing in skilled artisans and technicians can catalyze the growth of renewable energy in the country. By providing training, experience, and opportunities to connect with solar companies, PUCSL has set a precedent for building a sustainable and prosperous future for Sri Lanka through renewable energy development. As we move forward, it is imperative that the nation continues to invest in and prioritize the development of its renewable energy workforce, solidifying its position as a leader in the global transition towards clean and green energy.



## **Empowering Plumbers for a Safer and More Efficient Water Services Industry**

### **MORE THAN 600 PLUMBERS RECEIVED NVQ 3 QUALIFICATION**

The Public Utilities Commission of Sri Lanka (PUCSL) takes great pride in its commitment in helping regulate the water services industries in the country. As the designated regulator for these crucial sectors, the PUCSL plays a pivotal role in safeguarding the interests of consumers while striving to promote safety, efficiency, and service quality.

#### **A New Milestone: Empowering Plumbers**

In line with its ambition to uplift the water services industry, the PUCSL recently achieved a significant milestone by entering a Memorandum of Understanding (MoU) with the Tertiary and Vocational Education Commission (TVEC), the Vocational Training Authority (VTA), and the National Apprentice and Industrial Training Authority (NAITA). This collaboration aims to provide a free National Vocational Qualification (NVQ) level 03 course for plumbers across Sri Lanka.

#### **The Importance of Accredited Qualifications**

Sri Lanka is home to approximately 10,000 plumbers, a significant number of whom lack formal qualifications. Recognizing the importance of skilled and qualified professionals in the water services industry, the PUCSL decided to empower plumbing technicians by offering them the opportunity to obtain the NVQ level 03 qualification. By doing so, the PUCSL aims to promote safety, reduce waste, encourage conservation efforts, enhance service quality, and ensure value for money for the pipe-borne water users.

#### **A Fully Sponsored Program for Aspiring Plumbers**

The PUCSL has undertaken to fully sponsor the NVQ training program for plumbers in this programme. This means that participants do not need to bear the burden of examination fees, course fees, or any other related expenses. By removing financial barriers, the PUCSL ensures that any qualified plumber who wishes to enhance their skills and knowledge can do so without financial constraints.

#### **Expanding the Reach of the Program**

The PUCSL commenced its NVQ program for plumbers in the Kalutara District, where 100 plumbers participated in the first phase of the initiative. Building on the success of the program for electricians earlier in the year, which saw over 5000 electricians obtaining the qualification, the PUCSL aims to create a similar impact within the plumbing community.

To date, more than 600 plumbers have successfully qualified through the NVQ program in various regions, including Kandy, Kurunegala, Pullam, Vavuniya, and Anuradhapura. The PUCSL remains committed to expanding the reach of this program to benefit more aspiring plumbers across the country.

## PUCSL's Ongoing Commitment to Skill Development

The NVQ program for plumbers represents a testament to the PUCSL's dedication to nurturing skilled professionals within the water services industry. By investing in the development of human capital, the commission endeavors to create a workforce that can meet the industry's demands while upholding the highest standards of safety and quality.

The Public Utilities Commission of Sri Lanka continues to regulate and oversee the electricity and water services industries, it is equally committed to empowering skilled professionals to drive the sectors forward. The NVQ program for plumbers stands as a shining example of the PUCSL's dedication to enhancing safety, efficiency, and service quality in the water services industry. With each qualified plumber, the nation moves one step closer to a safer, more sustainable, and prosperous future. The PUCSL looks forward to continued progress and expansion of this program, leaving a lasting positive impact on Sri Lanka's water services industry.



# EMPOWERING SRI LANKA'S SCOUTS ON DOMESTIC ELECTRICITY SAFETY

## 500 Scouts leaders Empowered as a trainers

PUCSL Prepared Safety Module based on the existing regulations, rules etc. An awareness program was conducted through a safety module. This awareness program has been developed specially for the Sri Lanka Scouts Association. Decided to train 500 people covering 9 under the theme of electricity safety. Sri Lanka Scouts associations' scout leaders covering the nine provinces of Sri Lanka. Selected 500 leaders to participate in the Trainer of training (TOT) who will in turn go to the districts and train the scouts. They have 37 scout Districts covering the nine provinces. There is an activity in this regard by 2023 activity plan in PUCSL. Through that it has decided to complete this awareness program. It has also decided to hold a national event on electricity security at the Jamboree next year (2024). It will help to increase the awareness of electrical safety and follow electrical safety measures in domestic and school environments. As we continue to move forward, we get ahead a significant impact on various stakeholders, including teachers, students, and domestic electricity users.

By promoting awareness among these groups, aim to create a safer environment and teach a sense of responsibility. The engagement of Scouts leaders, along with the support of educators, will play a crucial role in disseminating information and encouraging responsible practices. We are confident that through this collaborative effort, we can empower teachers to integrate safety lessons into their syllabuses and encourage students to become ambassadors for electricity safety within their communities.





# INSPECTORATE

## **Electrifying Three-Wheelers: A Green Milestone for Sri Lanka's Electric Vehicle Industry**

In recent years, the Electric Vehicle (EV) industry has witnessed remarkable progress, poised for even greater development soon. This surge is attributed to mounting concerns over escalating oil prices, dwindling nonrenewable resources like petroleum and diesel, and the urgent need to curtail greenhouse gas emissions. As the EV landscape rapidly evolves, the pursuit of safety, efficiency, and environmental responsibility takes center stage.

To address the challenges associated with the commercialization of electric vehicles, especially in the context of 3-wheelers, a groundbreaking pilot project has been initiated. This innovative project focuses on the electrification of 3-wheelers using solar-charged swappable battery units. The pilot project, encompassing 10 three-wheelers, aims to not only transform the local transportation sector but also contribute to the national grid by utilizing excess battery charge.

One of the core objectives of this endeavor is to ensure the safety and performance of electric vehicles and the associated charging systems. As the EV industry gains momentum, the importance of effective regulations cannot be overstated. These regulations serve as a protective shield, safeguarding both human lives and equipment. By adhering to stringent safety and performance standards, the project seeks to pave the way for a smooth transition towards electric mobility.

To this end, a robust framework is being developed. A steering committee, led by Professor Lilantha Samaranayaka from the University of Peradeniya, has been instrumental in formulating and refining the National Standards that are relevant to Electric Vehicles and Charging Stations. This committee is comprised of representatives from prominent universities, the Sri Lanka Standards Institution (SLSI), the Institution of Engineers Sri Lanka (IESL), the Public Utilities Commission of Sri Lanka (PUCSL), the Ceylon Electricity Board (CEB), the Sustainable Energy Authority (SEA), the Department of Motor Traffic (DMT), and other leading organizations within the industry.

The meticulous review process of these National Standards is now complete, marking a significant milestone in the regulation of EVs and their charging infrastructure. As the final report is being meticulously prepared for submission to the Sri Lanka Standards Institution, the country takes a crucial step forward in embracing sustainable and clean transportation solutions.

This initiative not only underscores Sri Lanka's commitment to a greener future but also sets the stage for a comprehensive and robust electric mobility ecosystem. As the EV industry

propels ahead, powered by solar-charged battery units and supportive regulations, the nation stands poised to make significant strides towards a cleaner, more sustainable future.

### Empowering Renewable Energy Integration: Expanding Voltage Limits for Rooftop Solar Integration

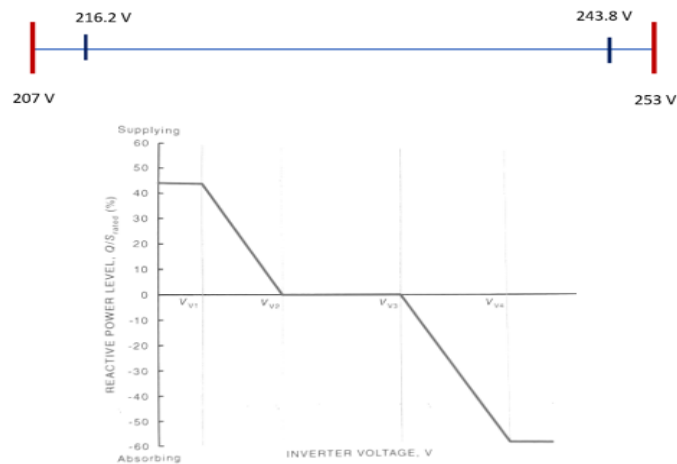
In the pursuit of a cleaner and more sustainable energy landscape, the increasing renewable energy integration into the national grid, particularly from rooftop solar plants is paramount of importance.

The curtailment of rooftop PV generation due to overvoltage in the distribution network has received considerable interest due to the potential lost revenue for consumers who have installed rooftop solar PV plants. Typically, curtailment occurs when local network voltage exceeds inverter overvoltage set-points, causing the inverter to “trip” and curtail to zero power output, even when there is a behind-the-meter load. This phenomenon happened in mid-day where a high level of solar PV energy production occurs with the high irradiance.

To mitigate the over-voltage issue and associated inverter tripping, the least cost approaches would be, activating volt-var and volt-watt response modes of existing inverters (if the facility available) and new installations, and relaxing the statutory voltage limit of 230V $\pm$ 6% between phase and neutral conductors, to a range that would not be detrimental to the existing distribution system and the electrical equipment and appliances that take electricity from the low voltage distribution network. This increase of the voltage limit range would allow to increase the Solar PV inverter overvoltage setting, and in turn reduction in curtailments owing to grid overvoltage. This would increase the production of renewable energy from rooftop solar PV plants.

**Preparation of Discussion Paper:** As an initial step PUCSL has consulted Officers from key stakeholders such as Distribution Licensees, Sri Lanka Standards Institution, Sustainable Energy Authority and Solar Industries Association, etc and obtained their views. Further, review on existing regulations in SL, reviews on practices by other jurisdictions, review on international standards, review on published reports and analysis of sample data obtained from rooftop solar inverters has been completed and a discussion paper has been prepared that will be used in future consultation on required regulatory changes.

**Discussion Paper**  
**Increasing the Renewable Energy Input to the Grid from Rooftop Solar PV Systems**  
**by**  
**Optimizing the Inverter Voltage Response, and Revising the Statutory Voltage Limits**  
**(to Minimize Grid Overvoltage Issues).**



## **Paving the Way for Safe Off-Grid Solutions: Formulation of Minimum Protection Performance Guidelines**

In the pursuit of consumer safety and the integrity of electricity supply, the mid-year progress of 2023 marks a significant advancement in the development of guidelines for the minimum protection performance of off-grid systems. These guidelines, a testament to the commitment of the Commission, align with the objectives outlined in Section 4.(1).(a) and 4.(2).(c) of the Sri Lanka Electricity Act No. 20 of 2009, which prioritize the safeguarding of consumer interests.

In a landscape where power shedding and tariff increments have propelled the adoption of off-grid solutions, ensuring the quality and safety of such systems is paramount. The surge in consumer demand for off-grid solutions necessitates a robust framework to prevent the

introduction of substandard products into the market. Such subpar products not only compromise the electrical safety of consumers but also pose risks to sensitive equipment.

The project's objectives are clear and profound:

**Development of Minimum Performance Standards:** To address the current regulatory gap surrounding off-grid battery systems, battery chargers, and inverters, the Commission is taking proactive measures. The formulation of necessary minimum performance standards for off-grid systems is well underway. These standards are meticulously designed to ensure that any product introduced to the market adheres to acceptable quality levels, assuring the safety of consumers and their equipment.

The journey towards establishing minimum protection performance guidelines is marked by meticulous collaboration and attention to detail:

**Drafting and Stakeholder Engagement:** The draft guideline, a cornerstone of this initiative, has been meticulously prepared. It encapsulates the Commission's commitment to ensuring the safety and quality of off-grid systems. This draft guideline is currently undergoing a crucial phase of circulation among stakeholders. Their insights and expertise are invaluable in refining and enhancing the document.

The pathway to enhanced consumer safety through comprehensive off-grid system guidelines is driven by dedication, collaboration, and a resolute commitment to regulatory excellence. As the draft guideline circulates among stakeholders, their valuable feedback will contribute to a final document that sets the gold standard for off-grid system quality and safety. This progress is a testament to the Commission's unwavering dedication to consumer protection and the promotion of safe and reliable off-grid solutions.

## **Enhancing Safety Through Periodic Inspections**

In the realm of electrical safety, the report brings forth significant strides in the implementation of the Periodic Inspection Scheme for Electrical Installations. With an unwavering commitment to safeguarding electricity consumers and lives, this initiative revolves around vigilant monitoring and control of changes occurring within internal wiring installations and modifications.

The cornerstone of this endeavor lies in the enforcement of regulations and rules governing modifications to internal wiring within houses and domiciles. Collaborating with local authorities and the Urban Development Authority (UDA), the Commission is actively engaged in the formulation and imposition of regulations that exercise control over such modifications. This proactive stance not only ensures the integrity of electrical installations but also guarantees the safety of inhabitants.

## **Key Achievements and Progress:**

**Regulatory Review and Formulation:** As a pivotal step towards realizing this scheme, the existing regulations are undergoing a comprehensive review. The insights garnered from this review are instrumental in shaping the development of a draft guideline or regulation. This document will lay out the framework for effective periodic inspections, providing a robust foundation for ensuring electrical safety within premises.

**Steering Committee Collaboration:** Progress is propelled by a dedicated steering committee that collaborates in crafting recommendations for the draft guideline or regulation. This committee, comprised of experts and stakeholders, contributes their diverse perspectives to ensure a comprehensive and effective approach to electrical safety inspections.

The journey towards fortifying electrical safety through periodic inspections is underscored by the Commission's commitment to proactive measures. By revisiting regulations, collaborating with authorities, and harnessing the expertise of stakeholders, this initiative is poised to enhance consumer protection, elevate electrical safety, and contribute to the overall well-being of communities.

## **Optimizing Renewable Energy Integration: A Step Forward**

In the pursuit of maximizing the integration of intermittent renewable energy sources into the grid, the year 2023 marks a significant advancement. The challenge of determining the upper limit of intermittent resource absorption has been a subject of debate, with the Ceylon Electricity Board (CEB) historically maintaining a 20% limit. However, the time has come for a more comprehensive exploration of this threshold to harness the full potential of renewable energy without encountering curtailment issues.

## **Key Objectives and Progress:**

**Thorough Analysis of Absorption Limit:** A critical facet of this endeavor involves an extensive study to determine the upper limit of intermittent renewable energy, specifically solar and wind generation, that can be seamlessly absorbed into the grid. The goal is to find the optimal balance that allows for maximum integration without compromising stability or leading to curtailment.

**Grid Enhancements for Increased Absorption:** As renewable energy sources like solar and wind become more cost-effective, the opportunity arises to analyze and implement improvements to the grid infrastructure. By leveraging advancements in technology and understanding the decreasing cost trend of intermittent sources, the focus is on enhancing the grid's capacity to absorb renewable energy.

## **Recent Achievements:**

**Voltage Cut-off Thresholds Analysis:** One of the key limitations for integrating intermittent resources is voltage cut-off thresholds. In response, targeted areas have been identified where additional solar potentials can be integrated into the system. This assessment has been made possible through a specialized tool developed by the University of Peradeniya.

**Nationwide Extension and Safety:** Looking ahead, the plan is to expand this approach across the nation. This expansion aims to explore possibilities for accommodating intermittent resources on a larger scale while upholding network safety and minimizing curtailment risks.

In summary, the ongoing efforts in 2023 towards optimizing the integration of intermittent renewable resources into the grid signify a decisive step towards a cleaner and more sustainable energy landscape. By analyzing absorption limits, enhancing grid capabilities, and leveraging innovative tools, Sri Lanka is moving closer to harnessing the full potential of renewable energy while ensuring the reliability and safety of its energy infrastructure.

## **Conducting Inspections at Licensee Premises: Ensuring Safety and Efficiency in the Electricity Sector**

### **54 INSPECTIONS ACROSS 21 DISTRICTS**

In the ever-evolving landscape of the electricity sector, safety and efficiency remain paramount. The rigorous monitoring of licensee premises plays a crucial role in upholding these essential standards. In accordance with the provisions outlined in Section 6(a) of the Sri Lanka Electricity Act No. 20 of 2009, the task of inspecting licensee premises falls to electrical inspectors, entrusted with the responsibility of ensuring that operations are conducted in adherence to safety manuals and technical management plans.

These inspections serve as a pivotal safeguard against potential risks and inefficiencies that could compromise the reliability of electricity services. The overarching goal is to ascertain that licensees are operating in compliance with their license conditions, thereby guaranteeing that electricity generation, transmission, and distribution are carried out efficiently, safely, and in line with prescribed regulations.

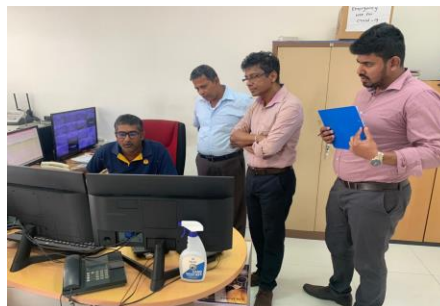
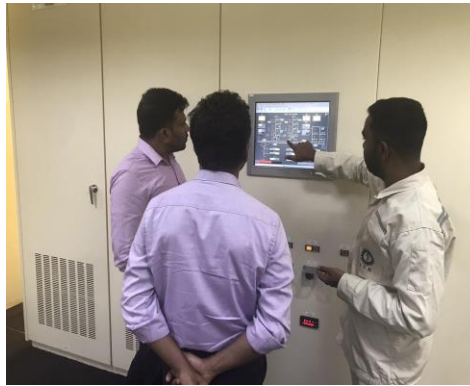
The scope of these inspections is extensive, covering various aspects of licensee operations. From the meticulous review of safety protocols to the assessment of technical management plans, every facet of licensee activities is subject to scrutiny. These evaluations not only affirm the commitment to safety but also reinforce the accountability of licensees to the communities they serve.

In the first half of 2023, a total of 31 inspections were conducted at licensee premises, spanning across 15 districts including Anuradhapura, Polonnaruwa, Matale, Vavunia, Kilinochchi, Dambulla, Jaffna, Badulla, Batticaloa, Ampara, Kurunegala, Mannar,

Monaragala, Puttalam, and Nuwara Eliya. These inspections encompassed a diverse range of facilities, comprising 18 grid substations, 9 generation plants, and 7 area offices.

The significance of these inspections extends beyond regulatory compliance. They actively contribute to the enhancement of service quality, reliability, and safety within the electricity sector. The insights gained from these inspections serve as a foundation for continuous improvement, allowing licensees to identify areas of strength and areas that require further attention. By adhering to these comprehensive inspection processes, the electricity industry is able to uphold its commitment to delivering safe, efficient, and reliable services to consumers across the nation.

As the electricity sector continues to evolve, so does the importance of rigorous inspections at licensee premises. Through these diligent efforts, the industry not only meets its regulatory obligations but also ensures the well-being of consumers, the reliability of services, and the sustainable growth of the nation's power infrastructure.



## **Ensuring Compliance: Inspections of Exempted Electricity Distributors**

In the realm of electricity distribution, compliance and safety remain top priorities. Addressing the nuanced landscape of licenses and exemptions, the Public Utilities Commission of Sri Lanka (PUCSL) is diligently conducting inspections at the premises of parties that have been granted exemptions from the requirement of obtaining licenses for distributing and supplying electricity. This crucial process ensures that the exemption conditions set by the PUCSL are being rigorously upheld.

In accordance with Section 10 (2) of the Sri Lanka Electricity Act No. 20 of 2009, the PUCSL wields the authority to grant exemptions from license requirements to specific individuals or categories based on various factors, including the quantity of electricity likely to be distributed. This enables the PUCSL to exercise due diligence in overseeing the distribution networks of these exempted parties and to ascertain the adherence to the established exemption conditions.

The process involves thorough inspections conducted at the premises of these exempted entities. Through these inspections, the PUCSL assesses the compliance of the distribution networks with the stipulated exemption conditions. The aim is to maintain a high standard of safety, efficiency, and adherence to regulations even among those who have been granted exemptions.

In the first half of the year, the PUCSL successfully completed 5 inspections at the premises of parties exempted from the requirement of obtaining licenses for distributing electricity. This proactive approach to inspections reinforces the commitment to ensuring that even exempted parties uphold the highest standards of safety and compliance. Out of these inspections, 3 were conducted at residential premises, while 2 were carried out at commercial establishments.

By undertaking these meticulous inspections, the PUCSL remains committed to safeguarding the interests of both consumers and the broader electricity distribution network. Through this vigilance, the commission ensures that exemptions granted are not at the expense of safety, efficiency, or regulatory compliance. This proactive approach exemplifies the dedication of the PUCSL to fostering a secure and well-regulated electricity distribution landscape that benefits both consumers and the industry.



## Promoting Safety: Incident Reporting System Enhancements

Safety remains paramount in the realm of electricity, and the Public Utilities Commission of Sri Lanka (PUCSL) is taking proactive measures to ensure that all stakeholders are engaged in incident reporting for a safer electricity environment. The implementation of an Incident Reporting System (IRS) marks a significant step forward in gathering crucial data related to electrical incidents and accidents.

Currently, the PUCSL receives information about electrocutions from the Police, enabling the commission to respond effectively to such occurrences. However, a comprehensive reporting system encompassing all electrical incidents and accidents is yet to be fully established. Recognizing the importance of such data, the PUCSL is expanding its reporting system to include shocks and other related incidents, enabling a more comprehensive understanding of the safety landscape.

The overarching goal of the IRS is to assess the root causes of electrical incidents and accidents, facilitating the implementation of targeted preventive measures. By analyzing the data collected through the reporting system, the PUCSL aims to develop strategies that enhance safety measures and mitigate risks in the electricity sector.

In a significant development, the Sri Lanka Police have officially agreed to collaborate with the PUCSL in providing details of electrical incidents. This collaboration follows a series of productive discussions between the commission and the police, highlighting a collective commitment to bolstering safety measures.

Moreover, discussions are currently underway with the health sector to streamline the reporting of electrical accidents. By fostering partnerships with the health sector, the PUCSL aims to empower hospitals to engage in incident reporting, creating a collaborative network for safety enhancement.

Through the IRS, the PUCSL is not only expanding its data collection efforts but also fostering a culture of shared responsibility for safety. By involving public, police, health institutions, and licensees, the commission aims to create a more comprehensive safety net that safeguards lives and property from electrical incidents.

Incorporating incident reporting as a collective effort represents a significant stride towards a safer electricity landscape. As the PUCSL continues to engage with stakeholders, these collaborative efforts promise to lay the groundwork for a more secure and well-regulated electricity environment, benefiting both consumers and the industry at large.

### Ensuring Accountability: Rigorous Electricity Inspections

In its unwavering commitment to transparency and accountability, the Public Utilities Commission of Sri Lanka (PUCSL) continues to conduct meticulous inspections and tests of electric lines, plants, and the supply of electricity. These efforts are not only aimed at maintaining the integrity of the electricity sector but also at addressing breaches of provisions, regulations, or rules outlined in the Sri Lanka Electricity Act.

The PUCSL's approach to inspections is comprehensive and proactive. It involves the examination of various aspects of the electricity business, particularly those linked to disputes and complaints raised by stakeholders. This ensures that the interests of all participants, including Licensees, Customers, and external parties, are carefully considered and addressed.

The basis for these inspections stems from the necessity to uphold the standards and regulations set forth in the Sri Lanka Electricity Act. Any violations or breaches of these provisions warrant thorough investigation and action. By conducting inspections, tests, and

examinations, the PUCSL aims to create an environment where compliance and accountability are paramount.

Since the inception of these inspections, the PUCSL has successfully completed 19 inspections. This accomplishment reflects the commission's dedication to actively engaging with stakeholders and ensuring the adherence to established norms. Each inspection serves as a testament to the PUCSL's commitment to creating a safe, reliable, and efficient electricity sector that benefits consumers and the industry alike.

In an era marked by technological advancements and increasing consumer demands, the PUCSL's proactive approach to inspections plays a crucial role in maintaining the integrity of the electricity sector. By responding promptly to breaches and conducting thorough assessments, the commission upholds its mandate to regulate, oversee, and ensure the smooth functioning of the electricity industry.

As the PUCSL continues its efforts to enforce regulations and maintain standards, consumers, licensees, and other stakeholders can rest assured that their interests are being safeguarded. Through a combination of inspections, tests, and collaborations, the commission remains steadfast in its mission to drive positive change in the electricity sector and elevate the industry to new heights of excellence.



## Elevating Safety: The Power of Safety & Technical Management Plans Among Licensees

In the dynamic landscape of the electricity industry, ensuring safety is not just a priority—it's an absolute necessity. The Public Utilities Commission of Sri Lanka (PUCSL) recognizes this fundamental truth and is actively driving the implementation of Safety & Technical Management Plans (STMP) to enhance safety performance among licensees. This vital initiative reflects the commission's unyielding commitment to safeguarding both consumers and the industry itself.

The implementation of STMP is a strategic approach designed to meticulously monitor and manage changes that occur in internal wiring installations and modifications. This proactive measure has a far-reaching impact, as it not only ensures the protection of consumers but also strengthens the overall integrity of the electricity sector. By enforcing strict controls and regulations over modifications in internal wiring, the PUCSL is taking significant strides towards minimizing risks and promoting safety.

In line with this commitment, the PUCSL has been actively engaged in fostering collaboration with local authorities and the Urban Development Authority (UDA). This collaboration aims to establish regulations and rules that govern modifications to internal wiring within residences and other dwellings. Such regulations will serve as a robust framework to guarantee that modifications are carried out with the utmost care and adherence to safety standards.

Moreover, the PUCSL is proactively exploring the development of inspection criteria with the invaluable support of licensees. This collaborative effort not only enables the commission to tap into the expertise of industry players but also ensures that inspection processes are thorough and effective. By leveraging the collective knowledge and experience of licensees, the PUCSL is raising the bar for safety and technical management practices across the sector.

To ensure the seamless execution of these initiatives, the PUCSL has conducted comprehensive full-day training programs for selected employees from two key licensees: the Ceylon Electricity Board and Lanka Electricity Company Pvt Ltd. These training sessions equip participants with the knowledge, skills, and awareness needed to champion safety in their daily operations. Furthermore, the commission has hosted discussions and awareness sessions at 18 grid substations and 7 area offices, further emphasizing the importance of STMP and safety practices.

The PUCSL's commitment to safety and technical management is unwavering, and its dedication to driving industry-wide improvements is evident. Through collaborative efforts, comprehensive training, and strategic awareness initiatives, the commission is forging a path toward a safer and more reliable electricity sector. By prioritizing safety, the PUCSL is not only fulfilling its mandate but also contributing to a resilient and secure electricity landscape that benefits all stakeholders.



## Empowering Communities: PUCSL's Public Awareness Program on Electrical Safety

Electricity is a vital aspect of modern life, providing us with the power to light our homes, operate appliances, and drive industries. However, with great power comes great responsibility, and the Public Utilities Commission of Sri Lanka (PUCSL) is committed to ensuring that the public is well-informed about the safe use of electricity. Through its extensive Public Awareness Program, the PUCSL is shedding light on the importance of electrical safety and empowering communities to make informed choices.

In a world where electricity is deeply integrated into our daily lives, it's crucial to be aware of the potential dangers it poses if not handled properly. Past electrocution analyses conducted by the PUCSL have revealed that many electrical accidents occur due to a lack of awareness about the dangers of electricity and illegal activities. Recognizing the need to bridge this knowledge gap, the PUCSL has embarked on a mission to raise public awareness on electrical safety through a series of carefully designed awareness programs.

The heart of the Public Awareness Program lies in its commitment to educate people on the safe use of electricity. To achieve this, the PUCSL has organized a variety of activities that reach different segments of society. One of the key initiatives is the School Awareness Program, which aims to educate the younger generation about electrical safety from an early age. By visiting schools and engaging with students, the program instills in them a sense of responsibility and awareness when it comes to using electricity safely.

In addition to schools, the PUCSL's outreach extends to local communities. Mini awareness sessions have been conducted across multiple districts, including Anuradhapura, Polonnaruwa, Matale, Vavunia, Kilinochchi, Dambulla, Jaffna, Badulla, Batticaloa, Ampara, Kurunegala, Mannar, Monaragala, Puutalam, and Nuwara Eliya. These sessions take place at electrical shops and hardware stores, locations where people frequently visit. By bringing awareness to their doorstep, the PUCSL is ensuring that vital safety information is easily accessible.

A key component of the awareness campaign is the distribution of safety leaflets. More than 2000 safety leaflets have been distributed among the public, acting as handy guides that offer essential tips and guidelines for using electricity safely. These leaflets serve as a constant reminder of the potential hazards and the precautions that can be taken to minimize risks.

Through its comprehensive Public Awareness Program, the PUCSL is not only elevating public consciousness about electrical safety but also fostering a culture of responsible electricity usage. By targeting schools, communities, and public spaces, the commission is ensuring that its message reaches far and wide. As electricity continues to shape our lives, the PUCSL's efforts are a shining example of proactive engagement and empowerment, making Sri Lanka's electrical landscape safer for all.





## Raising the Bar: Electrician Licensing Framework Enhances Electrical Safety

In the ever-evolving landscape of electrical services, safety and competence are paramount. To ensure that electrical installations and repairs are carried out by skilled professionals, the Public Utilities Commission of Sri Lanka (PUCSL) is pioneering the implementation of the Electrician Licensing Framework. This groundbreaking initiative aims to regulate and

standardize the practice of electrical tradespersons, enhancing electrical safety across the nation.

Currently, there is no legal restriction in Sri Lanka that prevents individuals from engaging in electrical work, irrespective of their level of expertise. This unrestricted practice poses potential risks, as those without the necessary training and qualifications could inadvertently compromise the safety of electrical installations. Recognizing this gap, the PUCSL is spearheading the Electrician Licensing Framework to raise the bar on competence and safety.

The core of this framework lies in introducing licensing for electricians, ensuring that only qualified professionals engage in electrical installations, repairs, operations, and maintenance. Once the cabinet paper detailing the framework gains approval, a series of multi-disciplinary activities will be set into motion. The framework's implementation will include publishing regulations in official gazettes, conducting awareness programs to educate stakeholders about the importance of licensed electricians, and streamlining the license issuance process.

One of the foundational requirements for electricians to obtain a license is the completion of the National Vocational Qualification Level 3 (NVQ-3). The PUCSL has played a pivotal role in facilitating over 10,000 electricians to acquire this qualification, setting the stage for a skilled workforce that can meet the licensing criteria. The NVQ-3 serves as a testament to an electrician's expertise and readiness to undertake electrical work responsibly.

The Electrician Licensing Framework aligns with the larger mission of the PUCSL to ensure the safety and reliability of electrical services. By introducing a standardized licensing process, the framework sets a clear benchmark for competence, guaranteeing that only qualified professionals are entrusted with electrical installations. This approach not only safeguards consumers but also upholds the integrity of the electrical industry as a whole.

Moreover, the PUCSL's efforts also extend to bridging the gap between NVQ-3 and NVQ-4 electricians. Currently, the Engineering Council of Sri Lanka (ECSL) accredits NVQ-4 electricians as 'Engineering Technicians.' Finding a harmonious middle ground between these qualifications is vital to the comprehensive implementation of the Electrician Licensing Framework.

As the PUCSL embarks on this transformative journey, Sri Lanka's electrical landscape is set to witness a significant shift towards enhanced safety and professionalism. Through the Electrician Licensing Framework, the PUCSL is not just regulating the industry; it is elevating electrical safety to new heights, ensuring a secure and reliable future for all.

**Cracking Down on Electricity Theft: Strengthening Legal Measures**

Electricity is not just a commodity; it's the lifeblood of modern society. Its seamless flow powers homes, businesses, and industries, enabling progress and development. However, this invaluable resource is not immune to exploitation. Illegal extraction and use of electricity through licensee transmission and distribution systems pose a significant challenge, undermining the integrity of the electricity sector. To address this issue, the Public Utilities Commission of Sri Lanka (PUCSL) is taking a resolute stance by evaluating sanctions to prosecute those engaged in electricity theft.

The importance of maintaining the sanctity of electricity supply cannot be overstated. Unlawful extraction or use of electricity not only poses safety risks but also burdens legitimate consumers, leading to financial losses for both licensees and the government. This illegal activity hampers the progress of the electricity sector and deprives the nation of the revenues required for infrastructure development and service enhancement.

The PUCSL recognizes the urgency of curbing this detrimental practice and is taking proactive steps to address the issue. The evaluation of sanctions to prosecute individuals involved in electricity theft represents a robust approach to tackling this challenge head-on. A total of 310 sanctions were received during 2023, underlining the gravity of the situation. Each of these sanctions underwent review, ensuring that the appropriate legal actions were initiated.

In the pursuit of justice and deterrence, the PUCSL's meticulous approach to sanction evaluation is commendable. The process involves a comprehensive assessment of evidence and a thorough understanding of the circumstances surrounding each case. This meticulous scrutiny ensures that legal actions are initiated against those individuals who have deliberately bypassed metering systems or manipulated electricity supply for personal gain.

It is noteworthy that the PUCSL's commitment to addressing electricity theft extends beyond mere punitive measures. The focus is not solely on punishment but also on prevention. By evaluating sanctions and ensuring that legal consequences are consistently applied, the PUCSL sends a clear message that illegal electricity extraction will not be tolerated. This approach not only safeguards the interests of licensees and consumers but also underscores the importance of upholding the rule of law in the electricity sector.

Furthermore, the ongoing efforts to streamline the Electrician Licensing Framework align with the broader objective of enhancing safety and professionalism within the electricity industry. Through standardized licensing processes and increased awareness programs, the PUCSL aims to foster a culture of compliance and ethical conduct. This, in turn, will contribute to minimizing instances of electricity theft and ensuring the sustainability of Sri Lanka's energy landscape.

As the PUCSL continues to evaluate sanctions and take legal actions against electricity theft, its commitment to promoting transparency, integrity, and accountability remains unwavering.

By effectively addressing this challenge, the PUCSL paves the way for a more secure, reliable, and equitable electricity supply, driving progress and prosperity for the nation.

# HUMAN RESOURCE MANAGEMENT

The Human Resource Management (HRM) practices at the Public Utilities Commission of Sri Lanka (PUCSL) are designed to attract, develop, and retain talented professionals committed to regulatory excellence in the utilities sector. With a focus on fostering a supportive and inclusive work environment, HRM initiatives aim to optimize employee performance and promote continuous learning and growth.

PUCSL's HRM strategies encompass recruitment and selection processes that prioritize meritocracy and diversity, ensuring a workforce reflective of the nation's demographics. Employee development programs, including training and mentorship opportunities, nurture individual skills and competencies essential for regulatory governance.

Moreover, HRM at PUCSL emphasizes employee well-being through initiatives promoting work-life balance, health, and safety. These efforts contribute to a motivated and engaged workforce, dedicated to fulfilling the organization's mission of ensuring efficient and reliable public utility services for all Sri Lankans.

In alignment with best practices, HRM at PUCSL operates transparently and ethically, fostering a culture of integrity and accountability throughout the organization. Through these endeavors, PUCSL continues to cultivate a high-performing workforce equipped to address the evolving challenges and opportunities in the utilities sector.

PUCSL has 49 professional employees working under different grades.

## Composition of staff

In the Public Utilities Commission of Sri Lanka (PUCSL), our dedicated team comprises 10 Senior Staff members, 22 Tertiary Staff, 12 Secondary Staff, and 5 Primary Staff. This diverse composition ensures a well-rounded approach to fulfilling our mandate of regulating the country's utilities sector. Our Senior Staff, with their wealth of experience, provide strategic direction and leadership. The Tertiary Staff, consisting of mid-level managers and professionals, bring specialized expertise to drive our initiatives forward. Supporting them are the Secondary Staff, who handle administrative functions crucial to our daily operations. Lastly, our Primary Staff, the backbone of our organization, delivers essential frontline services and operational support. Together, we work tirelessly to promote efficiency, fairness, and sustainability in Sri Lanka's utilities landscape.

|           |    |
|-----------|----|
| Senior    | 10 |
| Tertiary  | 22 |
| Secondary | 12 |
| Primary   | 5  |

### Cader information – 31.12.2023

|    | Designation             | Approved cadre (74) | Existing cadre (49) |
|----|-------------------------|---------------------|---------------------|
| 1. | Director General        | 1                   | 1                   |
| 2. | Deputy Director General | 2                   | 2                   |
| 3. | Secretary to Commission | 1                   | 1                   |
| 4. | Internal Auditor        | 1                   | -                   |
| 5. | Director                | 10                  | 6                   |
| 6. | Deputy Director         | 13                  | 10                  |
| 7. | Assistant Director      | 20                  | 12                  |

|     |                      |    |    |
|-----|----------------------|----|----|
| 8.  | Management Executive | 6  | -  |
| 9.  | Management Assistant | 15 | 12 |
| 10. | Office Assistant     | 1  | 1  |
| 11. | Drivers              | 4  | 4  |

In the gender composition of our staff at the Public Utilities Commission of Sri Lanka (PUCSL), we have 35 male employees and 14 female employees, reflecting our commitment to diversity and inclusivity in the workplace. This balance allows us to harness a wide range of perspectives and talents as we fulfill our regulatory responsibilities in the utilities sector. In 2023, we welcomed 4 new members to our team through recruitment efforts, ensuring fresh ideas and skills to enhance our operations. Additionally, we managed a turnover of 7 staff members, a reflection of the dynamic nature of our workforce. As we move forward, we remain dedicated to fostering an environment where all employees, regardless of gender, can thrive and contribute meaningfully to the PUCSL's mission and objectives.

#### **Composition of staff – Gender wise**

Male – 35

Female – 14

#### **Recruitment and Turnover - 2023**

Recruitment– 04

Turnover - 07

Organizational Structure - attached

# INFORMATION TECHNOLOGY AND MANAGEMENT OF INFORMATION SYSTEMS

The IT&MIS of PUCSL has successfully achieved milestones in the first half of the year and is poised to accomplish its outlined objectives by year-end.

IT&MIS Division is geared to achieve its goals amidst a turbulent environment and on track to complete all necessary activities before the end of the year. IT&MIS Division is in the process of developing a Technician Information System for allow consumers of public utilities to elicit the services of qualified electricians, plumbers, solar technicians, etc. who would competently attend to jobs within consumer premises and in this regard a mobile app is being developed, which is to be launched within this year. The project to enhancing the existing business applications, which is necessary in order to make sure that the systems are evolved to meet changing stakeholder requirements is on schedule and the planned modifications have been implemented. Optimization of databases has been accomplished mainly by using slow-query detectors and porting databases to newer operating environments where faster technologies can improve the performance of databases which in turn can reduce the delays experienced by stakeholders. In order to improve the Website of PUCSL the technology used for tendering the look and feel of the website is being updates to overcome certain existing limitations experienced by the users. Usage of free software has been tested and would be adopted within this year in order to save the high costs incurred due to the usage of proprietary software. All necessary maintenance work (both scheduled and unplanned) is complete and all systems are in working order. Both server side and client side infrastructure development activities are also being carried out in order to make sure PUCSL staff has adequate and cost effective resources to carry out their duties and expectations of stakeholders can be made. Disaster recovery and business continuity planning strategy of PUCSL involves backing up important virtual machines to a remote online DR site and this helps ensuing high availability of the critical systems of PUCSL

# OUR STRENGTH - OUR TEAM

## Commission Members



Prof. Manjula Fernando

A Distinguished Career in Electrical and Electronic Engineering

Chairman of PUCSL

Prof. Manjula Fernando is a seasoned academic and electrical engineer, widely recognized for his exceptional contributions to the field. His illustrious journey began in 1993 when he graduated with first-class honors in Electrical and Electronic Engineering from the University of Peradeniya, Sri Lanka. Notably, he was awarded the prestigious Ceylon Electricity Board Gold Medal and Prize for his outstanding performance.

Building on his academic achievements, Prof. Fernando pursued further studies abroad, obtaining his Technical Licentiate degree from the Royal Institute of Technology, Sweden, in 1997, and completing his Ph.D. at Chalmers University of Technology, Sweden, in 1999.

His professional trajectory commenced as an instructor at the Department of Electrical and Electronic Engineering, University of Peradeniya, in May 1993. Over the years, he ascended the ranks and currently holds the esteemed position of Senior Professor. Prof. Fernando's commitment to academia is underscored by his diverse experiences as a guest researcher at reputable institutions, including Fachbereich Elektrotechnik, HTWS in Zita, Germany, Chalmers University of Technology in Sweden, Manchester University in the UK, and the University of Brescia in Italy.

Prof. Fernando has been an active member of the Institute of Electrical and Electronics Engineers (IEEE) since 2010, achieving the status of a Senior Member. In 2010, he played a pivotal role as the founder chair of the IEEE Sri Lanka section Power and Energy Society chapter. His leadership was recognized with the IEEE PES Outstanding Engineer Award in 2016. Additionally, he served as the chair of the IEEE Sri Lanka Central Region subsection in 2009 and acted as the general chair of the Fourth IEEE International Conference on Industrial and Information Systems (ICIIS2009) in the same year.

Recognizing his professional competence, Prof. Fernando became a Chartered Electrical Engineer in 2008 and attained the distinguished title of Fellow of the Institution of Engineers in 2014.



Ms. Chathurika Wijesinghe

A Pillar in Legal Excellence

Deputy Chairman of PUCSL

With an impressive career spanning 34 years, Ms. Chathurika Wijesinghe has established herself as a distinguished Senior Attorney at Law and the Precedent Partner of Wijesinghe Associates, a premier law firm specializing in various legal disciplines. Her expertise extends to handling a diverse range of cases, representing clients both locally and internationally.

Ms. Wijesinghe is not only a seasoned legal professional but also holds significant positions in various commissions and associations. Currently serving as the Secretary to the Political Victimization Commission, Member of the Public Service Commission Western Province, and a Member of the Women Lawyers Association, she actively contributes to the legal and societal landscape.

Her involvement goes beyond these roles, as Ms. Wijesinghe sits on panels of esteemed financial institutions, including Bank of Ceylon, Commercial Bank, Seylan Bank, and the National Lotteries Board. Previously enrolled in the panels of Pan Asia Banking Corporation, National Savings Bank, Sampath Bank, and Government Officers Beneficiaries Association, her wealth of experience is widely acknowledged in the financial sector.

Ms. Wijesinghe's clientele boasts prominent corporate entities, including Jeam Holdings (Pvt) Ltd, Tire House Trading (Pvt) Ltd, Assets Broadcasting Radio Pvt Ltd, and other corporate giants. Her role extends to company secretarial responsibilities for entities such as Maga Naguma Construction Equipment Company (Pvt) Ltd, Expressway Transport Company Limited, D S S Tea's (Pvt) Ltd, Blue Lagoon Chalet Kalpitiya (Pvt) Ltd, among many others.

Known for her strategic legal acumen and commitment to excellence, Ms. Chathurika Wijesinghe stands as a beacon in the legal community. Her multifaceted contributions, both in legal practice and diverse organizational roles, highlight a career marked by professionalism, integrity, and an unwavering commitment to the pursuit of justice.



Mr. Douglas N Nanayakkara

Weathered Public Servant and  
Financial Expert

Commission Member

Mr. Douglas N. Nanayakkara is a distinguished Member of the Public Utilities Commission of Sri Lanka (PUCSL), appointed on February 2nd, 2023. With a career spanning back to 1985, he has served in various key roles within the Sri Lankan government, showcasing his unwavering commitment to public service and strategic leadership.

Mr Douglas Nanayakkara Joins the Sri Lanka Administrative Service in 1985 and performed his public service carrier in the Capacity of Assistant Secretary, Senior Assistant Secretary, Director, Additional Secretary, and as the Secretary to three Ministries consecutively until his retirement from Public Service. He has been working in the Ministry of Health performing the in-charge role of examination work of the entire health staff and performing as division head of Medical Administration as well.

He has been working as the Senior Assistant Secretary of the Hon. Prime Minister's office for around two years and he was functioning in the capacity of the Director and Registrar of the National Secretariat for Non-Governmental Organizations, as the regulator of the entire NGO sector that includes all international NGOs, National level NGOs and CBOs functioning in Sri Lanka.

Further, he was performing regulatory functions of the Non-State Sector Degree Awarding Institutes in the capacity of Additional Secretary of the Ministry of Higher Education and performing the leading role in recognition of Degrees and Degree Awarding Institutes for Sri Lanka Students in Non-State Sector.

He also was functioning as the Secretary to the State Ministry of Education and thereafter as the Secretary to the Ministry of Special Assignments. At the time of retirement, he was performing as the Secretary to the Ministry of Sustainable development and Wildlife.

Mr. Nanayakkara's academic qualifications are equally impressive, including a Bachelor of Science in Business Administration (Special) from the University of Sri Jayewardenepura, and a Master of Public Management from the Sri Lanka Institute of Development Administration

(SLIDA). He has also acquired certifications from the Institute of Chartered Accountants of Sri Lanka and SLIDA in areas such as public administration and general management.

Mr. Nanayakkara's blend of extensive experience and academic prowess makes him an asset to the PUCSL. His dedication to advancing regulatory governance and ensuring consumer protection through a quality assured Public Service Delivery underscores his pivotal role in shaping Sri Lanka's utilities regulation landscape.



Mr. Sellampola Gedara Senarathna

A Distinguished Public Servant and  
Financial Expert

Commission Member

Mr. S.G. Senarathna, appointed as Commission Member to the Public Utilities Commission of Sri Lanka (PUCSL) on 13th February 2023, brings over 42 years of exemplary service in the public sector. Currently serving as the Chairman of the Audit and Management Committee of the PUCSL, he has a profound background in accounting, financial management, project management, and monitoring of public enterprises.

Mr. Senarathna's illustrious career began with a stint as a teacher in the Department of Education, followed by a transition to the Sri Lanka Accountant's Service. Throughout his tenure, he held various pivotal roles, including Accountant, Director, Chief Financial Officer (CFO), Director General, and Consultant, contributing significantly to numerous departments, ministries, public enterprises, and foreign-funded projects.

His academic qualifications underscore his commitment to excellence, holding a B.Com (Special) Degree from the University of Sri Jayewardenepura, a Higher National Diploma in Commerce from the Poly Technical Institution at Kandy, a Diploma in Public Financial Management from the Sri Lanka Institute of Development Administration (SLIDA), and a Post Graduate Diploma in Business & Financial Administration from CA Sri Lanka.

As a Chartered Public Finance Accountant (CPFA) from the UK, and a fellow member of CA Sri Lanka (FCA), Institute of Certified Management Accountants of Sri Lanka (FCMA), Association of Public Finance Accountants of Sri Lanka (FPFA), and Association of Accounting Technicians of Sri Lanka (FMAAT), Mr. Senarathna's expertise is widely recognized.

His commitment to professional development is evident in his role as a visiting lecturer in several universities, SLIATE, AAT, banking institutions, and public sector capacity-building institutions. Additionally, Mr. Senarathna has served on the boards of various organizations, including the State Mortgage & Investment Bank, Sri Lankan Air Lines Limited, Sri Lanka

Katering Limited, Putlam Salt Ltd, Lanka Mineral Sands Ltd, Mantai Salt Ltd, Gal-oya Plantations Ltd, Agarapathana Plantations Ltd, Government Officers' Benefit Association, Association of Public Finance Accountants of Sri Lanka, Vehicular Emission Test Trust Fund, Judicial Infrastructure Maintenance Trust Fund, and Jem and Jewelry Training Institute.

In recognition of his outstanding contributions to the public sector in accounting, reporting, and financial management, Mr. Senarathna was honored with the Professional Excellence Awards in 2018 by the Institute of Certified Management Accountants of Sri Lanka (CMA). His career stands as a testament to his unwavering dedication to public service and professional excellence in the financial domain.



Mr. Ranjith Kaluthanthirige

Seasoned Public Servant and  
Diplomat

Commission Member

With a distinguished career spanning over 40 years, Mr. Ranjith Kaluthanthirige stands as a prominent figure in both the public sector and diplomatic arena. His multifaceted contributions include roles as the former Chief Accountant of the Ministry of Foreign Affairs and Ministry of Finance, as well as the Director of the Accountant Services Board under the Ministry of Finance.

Mr. Kaluthanthirige's diplomatic experience includes serving as a Counsellor (Diplomat) at the Sri Lanka Embassy in the Netherlands, where he also held the position of Charge de Affairs for over three and a half months. Furthermore, he served as Minister at the Sri Lanka Embassy in Washington, holding a senior diplomatic rank.

His extensive career encompasses over three years of private sector experience in Washington, United States of America, adding a global perspective to his wealth of knowledge in accounting, reporting, financial management, project management, and monitoring of various ministries and departments.

Educationally, Mr. Kaluthanthirige holds a B.Sc (Special) in Public Administration from the University of Sri Jayewardenepura, a High National Diploma in Commerce from Sri Lanka Technical College Colombo 10, a Postgraduate Diploma in Education Management from the Postgraduate Institute of Management, University of Sri Jayewardenepura, and a Master of Business Administration (MBA) from The Open University of Sri Lanka.

His career began as a cooperative inspector in the Department of Cooperative Development, followed by joining the Sri Lanka Accountant Service. Throughout his tenure, he held diverse roles in several ministries and foreign-funded projects, including accountant, deputy director, director, chief accountant, and financial manager.

Mr. Kaluthanthirige's commitment to public service extends to his role as a board member of the Employment Trust Fund under the Ministry of Finance. Additionally, he has been a member of the delegation at the World Bank Annual Meetings and International Monetary Fund (IMF) Annual Meetings.

## Our Management



Mr. Damitha Kumarasinge

Director General

Damitha Kumarasinghe has been an instrumental figure in shaping the regulatory landscape of Sri Lanka's infrastructure industries. Appointed as the Director General of the Public Utilities Commission of Sri Lanka (PUCSL) in 2011, Kumarasinghe has exhibited a profound understanding of regulatory mechanisms and management principles, honed through years of dedicated service in both the public and private sectors.

His journey with the PUCSL began in 2002, where he embarked on a trajectory marked by continuous growth and impactful contributions. Over the years, Kumarasinghe has been at the forefront of crafting robust regulatory frameworks crucial for the development and sustainability of Sri Lanka's infrastructure sectors.

Beyond his role at the PUCSL, Kumarasinghe extends his expertise as a Director and Board Member of esteemed institutions such as the Sri Lanka Sustainable Energy Authority and the Condominium Management Authority of Sri Lanka. His multifaceted involvement underscores his commitment to fostering innovation and efficiency across various facets of governance.

Education lies at the core of Kumarasinghe's professional arsenal. He holds a Bachelor's degree in Electrical Engineering from the University of Moratuwa, Sri Lanka, a Master's degree in Engineering (M.E.) from the University of New South Wales, Australia, specializing in Electricity Industry Regulation and Restructuring, and a Master's degree in Business Administration (MBA) from the University of Colombo. This diverse educational background equips him with a comprehensive skill set necessary for navigating the complexities of the regulatory environment.

Throughout his tenure, Kumarasinghe's leadership has been characterized by a steadfast commitment to excellence, innovation, and ethical governance. His visionary approach has not only steered the PUCSL towards greater efficiency but has also contributed significantly to the overall development of Sri Lanka's infrastructure sectors. As he continues to champion

regulatory excellence, Kumarasinghe remains a beacon of inspiration for aspiring leaders in the realm of public utilities and governance.



Mr. Kanchana Siriwardane

Deputy Director General - Industrial

Kanchana Siriwardane has been an integral part of the Public Utilities Commission of Sri Lanka (PUCSL) since 2006, ascending to the role of Deputy Director General (Industry Services) in 2023. With a tenure as Director (Tariff and Economic Affairs) spanning from 2010 to 2023, he boasts extensive expertise in economic regulation within the utilities sector. Prior to joining the PUCSL, Kanchana contributed as a researcher in energy economics and climate change at the Asian Institute of Technology, Thailand.

His academic journey reflects a diverse spectrum of knowledge, holding MPhil and BSc degrees in Electrical Engineering from the University of Moratuwa, a Masters in Regional Development Planning from the University of Colombo, an MBA in Finance from the University of Bedfordshire, and a LLB from the University of London. Kanchana's professional affiliations include memberships in the Chartered Institute of Management Accountants (ACMA) and the Institution of Engineering and Technology (UK), as well as active roles in the Sri Lanka Energy Managers Association and the Sri Lanka Economic Association. With a blend of academic rigor and practical experience, Kanchana embodies a commitment to excellence in regulatory governance and economic management within the utilities sector.



Dr. Nilantha Sapumanage

Deputy Director General Operational

Dr. Nilantha Sapumanage is a distinguished member of the Public Utilities Commission of Sri Lanka (PUCSL), having joined in 2012 and currently serving as Deputy Director General (Operations). Previously, he held the position of Director of the Inspectorate division until 2023, demonstrating his commitment to regulatory excellence and operational efficiency within the utilities sector.

A Chartered Electrical Engineer with the Institution of Engineers Sri Lanka and a member of the IEEE, Dr. Sapumanage's academic journey is marked by academic rigor and innovative research. He earned his Ph.D. from the University of Colombo, focusing on induced voltages in electrical systems, lightning protection, and power system studies. His research includes extensive experimentation both locally and internationally, including collaboration with Uppsala University in Sweden.

Dr. Sapumanage's diverse research interests span a wide array of topics, including transient overvoltages, power quality, electrical safety, renewable energy, and probabilistic-based risk assessments. With 18 research papers as the principal author and contributions to 04 papers as a co-author in peer-reviewed international journals and conferences, he has made significant contributions to advancing knowledge in his field.

In addition to his academic achievements, Dr. Sapumanage is actively engaged in professional committees, including the IESL Building Services Sectional Committee and Electrical Engineering Sectional Committee. He also contributes to the development of communication and leadership skills as a member of the IESL Toastmasters Club. As a visiting lecturer in electrical engineering, he shares his expertise and passion for the field with future generations of engineers, further cementing his legacy as a leader and mentor in the industry.



Ms. Nadeeja Warapitiya

Secretary to the Commission

Nadeeja Warapitiya brings over 22 years of public sector experience to her role as Secretary of the Public Utilities Commission of Sri Lanka (PUCSL). Beginning her career as an Attorney-at-Law, she served as a Professional Assistant at Ms. Murugesu and Neelakandan Legal Firm before joining the Sri Lanka Air Force (SLAF) as a Commissioned Officer. Rising to the rank of Group Captain, she transitioned to the private sector as Head of Legal at Millennium Housing Development PLC before assuming her current position at the PUCSL.

Warapitiya holds a master's degree in International Trade from the University of Wales and possesses a Post Graduate Diploma in Procurement Management and Contract Administration from the Sri Lanka Institute of Development Administration (SLIDA), as well as an Advanced Diploma in Transitional Justice from the Bandaranayake Centre for International Studies (BCIS). She shares her expertise as a visiting lecturer at both SLIDA and CIDA, demonstrating her commitment to both legal education and public service.

## Our Team of Directors



Mr. Yasantha Rathuvithana  
Consumer Affairs



Mr. Jayanat Herat  
Corporate Communication



Mr. Chamath Goonewardena  
Regulatory Affairs



Mr. Gamini Sarathchandra  
Environment, Renewable and  
Efficiency



Mr. Laksiri Lokuhewage  
IT & MIS



Ms. Achini Sumanasena  
Finance

## Our team of Deputy Directors



Mr. Shantha Jayasinghe  
Consumer Affairs



Ms. Thushani Haputhantri  
Finance



Mr. Roshan Weerasooriya  
Consumer Affairs



Mr. Lilantha Neelawala  
Inspectorate



Mr. Krishananth Shivanesarajah  
Inspectorate



Ms. Sameera Adikaram  
Security of Supply



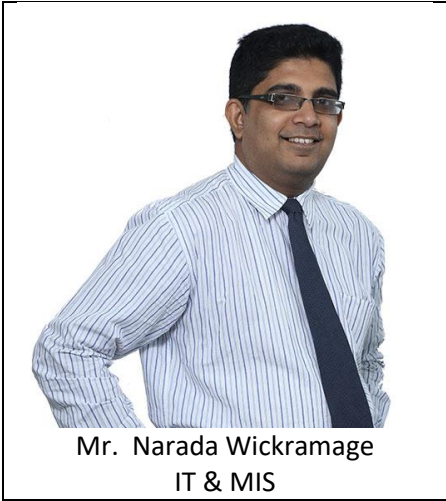
Mr. Amila Rajapaksa  
Deputy Director - Licensing



Mr. Hasanka Kamburugamuwa  
Economic Studies



Ms. Thanuj Dhanushka  
Consumer Affairs



Mr. Narada Wickramage  
IT & MIS

## Our Team of AD



Mr. Dileepa Karunaratne  
Regulatory Affairs



Ms. Radhika Amarasinghe  
Consumer Affairs



Mr. Eranga Prasad Chandrasiri  
Finance



Mr. Amila Costa  
Assistant Director – IT Systems



Mr. Arumugam Jayasooriyan  
Corporate Communication



Mr. Ramesh Chanchala  
Environment, Renewable and  
Efficiency



Mr. Chinthaka Asiri  
Corporate Communication



Ms. Saranga Wijesinghe  
Legal



Ms. Sanjeewika  
Prabodhanie  
Security of Supply



Mr Mohamed Shukri  
Tariff Analysis

# CORPORATE SOCIAL RESPONSIBILITY (CSR) OF PUCSL

The Public Utilities Commission of Sri Lanka (PUCSL) recognizes its responsibility to contribute positively to society beyond its regulatory mandate. Through its Corporate Social Responsibility (CSR) initiatives, PUCSL aims to make a meaningful impact on communities and the environment while promoting sustainable development in the utilities sector.

PUCSL's CSR efforts focus on several key areas:

**Community Engagement:** PUCSL actively engages with communities to understand their needs and concerns regarding public utility services. Through outreach programs and partnerships with local organizations, PUCSL strives to address community issues and promote dialogue and collaboration.

**Environmental Stewardship:** PUCSL is committed to environmental conservation and sustainable practices. Initiatives include promoting energy efficiency, supporting renewable energy projects, and advocating for environmental protection measures within the utilities sector.

**Education and Awareness:** PUCSL believes in the power of education and awareness to drive positive change. It supports initiatives aimed at enhancing public awareness about utility services, energy conservation, and environmental sustainability through workshops, campaigns, and educational programs.

**Ethical Business Practices:** PUCSL upholds ethical standards in its operations and promotes transparency, integrity, and accountability within the utilities sector. By setting an example of responsible governance, PUCSL seeks to inspire similar behavior among stakeholders in the industry.

Through its CSR endeavors, PUCSL strives to create a positive impact on society while fulfilling its regulatory mandate to ensure accessible, reliable, and sustainable public utility services for all Sri Lankans.

## PUCSL's Role in Sustainable Development Goal Achievements and Environmental Impact analysis in Sri Lanka

The Public Utilities Commission of Sri Lanka (PUCSL), the electricity sector regulatory body entrusted with overseeing the nation's electricity sector and fostering sustainable practices. In pursuit of sustainable development and environmental preservation stands PUCSL is at the forefront of this endeavor through a multifaceted approach encompassing rigorous environmental impact analyses and strategic initiatives aligned with Sustainable Development Goals (SDGs).

One of the primary focuses of the PUCSL is conducting thorough environmental impact analyses, particularly concerning thermal power generation. These analyses are instrumental in identifying the environmental impacts of electricity production, from emissions to land use impacts. Through comprehensive studies, the PUCSL evaluates the actual environmental effects of thermal power generation, providing insights into mitigation measures and restoration efforts. By recommending adherence to relevant standards and implementing robust monitoring mechanisms, the PUCSL strives to minimize adverse impacts on the environment, ensuring sustainable energy practices that prioritize environmental preservation.

The PUCSL actively contributes to advancing SDGs, particularly Goal 7 (Affordable and Clean Energy), Goal 13 (Climate Action), and Goal 4 (Quality Education). Through capacity-building initiatives, the PUCSL provides training for energy managers in high-energy consuming sectors, empowering them with knowledge and skills to enhance energy efficiency and raise awareness about energy usage benchmark regulations. Moreover, the preparation of guidelines for rooftop solar PV installations underscores the commitment to clean energy adoption. The PUCSL granted NVQ3 qualification on Solar PV technology to the qualified solar installers while initiatives such as the facilitation of Technical Colleges to obtain accreditation for providing NVQ3 qualifications in solar PV technology epitomize efforts towards quality education and workforce development which provides more broader structured technical level education. The formulation of guidelines for standalone PV systems and demand response opportunities demonstrates the commitment to address emerging challenges and promote renewable energy adoption.

# CORPORATE GOVERNANCE

## Introduction:

The Public Utilities Commission of Sri Lanka (PUCSL) was designated as a multisector regulator by Act 35, 2002. As per mandate, it is supposed to serve as the regulatory body overseeing the electricity, water, and petroleum sectors in Sri Lanka. Its role encompasses ensuring, the protect the interests of all consumers, promoting competition, promoting efficiency in both the operations of, and capital investment in, public utility industries, promoting an efficient allocation of resources in public utility industries, promoting safety and service quality in public utility industries, to benchmark, where feasible, the utility services as against international standards, and to ensure that price controlled entities acting efficiently, do not find it unduly difficult in financing their public utilities industries within these vital industries. To effectively carry out its mandate, the PUCSL relies on robust corporate governance strategies that promote transparency, accountability, and efficiency. This report aims to examine the corporate governance framework of the PUCSL, highlighting its key components and implications for regulatory oversight.

## Regulatory Framework and Mandate:

At present PUCSL regulates only the electricity sector as industry acts of water and petroleum yet passed by the parliament. The PUCSL operates within the framework of the Sri Lanka Electricity Act. These legislative instruments delineate its regulatory authority and define its responsibilities in ensuring the provision of reliable, affordable, and environmentally sustainable utility services to the citizens of Sri Lanka.

## Corporate Governance

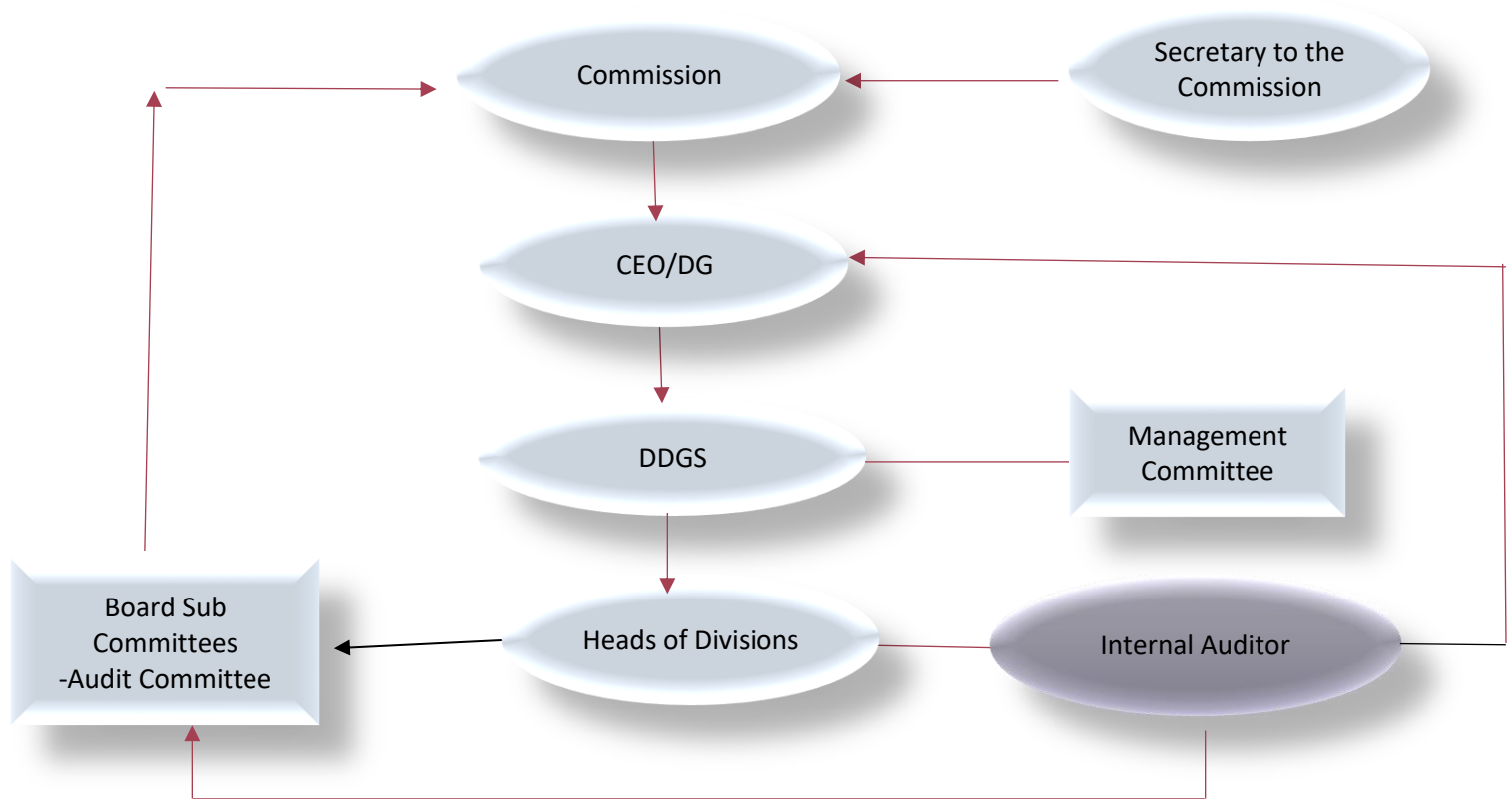
Public Utilities Commission is a Regulatory Body which considers good corporate governance as a key objective of the Commission. This will be implemented through greater accountability and transparency, improved Commission room practices and internal controls. The commission is committed to complying with all statutory and regulatory requirements across its operations. The Commission is guided by the key principles of transparency, reliability and compliance in directing the Commission to achieve its objectives.

## Organizational Structure:

The organizational structure of the PUCSL reflects its commitment to impartiality and independence. The Commission is led by a chairman and comprises 4 other commissioners, each overseeing specific areas such as engineering, business, administration and legal. This structure facilitates specialization and ensures comprehensive regulatory oversight across different sectors.

## Corporate Governance Framework

The Commission's governance structure consists of multilayer governance bodies with specific roles and responsibilities with clear reporting lines.



The Board Sub committees operate within specific responsibilities and clearly define mandates. The committee chairperson is responsible for the effective function of the committee.

The management of operational decisions has been delegated to the senior management led by DDGs. The management Committee has been established to take day today operational decisions and to make recommendations to the CEO

The Commission members of the PUCSL hold greater responsibility for implementing sound governance structure and formulating policy frameworks, thereby effectively setting the tone to the top. Governance practices are reviewed and updated regularly to reflect regulatory changes, emerging risks and opportunities and internal changes.

The Commission's Governance Framework has been developed to comply with several external and internal steering instruments, as listed below:

- PUCSL Act No. 35 of 2002
- Electricity Act No.22 of 2009 and its amendments
- Financial Regulations (Government)
- Public Enterprises Guidelines (Department of Public Enterprises)
- The Code of Best Practices (Department of Public Enterprises)
- Code of Best Practice on Corporate Governance issued by CA Sri Lanka which seeks to address how corporates operate while fulfilling the rights of key stakeholder groups
- Sri Lanka Accounting and Auditing Standard Monitoring Commission Act
- Human resource and admin manual of PUCSL
- Disciplinary manual of PUCSL
- National procurement Guidelines
- Shop and Office Employees Act No. 19 of 1954 and amendments thereto addressing the rights and responsibilities of employees
- Acts, Circulars, Gazettes issued by the Taxation Authorities for collecting agents Relevant Government Circulars (Treasury, Ministry of public Administration)

## 1. The Commission

### 1.1 The commission is a body corporate with perpetual succession.

#### 1.1.1. Appointments to the Commission

The commission comprises five members consisting of the following disciplinary areas.

- At least one member shall be Qualified in field of engineering
- At least one member shall be Qualified in field of Law
- At least one member shall be Qualified in field of Business Management

This combination enables them to provide more professional decisions relating to matters discussed at the Commission meetings.

### 1.1.2 Commission Responsibilities

The Commission shall exercise, perform, and discharge the powers, functions and duties conferred on or assigned to it by or under the PUCSL Act and any other industry Act, in a manner which it considers is best calculated

(a) to protect the interests of all consumers.

(b) to promote competition.

(c) to promote efficiency in both the operations of, and capital investment in, public utilities industries.

(d) to promote an efficient allocation of resources in public utilities industries.

(e) to promote safety and service quality in public utilities industries.

(f). to benchmark, where feasible, the utilities services as against international standards; and

(g) to ensure that price-controlled entities act efficiently, do not find it unduly difficult in financing their public utilities industries.

The Commission strives to ensure that the Management of the PUCSL act effectively and efficiently in operations and compliance with applicable laws and regulations.

### 1.1.3 Commission Meetings

The Commission usually meets at monthly intervals and whenever it is necessary.

The Commission met 10 times during the year. Commission Papers are circulated well in advance and not less than three working days before Commission meetings to enhance the effectiveness of Commission Meetings.

The attendance at Commission meetings held in 2023 is shown below.

| Name | No of Meetings Attended | No of Meetings Held During the Financial Year 2023 |
|------|-------------------------|----------------------------------------------------|
|------|-------------------------|----------------------------------------------------|

Action plan, activity plan and budget:

PUCSL act explained PUCSL objectives, power, general power, and functions. The Commission has prepared and approved 4 outcomes, 16 long-term objectives, and seven values. To realize this PUCSL prepare an annual activity plan and its budget. After commission approval is granted activity plan and the budget will be made available for public comment. Once finalized same will be gazetted in September every year. As per the PUCSL act, PUCSL can be levied an annual budget from its licensee.

Monthly physical and disbursement progress will be evaluated 10th of next month a calendar month and the same will be reported to the auditor general and line ministry on quarterly basis.

## Transparency and Accountability:

Transparency and accountability are fundamental principles underpinning the corporate governance strategy of the PUCSL. The Commission regularly publishes reports, decisions, and regulatory guidelines to inform stakeholders about its activities and decisions. Moreover, mechanisms such as public consultations and stakeholder engagements allow for input from industry players, consumer groups, and the public, enhancing the transparency and legitimacy of regulatory processes.

The Commission has a dedicated procurement division and they now operate through the Government E procurement system. There are two procurement committees and members of the procurement committee are appointed by the line ministry. internal auditor who directly reports to the Director General continuously monitors commission accounts and the government auditor intervenes annual basis. The internal auditor calls audit committee to oversee the commission accounts and financial performances.

## Ethical Standards and Conflict of Interest Management:

Ethical conduct and conflict of interest management are paramount within the PUCSL. Commissioners and staff are bound by codes of conduct that prohibit the acceptance of gifts, favors, or inducements that may compromise their objectivity. Furthermore, robust conflict of interest policies require disclosure of any potential conflicts and mandate recusal from decision-making processes where conflicts arise, thereby upholding the integrity of regulatory decisions. To ensure above Commission member are not allowed to do any private practices in area governed by the PUCSL through licenses. Moreover, DG and DDGs are not allowed to engage in sector activities for three years of their retirement. Furthermore, Commission staff are not allowed to divulge sensitive and sector specific information, statements ect without proper approval of the commission.

## Regulatory Decision-Making:

The decision-making process of the PUCSL is guided by principles of fairness, consistency, and evidence-based analysis. Decisions regarding tariff adjustments, licensing, and quality of service standards are made following thorough consultations, stakeholder engagements, and technical assessments. Furthermore, decisions are subject to judicial review, ensuring accountability and adherence to legal standards.

## Capacity Building and Professional Development:

To maintain regulatory effectiveness, the PUCSL invests in capacity building and professional development initiatives for its staff and commissioners. Training programs, workshops, and

knowledge-sharing activities enable personnel to stay abreast of emerging industry trends, regulatory best practices, and technological advancements, thereby enhancing the Commission's ability to fulfill its mandate competently.

#### Performance Evaluation and Continuous Improvement:

The PUCSL regularly evaluates its performance and seeks opportunities for continuous improvement. Key performance indicators (KPIs) related to regulatory outcomes, stakeholder satisfaction, and operational efficiency are monitored and reviewed periodically. Feedback mechanisms, including public consultations and stakeholder surveys, inform strategic decision-making and support adaptive regulatory responses to evolving challenges.

##### 1.1.2 Commission Secretary

All members of the Commission have access to the advice and services of the professionally qualified Commission Secretary who is responsible to the Commission for advising the Commission on compliance with Commission procedures, the law and relevant rules and regulations, and for ensuring that reliable and relevant information is provided to the Commission in a timely manner. The Secretary ensures that procedures governing Commission Meetings are followed and Commission Papers are circulated in a timely manner for the effective functioning of the Commission.

The Commission Secretary must ensure that the standard Commission procedures are followed while providing guidance on legal requirements regarding Commission proceedings. In addition, the Secretary's duties involve: -

- Circulating notice of Commission meetings, Minutes of meetings, Commission Papers together with other relevant documents
- Follow up actions on Commission decisions
- Assist Commission members by providing both internal and external information

##### 1.1.3 Commission Balance

The members of the Commission possess the required expertise, skills, and experience to effectively manage and direct the institution towards the highest standards of good governance and attain the organizational goals.

They are persons with vision, leadership qualities, proven competence, and integrity. The individual profiles of the members of the Commission are given in pages 35 to 37 of this Report

##### 1.1.4 Adequate time for effective Commission meeting

The Commission usually meets at monthly intervals. The average time spent for a Commission meeting is around 3 hours.

Commission Papers are generally circulated not less than 3 working days prior to the meeting to ensure that the Commission members have adequate time to peruse and study the Commission Papers.

## 1.2 Chairman

The Chairman will be the important link in the entire governance structure who is responsible for leading the team and the Commission towards its strategic direction. He is responsible for the implementation of the policies related to core activities and the preparation of plans and programs, to achieve predetermined targets.

### 1.2.1 Appointments of the Chairman

The Minister shall appoint one of the members to be the Chairman of the Commission.

The main responsibilities of the Chairman include,

Setting the strategic tone at the top

Ensure the Commission's effectiveness in all strategic directions.

Facilitating effective participation of all Commission members

Maintaining effective communication with all the stakeholders including the Government of Sri Lanka

Ensuring that adequate information is available to all Commission members.

Setting the ethical tone across the Commission.

## Director General

The Director General serves as the important link in the entire governance structure to lead the entire team and the Commission towards the right strategic direction. He is responsible for the implementation of the policies related to core activities and the preparation of strategic plans and initiatives to achieve pre-determined objectives.

Execution of the strategic vision by setting up the objectives to achieve the vision.

Achieve the performance goals stipulated in the corporate plan.

Regular monitoring of targets and notifying the Commission of its achievements.

Ensuring that the Commission operates within the approved risk appetite and robust internal control.

Provides operational leadership to the senior management.

## 2 Accountability and Audit

### 2.2 Financial Reporting

Commission Financial Statements are prepared and presented in conformity with Sri Lanka Accounting Standards and comply with the Accounting and Auditing Standard Monitoring Commission Act.

#### 2.2.1 Statutory and Regulatory Reporting

In terms of the Constitution and the Sec. 13 (1) of the Finance Act, No. 38 of 1971, the Auditor General will be the auditor of the Commission.

#### 2.2.2 Auditor's responsibility for the Financial Statements

Refer the Auditor General's report attached on page 165

#### 2.2.3 Management Discussion and Analysis

Refer the Management Discussion and Analysis set on pages 20 to 33 which provides and in-depth account of the operations of the Commission.

### Conclusion:

The corporate governance strategy of the Public Utilities Commission of Sri Lanka underscores its commitment to regulatory excellence, transparency, and accountability. By upholding ethical standards, fostering stakeholder engagement, and investing in capacity building, the PUCSL seeks to ensure the provision of high-quality utility services that meet the needs of Sri Lanka's citizens while promoting sustainable development and economic growth. Moving forward, continued emphasis on regulatory effectiveness and adaptive governance practices will be essential for addressing emerging challenges and advancing the public interest in Sri Lanka's utility sectors.

# Audit Committee Report

## Composition

| Chairman                               | Members                                            |
|----------------------------------------|----------------------------------------------------|
| Mr S.G.Senarathne<br>Commission member | Ms. Chathurika Wijesinghe<br>Commission member     |
|                                        | Mr. Douglas Nanayakkara<br>Commission member       |
|                                        | Mr. Sudarshana De Silva<br>Treasury Representative |

### Composition of the Committee during 2023

The composition of the Committee, which remained unchanged during the financial year 2023, is composed of three commission members and one representative from the Treasury. The Committee is chaired by a commission member, Mr S.G Senarathne who is a financial professional whilst the other two members are also experienced professionals.

### Secretary to the Committee

The Secretary to the Public Utilities Commission also acts as the Secretary to the Audit Committee in line with the provisions given under circular PED 55.

### Regular Participants

- Director General
- Deputy Director General (Industry)
- Deputy Director General (Operation)
- Director Finance
- Internal Auditor

### Attend Upon Invitation

- Representative of the Auditor General (The External Auditor of the PUCSL)
- Chief Internal Auditor of Line Ministry i.e. Ministry of Finance

### Committee Meetings

The Audit Committee functioned throughout the financial year and was able to hold two formal meetings for many reasons. The attendance at the Audit Committee Meetings held during the year under review were as follows.

| Name                      | Dates of the meetings |            |
|---------------------------|-----------------------|------------|
|                           | 27.10.2023            | 07.12.2023 |
| Mr S.G. Senarathne        | √                     | √          |
| Ms. Chathurika Wijesinghe | √                     | ×          |
| Mr. Douglas Nanayakkara   | √                     | ×          |
| Mr. Sudarshana De Silva   | √                     | √          |

Present √      Excused ×

The quorum for the Audit Committee is a majority of members.

#### Role of the Audit Committee

Role of the Audit Committee is to ensure the systematic oversight of the financial reporting system of the Public Utilities Commissions with a view to safeguard the interest of all the stakeholders.

The Audit Committee was more focused on internal control and compliance specially the matters aroused in Committee on Public Enterprises (COPE) as well the reporting perspective.

#### Scope of Work

##### Financial Reporting and Regulatory Compliance

-Systematic oversight over the PUCSL's Financial Reporting to ensure that the financial statements are prepared, presented and the information is adequately disclosed in accordance with the requirements i.e. regulatory authorities, government circulars, applicable rules & regulations, and applicable reporting standards.

-Review the duly compliance with the Public Utilities Commission Act, No.35 of 2002 and the other relevant Acts and regulations including Finance Act.

##### Internal Control

- Review and assess the adequacy and effectiveness of the internal controls in line with the applicable circulars and highlight the areas which require special attention in terms of safeguarding public resources.

##### Internal Audit

-Review and evaluate the requirement of recruiting or hiring an Internal Auditor to ensure independence, effective and competent Internal Audit function, their resources requirements and make recommendations for improving the internal audit tasks.

-Ensure the coordination between Internal Audit Division and the External Auditors.

-Review and approve the Annual Internal Audit Plan as well as significant internal audit findings.

#### External Audit

- The External Audit of the PUCSL is carried out by the Auditor General in pursuance of provisions in the Constitution of the country while also adhering to the National Audit Act, No. 19 of 2018.

-The Audit Committee made appropriate communications with the representative of the Auditor General regarding audit findings and to make required recommendations to the Board of Directors to rectify any deviations identified.

#### Summary of the Key Focus Area during the Audit Committee Meetings

During the period under review, due consideration has been made for the matters relating following areas-

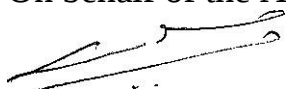
- Improving the internal controls of the payment systems of the PUCSL, which was highlighted in most of the audit queries and COPE meetings.
- Recoverability of the long outstanding license fee from Ceylon Electricity Board
- Strengthening the financial reporting function by introducing Financial Budget and modified formats for monthly Management Accounts
- Speedup the process of appointment or hiring an Internal Audit highlighting the importance of having strong Internal Audit function of an organization,
- Reviewing the existing Delegation of Authority process and making the changes where necessary to have a smooth operation.
- Reviewing of follow up actions on recent COPE meeting minutes.

As such, the committee strongly believes that its involvement had a sizable impact in strengthening the few concerns to minimize some of the weaknesses arising from the weak internal controls practiced at PUCSL. The committee believes that there should be a strong control over the finance function which will be a key factor of transparency and accountability of public funds.

#### Way Forward

The Audit Committee will continuously engage to achieve sound internal control mechanism by monitoring and reporting to the commission members on matters relating to financial reporting, internal control, utilization of resources, governance and other key areas aimed at the successful achievement of the Board's goals and objectives.

On behalf of the Audit Committee



S.G Senarathne.

Chairman  
Audit Committee

22<sup>nd</sup> January 2024

# FINANCIAL STATEMENT



# PUBLIC UTILITIES COMMISSION OF SRI LANKA

## ***FINANCIAL STATEMENTS*** ***2023***

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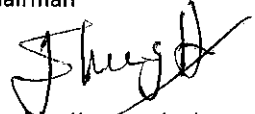
**PUBLIC UTILITIES COMMISSION OF SRI LANKA**  
**Statement of Financial Position**  
**As At 31st December 2023**

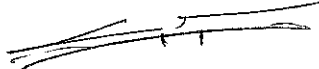
|                                  | Notes | 2023<br>Rs           | 2022<br>Rs           |
|----------------------------------|-------|----------------------|----------------------|
| <b>Assets</b>                    |       |                      |                      |
| <b>Non-Current Assets</b>        |       |                      |                      |
| Property Plants & Equipment      | 3     | 42,308,705           | 53,505,233           |
| Capital work in progress         | 3.1   | 7,300,238            | 7,300,238            |
| Intangible Assets -Software      | 3.2   | 188,000              | 496,501              |
| Distress Loan                    | 7.1   | 4,205,169            | 5,651,504            |
| <b>Total Non-Current Assets</b>  |       | <b>54,002,112</b>    | <b>66,953,476</b>    |
| <b>Current Assets:</b>           |       |                      |                      |
| Investment                       | 4     | 1,056,050,654        | 675,378,719          |
| Inventories                      | 5     | 649,144              | 465,348              |
| Receivable                       | 6     | 99,622,460           | 439,969,156          |
| Deposit, Advances & Pre Payments | 7     | 2,685,404            | 6,178,204            |
| Distress Loan                    | 7.1   | 1,702,602            | 2,477,665            |
| Cash & Cash Equivalents          | 8     | 880,700              | 163,760              |
| <b>Total Current Assets</b>      |       | <b>1,161,590,963</b> | <b>1,124,632,851</b> |
| <b>Total Assets</b>              |       | <b>1,215,593,075</b> | <b>1,191,586,327</b> |
| <b>Funds &amp; Liabilities</b>   |       |                      |                      |
| <b>Funds</b>                     |       |                      |                      |
| Accumulated Fund                 | 9     | 1,095,020,888        | 1,072,084,350        |
| Revaluation Reserves             |       | 57,063,763           | 57,063,763           |
|                                  |       | <b>1,152,084,651</b> | <b>1,129,148,113</b> |
| <b>Non-Current Liabilities</b>   |       |                      |                      |
| Provision for Gratuity           | 10    | 26,908,309           | 23,591,337           |
|                                  |       | <b>26,908,309</b>    | <b>23,591,337</b>    |
| <b>Current Liabilities</b>       |       |                      |                      |
| Payable Accounts                 | 11    | 35,509,795           | 37,064,477           |
| Auditor General's Fees           | 12    | 1,090,320.00         | 1,782,400.00         |
|                                  |       | <b>36,600,115</b>    | <b>38,846,877</b>    |
| <b>Total Liabilities</b>         |       | <b>1,215,593,075</b> | <b>1,191,586,327</b> |

The Accounting Policies and Notes appearing on pages 05 to 11 form an integral part of the financial statements. The Members of the Public Utilities commission of Sri Lanka are responsible for the preparation and presentation of these financial statements.

FOR AND ON BEHALF OF THE PUBLIC UTILITIES COMMISSION OF SRI LANKA

  
M.A.R.M. Fernando  
Chairman

  
Damitha Kumarasinghe  
Director General

  
S.G.Senarathna  
Member of the Commission

  
G.A.S.Sumanasena  
Director -Finance

**PUBLIC UTILITIES COMMISSION OF SRI LANKA**  
**Statement of Comprehensive Income**  
**For the Year Ended 31 st December 2023**

|                                       | Notes | 2023<br>Rs         | 2022<br>Rs         |
|---------------------------------------|-------|--------------------|--------------------|
| <b>Revenue</b>                        |       |                    |                    |
| Variable registration fee             | 13    | -                  | 310,948,708        |
| Annual Regulatory Levies              | 14    | 237,736,618        | 245,946,352        |
| Licenses Application Fees             | 15    | 488,000            | 455,000            |
| Other Income                          | 16    | 130,523,839        | 100,247,992        |
| <b>Total Revenue</b>                  |       | <b>368,748,457</b> | <b>657,598,052</b> |
| <b>Expenses</b>                       |       |                    |                    |
| Personnel costs                       | 17    | 162,324,261        | 180,028,689        |
| Consultancy Services                  | -     | 5,234,693          | 15,775,913         |
| Operational Expenses                  | 18    | 178,832,962        | 168,719,305        |
| Finance Cost                          | 19    | 302                | 23,421             |
| <b>Total Expenditure</b>              |       | <b>346,392,219</b> | <b>364,547,327</b> |
| <b>Operating Surplus for the year</b> |       | <b>22,356,238</b>  | <b>293,050,725</b> |
| <b>Other Comprehensive Income</b>     |       |                    |                    |
| Actuarial gain/(Loss)                 |       | 580,300            | (5,483,537)        |
| <b>Total surplus for the year</b>     |       | <b>22,936,538</b>  | <b>287,567,188</b> |

The Accounting Policies and Notes appearing on pages 05 to 11 form an integral part of the financial statements.

**PUBLIC UTILITIES COMMISSION OF SRI LANKA**  
**Cash Flow Statement**  
**For the Year Ended 31 st December 2023**

|                                                              | <b>2023</b>          | <b>2022</b>          |
|--------------------------------------------------------------|----------------------|----------------------|
|                                                              | <b>Rs</b>            | <b>Rs</b>            |
| <b>Cash Generated from Operating Activities</b>              |                      |                      |
| Operational Surplus / (Deficit) in the year                  | 22,356,238           | 293,050,725          |
| <b>Adjusted for</b>                                          |                      |                      |
| Depreciation                                                 | 13,781,278           | 16,955,397           |
| Provision for Gratuity                                       | 6,251,335            | 4,226,021            |
| Income on disposal of fixed assets                           | -                    | (13,950)             |
| Interest income                                              | (130,421,483)        | (100,050,669)        |
| Finance Cost                                                 | -                    | -                    |
|                                                              | <b>(88,032,632)</b>  | <b>214,167,524</b>   |
| <b>Changes Working Capital</b>                               |                      |                      |
| (Increase) / Decrease in Inventories                         | (183,796)            | 331,658              |
| (Increase) / Decrease in Deposit                             | (8,000)              | (15,000)             |
| (Increase) / Decrease in Receivable                          | 340,346,696          | (223,154,524)        |
| Increase / (Decrease) in Payable                             | (2,246,762)          | 3,005,063            |
| (Increase) / Decrease Advance, Pre Payments                  | 5,722,196            | 1,612,436            |
| <b>Net Changes in Working Capital</b>                        | <b>343,630,335</b>   | <b>(218,220,367)</b> |
| <b>Cash Generated from / (Used in ) Operating Activities</b> | <b>255,597,703</b>   | <b>(4,052,843)</b>   |
| <b>Cash Flow from the Investing Activities</b>               |                      |                      |
| Fixed Assets Disposal Income Received                        |                      | 166,017              |
| Purchase of Fixed Asset                                      | (2,276,250)          | (9,137,100)          |
| Addition to the WIP                                          | -                    | (487,916)            |
| Interest Received                                            | 130,421,483          | 100,050,669          |
| Withdrawal of Investments (FD's, TB's & REPO)                | 375,000,052          | 834,170,137          |
| Increase in Investment of Gratuity                           | (1,258,987)          | (841,614)            |
| Invested in Fixed Deposits/TBS & Call Deposits               | (754,412,999)        | (919,000,052)        |
| <b>Net Cash Flow from (Used in ) Investing Activities</b>    | <b>(252,526,701)</b> | <b>4,920,141</b>     |
| <b>Cash Flow from the Finance Activities</b>                 |                      |                      |
| Gratuity Payments                                            | (2,354,063)          | (5,886,750)          |
| <b>Net Cash Flow from (Used in ) Finance Activities</b>      | <b>(2,354,063)</b>   | <b>(5,886,750)</b>   |
| Cash and Cash Equivalent at the Beginning of the Year        | <b>163,760</b>       | <b>6,897,984</b>     |
| Net cash flows during the year                               | 716,938              | (5,019,452)          |
| <b>Cash and Cash Equivalent at the End of the Year</b>       | <b>880,699</b>       | <b>1,878,533</b>     |
| <b>Cash and Cash Equivalents,</b>                            |                      |                      |
| Cash in Hand & at Bank                                       | <b>880,699</b>       | <b>163,760</b>       |

**PUBLIC UTILITIES COMMISSION OF SRI LANKA**  
**Statement of Changes in Equity**  
**For the Year Ended 31st December 2023**

|                                         | <b>Accumulated fund</b> | <b>Revaluation<br/>Reserves</b> | <b>Total</b>         |
|-----------------------------------------|-------------------------|---------------------------------|----------------------|
| Balance as at 1st January 2023          | <b>1,072,084,350</b>    | <b>57,063,763</b>               | <b>1,129,148,113</b> |
| Surplus in the Income Statement         | 22,356,238              |                                 | 22,356,238           |
| Other Comprehensive Income              | 580,300                 |                                 | 580,300              |
| <b>Balance as at 31st December 2023</b> | <b>1,095,020,888</b>    | <b>57,063,763</b>               | <b>1,152,084,651</b> |

## **SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS**

### **1. CORPORATE INFORMATION**

#### **1.1 Reporting Entity**

The Public Utilities Commission of Sri Lanka (PUCSL) is an independent Body established under the Public Utilities Commission Act No. 35 of 2002.

#### **1.2 Principal Activities and Nature of Operations**

The Public Utilities Commission of Sri Lanka (PUCSL) was established to regulate certain utility industries pursuant to a coherent national policy.

In line with the above policy, with the enactment of Sri Lanka Electricity Act No: 20 of 2009 PUCSL was fully empowered to regulate the electricity industry in Sri Lanka.

#### **1.3 Responsibility for Financial Statements**

The members of the Commission responsible for the preparation and presentation of the Financial Statements of the Commission as per the provisions of the PUCSL Act and Sri Lanka Accounting Standards. (LKAS/SLFRS)

#### **1.4 Date of Authorization for Issue**

The Financial Statements of the Public Utilities Commission of Sri Lanka for the year ended 31<sup>st</sup> December 2023 were authorized for issue in accordance with a resolution of the commission on 22<sup>nd</sup> February 2024.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **2.1.1 Basis of Preparation**

The financial statements which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, have been prepared on a historical cost convention. No adjustments have been made for inflationary factors affecting the financial statements.

### **2.1.2 Statement of compliance**

The financial statements of the commission (statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows together with accounting policies and notes) as at 31st December 2023 are prepared in accordance with the Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants Sri Lanka, the requirements of Public Utilities Commission of Sri Lanka Act No: 35 of 2002 and the Sri Lanka Accounting and Auditing Standards' Act No: 15 of 1995.

### **2.1.3 Comparative Information**

The accounting policies have been consistently applied by the commission and are consistent with those used in the previous year. Prior year figures and phrases have been re arranged where necessary to confirm to the current year presentation.

### **2.1.4 Functional Currency and Presentation Currency**

The financial statements are presented in Sri Lankan Rupees (Rs.), which is the commission's functional currency. All the financial information presented in rupees has been rounded to the nearest rupee.

### **2.1.5 Estimates and Assumptions**

The key assumptions concerning the future and other key sources of estimation of uncertainty at the reporting date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below. The commission based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the commission. Such changes are reflected in the assumptions when they occur.

#### **(a) Defined Benefit Plans**

The cost as well as the present value of the defined benefit plan: gratuity is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and other important related data. Due to the long-term nature of employee benefits, such estimates are subject to significant uncertainty.

#### **(b) Useful Lives of Property and Equipment**

The company reviews the assets' residual values, useful lives and methods of depreciation or amortization at each reporting date; judgment by management is exercised in the estimation of these values, rates, and methods.

#### **(c) Useful lives of intangible assets**

The Commission reviews the residual values, useful lives and methods of amortization of assets as at each reporting date. Judgement by the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

## 2.2 Summary of Significant Accounting Policies

### 2.2.1 Property and Equipment

Property and equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the entity and cost of the asset can be reliably measured. Property and equipment are stated at cost less accumulated depreciation and any impairment losses. Such costs include the cost of replacing parts of the equipment when that cost is incurred, if the recognition criteria are met.

Depreciation is calculated on straight-line basis over the useful life of the assets. The estimated useful lives of the assets are as follows:

|                                         |         |
|-----------------------------------------|---------|
| 1. Furniture and Fixtures               | 5 Years |
| 2. Computer and Office Equipment        |         |
| (a) Multimedia Projector/SAN storage    | 4 Years |
| (b) Desktop computers                   | 4 Years |
| (c) Laptop computers                    | 4 Years |
| (d) Mobile phones                       | 3 Years |
| (e) Portable hard disk/server hard disk | 3 Years |
| (f) LTO Tape drive                      | 3 Years |
| (g) LTO Tape                            | 3 Years |
| (h) UPS                                 | 2 Years |
| (i) Others                              | 5 Years |
| 3. Vehicles                             | 5 Years |
| 4. Office equipment                     | 5 Years |

The calculation of depreciation is applied from the date of purchase of property plant and equipment in the current year.

### 2.2.2. Intangible Assets

Acquired Computer software /licenses are capitalized in the basis of the cost incurred to acquire and bring to use the specific software. Those costs are amortized over the period of three years.

### 2.2.3. Capital Work in progress.

Capital Work in progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of buildings and system development awaiting capitalization.

### 2.2.4 De-recognition

An item of property & equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss

arising from de-recognition of the assets are determined by comparing the proceeds from disposal with the carrying amount of the property & equipment and recognized in the statement of comprehensive income.

#### **2.2.5 Restoration Costs**

Expenditure incurred on repairs or maintenance of property and equipment in order to restore or maintain future economic benefits expected from originally assessed standard of performance is recognized as an expense when incurred.

#### **2.2.6 Short-Term Investments**

Investments with maturities less than one year from the date of acquisition are considered as short-term financial investments and are initially recognized at fair value.

#### **2.2.7 Inventories**

Inventories are valued at lower cost or net realizable value. The cost of the inventories is arrived at by using the first-in, first-out (FIFO) basis.

#### **2.2.8 Trade and Other Receivables**

Receivables are stated at the amounts that they are estimated to realize net of allowances for impairment. Other receivables are also recognized at cost-less allowances for impairment. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable.

#### **2.2.9 Cash and Cash Equivalents**

Cash and Bank balances are defined as cash at bank and in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to an insignificant risk of changes in value. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

#### **2.2.10 Accumulated Fund**

Accumulated fund includes the surpluses and deficits of general funds accumulated over the years which are available for use in the furtherance of the general objectives of the Commission.

#### **2.2.11 Provisions**

Provisions are recognized when the Commission has a present legal or constructive obligation, as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimates can be made of the amount of the obligation. All known provisions have been accounted for in preparing these Financial Statements.

### **2.2.12 Trade and Other Payables**

Trade and other payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables are classified as current liabilities if payment is due within one year or less.

### **2.2.13 Defined Benefit Plan**

According to payment of Gratuity Act No.12 of 1983, the liability for gratuity to an employee arises only on completion of five years of continued service with the Commission. The PUCSL has adopted actuarial valuation to record gratuity liabilities to conform with LKAS 19. The actuarial valuation was carried out by the professional actuarial valuers, Actuarial and Management Consultant (pvt) Ltd

The defined benefit obligation for retiring gratuities payable under the Payment of Gratuity Act No.12 of 1983 recognized in the Statement of Financial Position, represents the present value of the defined benefit obligation. All actuarial gains and losses are recognized immediately in the Statement of Financial Performance and Other Comprehensive Income.

The gratuity is payable to employees on the basis of half month salary for each completed year of service as at the date of "exit" is 5 years or more. The provision for liability is externally invested at the Balance sheet date.

### **2.2.14 Defined Contribution Plans**

Employees' Trust Fund and Employees' Provident Fund A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contribution to Employee Provident and Employee Trust Funds are recognized as an expense in profit or loss as incurred.

Employees are eligible for the Employees' Provident Fund and Employees' Trust Fund in accordance with respective statutes and regulations. The Commission contributes 15% and 3% of the gross emoluments of employees to the Employees' Provident Fund and Employees' Trust Fund respectively.

### **2.2.15 Capital Commitments and Contingent Liabilities**

All material capital commitments and contingent liabilities are considered, and necessary adjustments or disclosures are made in these financial statements.

## **2.3 Statement of Comprehensive Income**

### **2.3.1 Income Recognition**

Income from rendering services is measured at the fair value of the consideration received or receivable and to the extent that it is probable that the economic benefits will flow to the Association and that it can be measured reliably.

#### **a) Variable Registration Fee**

In term of the clause 2 of the “Lubricant Agreement” executed with the Government of Sri Lanka, the lubricant market participants are required to pay bi-annually two million and Five Hundred Thousand (Rs. 2.5 million) or 0.75% of Total Invoiced Sales for that period, whichever is higher. a sum of Rupees Two Million and Five Hundred Thousand (Rs. 2.5 million) shall be paid on or before the 1st January another sum of Rupees Two Million and Five Hundred Thousand (Rs. 2.5 million) shall be paid on or before 30th June of each year in favor of the Secretary, Ministry of Petroleum Resources Development. In the event 0.75% of a market participant’s total invoiced sales for a bi-annual period being greater than rupees two million and five hundred thousand, such additional amount is to be paid to the Public Utilities Commission, within 30 days of the end of the period.

This was terminated by the cabinet decision number 23/0632/621/031 dated 17<sup>th</sup> March 2023.

#### **b) Annual Regulatory Leavy**

According to Section 46 of Sri Lanka Electricity Act, No.20 of 2009, Commission empowered to impose an annual regulatory levy and it’s to be recovered from every licensee before the 30<sup>th</sup> day of June of that year. This Act was certified on 8<sup>th</sup> April 2009 and implemented by the Commission from that date.

#### **c) License Application Fee**

In additional to the imposed the levies, according to Section 11 of the Sri Lanka Electricity Act, the Commission is empowered to collect the application processing fee with the license applications for licenses generate, transmit or distribute the electricity.

#### **d) Other Income**

Other Income comprises of interest income and is recognized on accrual basis.

**2.3.2 Surplus / Deficit from operation**

The operating surplus/deficit of the Commission measures by net of operating income and operating expenses.

**2.3.3 Expenditure Recognition****2.3.3.1 Revenue Expenditure**

Expenses are recognized in the income statement on the budgetary allocation approved by the commission. All expenditure incurred in running of the PUCSL has been charged to revenue in arriving at the surplus for the year.

**2.3.3.2 Capital Expenditure**

All expenditure incurred in the acquisition, extension or improvement of the property and equipment of a permanent nature, in order to carry on or increase the earning capacity of the Commission, have been treated as capital expenditure.

**2.3.3.3 EVENTS AFTER THE REPORTING PERIOD**

No circumstances have arisen since the reporting date which would require adjustments or disclosure in the financial statements.

**2.3.4. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

There were no capital commitments and contingent liabilities as at the date of the Statements of Financial Position which require adjustments to or disclosures in the Financial Statements

**2.3.5. RELATED PARTY DISCLOSURES**

The commission carries out transactions in the ordinary course of business on an arm's length basis at commercial rates with related parties.

**2.3.5.1. Key Management Personnel Compensation**

Key management personnel comprise the Commission members of the PUCSL and details of compensation are as follows;

|                              | 2023         | 2022         |
|------------------------------|--------------|--------------|
| Short term Employee benefits | 1,644,725.00 | 1,687,500.00 |

# NOTES TO THE FINANCIAL STATEMENTS

## Note 03

### Property Plants & Equipment

As at 31 December 2023

|                                              | Furniture & Fixtures<br>Rs | Computer & Office<br>Equipment<br>Rs | Office Equipment | Vehicles<br>Rs    | Total<br>Rs        |
|----------------------------------------------|----------------------------|--------------------------------------|------------------|-------------------|--------------------|
| As at Beginning of the year                  | 30,119,077                 | 61,225,900                           | 580,919          | 37,965,000        | 129,890,896        |
| Additions During the year                    | 467,000                    | 1,809,250                            | -                |                   | 2,276,250          |
| <b>As at End of the Year</b>                 | <b>30,586,077</b>          | <b>63,035,150</b>                    | <b>580,919</b>   | <b>37,965,000</b> | <b>132,167,146</b> |
| <b>Depreciation</b>                          |                            |                                      |                  |                   |                    |
| As at Beginning of the Year                  | 22,394,236                 | 46,163,261                           | 539,979          | 7,288,187         | 76,385,663         |
| Charge for the year                          | 2,551,783                  | 4,913,006                            | 13,128           | 5,994,861         | 13,472,778         |
| <b>As at the End of the Year</b>             | <b>24,946,019</b>          | <b>51,076,267</b>                    | <b>553,107</b>   | <b>13,283,048</b> | <b>89,858,441</b>  |
| <b>Net Book Value as at 31 December 2023</b> | <b>5,640,058</b>           | <b>11,958,883</b>                    | <b>27,812</b>    | <b>24,681,952</b> | <b>42,308,705</b>  |

### 3.2 Intangible Assets -Software

|                                              |                   |
|----------------------------------------------|-------------------|
| As at Beginning of the year                  | 19,022,500        |
| <b>As at End of the Year</b>                 | <b>19,022,500</b> |
| <b>Amortisation</b>                          |                   |
| As at Beginning of the Year                  | 18,525,999        |
| Charge for the year                          | 308,501           |
| <b>As at the End of the Year</b>             | <b>18,834,500</b> |
| <b>Net Book Value as at 31 December 2023</b> | <b>188,000</b>    |

### Note :3.1 Capital working progress

|                               |                  |
|-------------------------------|------------------|
| License Management system     | 1,873,408        |
| Incidental reporting system   | 1,258,928        |
| PUCSL Intranet                | 586,000          |
| Technician Information System | 1,067,502        |
| Modifying HRD System          | 140,000          |
| Business Intelligence system  | 1,103,400        |
| Modifying DRS System          | 26,000           |
| Procurement Work Flow System  | 720,000          |
| SAP Modification              | 525,000          |
|                               | <b>7,300,238</b> |

**PUBLIC UTILITIES COMMISSION OF SRI LANKA**  
**Notes to the Financial Statements**  
**As at 31st December 2023**

|                                               | <b>2023<br/>Rs</b>   | <b>2022<br/>Rs</b> |
|-----------------------------------------------|----------------------|--------------------|
| <b>04. Investments</b>                        |                      |                    |
| Fixed Deposit                                 | 1,015,923,410        | 440,510,411        |
| Gratuity Fund Investment                      | 21,127,244           | 19,868,256         |
| Treasury Bills                                | -                    | 200,000,052        |
| Repurchase Agreements                         | 19,000,000           | 15,000,000         |
|                                               | <b>1,056,050,654</b> | <b>675,378,719</b> |
| <b>05. Inventories</b>                        | <b>649,144</b>       | <b>465,348</b>     |
| <b>06. Receivable</b>                         |                      |                    |
| Variable registration fee                     |                      |                    |
| Chevron Lubricant Ltd                         | -                    | 68,374,026         |
| Lanka IOC Ltd                                 | -                    | 36,954,192         |
| Mclarans Lubricant                            | -                    | 10,119,074         |
| Laugfs                                        | -                    | 8,818,980          |
| Interocean Services Ltd                       | -                    | 1,260,158          |
| Associated Motorways                          | -                    | 2,476,649          |
| United Motors                                 | -                    | 2,753,077          |
| Toyota Lanka (Pvt) Ltd                        | -                    | 14,205,465         |
| N. M. Distributors (Pvt) Limited              | -                    | 2,036,443          |
|                                               | -                    | <b>146,998,065</b> |
| Annual regulatory levies                      | 85,561,098           | 251,912,985        |
| Interest receivable                           | 13,960,915           | 40,885,566         |
| Other-receivables                             | 100,447              | 172,539            |
|                                               | <b>99,622,460</b>    | <b>439,969,156</b> |
| <b>07. Deposit ,Advances and Prepayments</b>  |                      |                    |
| <b>Deposit</b>                                |                      |                    |
| Deposit Dialog Axiata PLC                     | 1,500                | 1,500              |
| BOC Property Development Ltd                  | 826,571              | 826,571            |
| S W R D Bandaranaike Memorial Foundation Fund | 252,000              | 252,000            |
| Girl Friendly Association                     | 65,500               | 57,500             |
| National Youth Services Council               | 15,000               | 15,000             |
|                                               | <b>1,160,571</b>     | <b>1,152,571</b>   |
| <b>Advance &amp; Pre Payments</b>             |                      |                    |
| Advances                                      | 27,744               | 570,340            |
| Pre Payments                                  | 1,298,957            | 4,367,293          |
| Sampath WEB Card                              | -                    | 2,068              |
| Festival advance                              | 106,132              | 85,932             |
| Fuel Vouchers                                 | 92,000               | -                  |
|                                               | <b>1,524,833</b>     | <b>5,025,633</b>   |
|                                               | <b>2,685,404</b>     | <b>6,178,204</b>   |

|                                                     | 2023<br>Rs                            | 2022<br>Rs                           |
|-----------------------------------------------------|---------------------------------------|--------------------------------------|
| <b>07.1 Destress Loan</b>                           |                                       |                                      |
| Distress Loan- Loang Term                           | 4,205,169                             | 5,651,504                            |
| Distress Loan-Short Term                            | 1,702,602                             | 2,477,665                            |
|                                                     | <b>5,907,772</b>                      | <b>8,129,168</b>                     |
| <b>08.Cash &amp; Cash Equivalents</b>               |                                       |                                      |
| Bank of Ceylon A/C.no. 1630806                      | 880,700                               | 163,760                              |
|                                                     | <b>880,700</b>                        | <b>163,760</b>                       |
| <b>09. Accumulated Fund</b>                         |                                       |                                      |
| Balance at 1st January 2023                         | 1,072,084,350                         | 784,517,162                          |
| Surplus /(Deficit) for the year                     | 22,356,238                            | 293,050,725                          |
| Other Comprehensive Income                          | 580,300                               | (5,483,537)                          |
|                                                     | <b>1,095,020,888</b>                  | <b>1,072,084,350</b>                 |
| <b>10. Provision for gratuity</b>                   |                                       |                                      |
| Provision for PV-DBO as at 01st January 2023        | 23,591,337                            | 19,768,529                           |
| Interest cost for the period                        | 4,246,440                             | 2,273,381                            |
| Current service cost for the period                 | 2,004,895                             | 1,952,640                            |
| Gratuity paid during the year                       | (2,354,063)                           | (5,886,750)                          |
| Actuarial Gain/Loss on PV- DBO                      | (580,300)                             | 5,483,537                            |
| Provision for PV-DBO as at 31st December 2023       | <b>26,908,309</b>                     | <b>23,591,337</b>                    |
|                                                     |                                       |                                      |
|                                                     | 10% Up to age 54<br>& thereafter zero | 5% Up to age 54 &<br>thereafter zero |
| Staff turnover                                      |                                       |                                      |
| Retirement age                                      | 60                                    | 60                                   |
| Rate of discount                                    | 13%                                   | 18%                                  |
| Salary escalation rate                              | 10%                                   | 12%                                  |
| <b>10.2 Sensitivity</b>                             |                                       |                                      |
| Variable changed while all other assumptions remain |                                       |                                      |
| 1% increase in discount rate                        | 25,543,985                            | 22,427,984                           |
| 1% decrease in discount rate                        | 28,405,679                            | 24,879,351                           |
| 1% increase in salary escalation rate               | 28,553,207                            | 25,028,471                           |
| 1% decrease in salary escalation rate               | 25,388,274                            | 22,278,922                           |
| <b>11. Accounts Payable</b>                         |                                       |                                      |
| Printing & Advertising                              | 1,591,401                             | 527,575                              |
| Communication                                       | 409,330                               | 680,764                              |
| Floral arrangement                                  | 3,500                                 | -                                    |
| Other allowances                                    | 4,041,178                             | 5,232,687                            |
| EPF & ETF Payable                                   | 1,922,851                             | -                                    |
| Overtime                                            | 277,289                               | 338,839                              |

Financial Statements 2023

|                                       | 2023<br>Rs        | 2022<br>Rs        |
|---------------------------------------|-------------------|-------------------|
| Transport                             | 258,876           | 41,084            |
| Local Training & Travelling           | 1,673,650         | -                 |
| Other Contractual                     | 3,198,140         | 56,990            |
| Maintenance of Office Building        | -                 | 910               |
| Maintenance of Office Vehicle         | 41,554            | -                 |
| Water                                 | 37,237            | 29,355            |
| Electricity                           | 337,723           | 292,714           |
| Consultancy                           | 4,435,458         | 5,105,530         |
| Stamp Duty Payable                    | 4,975             | 6,200             |
| Janitorial Servicers                  | 302,886           | 222,877           |
| WHT Payable                           | 241,410           | -                 |
| PAYE Payable                          | 1,193,220         | -                 |
| Interest Reimbursement                | 518,861           | 143,687           |
| Retention money                       | 199,952           | 199,952           |
| Computer & Equipment                  | 1,575,000         | -                 |
| Maintenance of Software               | -                 | 2,447,770         |
| Maintenance of Computer and Equipment | 1,479,001         | 170,238           |
| Stationary Payables                   | 151,800           | -                 |
| Research and Survey                   | -                 | 2,000,000         |
| Consumable Materials                  | 27,160            | -                 |
| Welfare & Public Relations            | -                 | 42,000            |
| Translation                           | -                 | 148,995           |
| Gratuity Payable                      | -                 | 3,516,000         |
| Other Payable                         | 56,323            | 95,000            |
| Cheque in Hand Control                | -                 | 7,648,859         |
| Legal Fees                            | 4,396,666         | -                 |
| Safety Awareness                      | 356,846           | 7,020,671         |
| Consumer Awareness                    | 127,475           | 163,310           |
| Stackholder consultation              | 694,050           | 32,000            |
| Technical and Other payables          | 5,448,265         | 900,470           |
| Energy Efficiency                     | 507,720           | -                 |
|                                       | <b>35,509,795</b> | <b>37,064,477</b> |

## 12. Auditor General's Fees

|                                     |                  |                  |
|-------------------------------------|------------------|------------------|
| Balance B/F                         | 1,782,400        | 1,800,000        |
| payments during the year            | (1,748,400)      | (750,000)        |
| Provision for year                  | 1,090,320        | 1,000,000        |
| Over/Under provision for Prior Year | (34,000)         | (267,600)        |
|                                     | <b>1,090,320</b> | <b>1,782,400</b> |

## 13. Variable Registration Fees

|                              |   |             |
|------------------------------|---|-------------|
| Lanka IOC Ltd                | - | 69,580,807  |
| Chevron Lubricant Lanka      | - | 160,280,684 |
| Mclarens Lubricant           | - | 21,525,260  |
| Ceylon Petroleum Corporation | - | 501,510     |
| LAUGFS Lubricants Limited    | - | 15,629,542  |

Financial Statements 2023

|                                                                 | 2023<br>Rs         | 2022<br>Rs         |
|-----------------------------------------------------------------|--------------------|--------------------|
| Interocean Services Ltd                                         | -                  | 1,806,962          |
| Associated Motorways                                            | -                  | 6,479,269          |
| United Motors                                                   | -                  | 6,605,558          |
| Toyota Lanka (Pvt) Ltd                                          | -                  | 25,594,689         |
| N. M. Distributors (Pvt) Limited                                | -                  | 2,944,428          |
|                                                                 | -                  | <b>310,948,708</b> |
| <b>14. Annual Regulatory Levies</b>                             |                    |                    |
| Generation                                                      | 72,207,418         | 73,869,952         |
| Transmission                                                    | 31,153,500         | 32,223,000         |
| Distribution                                                    | 134,375,700        | 139,853,400        |
|                                                                 | <b>237,736,618</b> | <b>245,946,352</b> |
| <b>15. Licenses Application Fees</b>                            |                    |                    |
|                                                                 | 488,000            | 455,000            |
|                                                                 | <b>488,000</b>     | <b>455,000</b>     |
| <b>16. Other Income</b>                                         |                    |                    |
| Interest                                                        | 130,421,483        | 100,050,669        |
| Exemption fee                                                   | 16,000             | 13,000             |
| Sundry Income                                                   | 86,356             | 170,374            |
| Income: Fixed Asset Disposal                                    | -                  | 13,950             |
|                                                                 | <b>130,523,839</b> | <b>100,247,992</b> |
| <b>17. Personnel costs</b>                                      |                    |                    |
| <b>Personal Emoluments</b>                                      |                    |                    |
| Commissioners Remuneration                                      | 1,644,725          | 1,687,500          |
| Salaries                                                        | 82,591,998         | 91,652,360         |
| Other Allowances                                                | 52,366,255         | 62,892,295         |
| Over-time                                                       | 4,603,388          | 3,088,388          |
| Contribution for Employee Provident Fund                        | 12,388,800         | 13,735,104         |
| Contribution for Employee Trust Fund                            | 2,477,760          | 2,747,021          |
| Gratuity Expense                                                | 6,251,335          | 4,226,021          |
|                                                                 | <b>162,324,261</b> | <b>180,028,689</b> |
| <b>18. Operational costs</b>                                    |                    |                    |
| <b>Training &amp; Traveling Expenses - Overseas &amp; Local</b> |                    |                    |
| Overseas & Local Training                                       | 2,895,149          | 218,000            |
| Foreign Travelling Expenses                                     | 27,018             | 137,059            |
| Travelling (Local)                                              | 143,513            | 513,169            |
|                                                                 | <b>3,065,680</b>   | <b>868,228</b>     |

|                                              | 2023<br>Rs        | 2022<br>Rs        |
|----------------------------------------------|-------------------|-------------------|
| <b>Consumable Materials</b>                  |                   |                   |
| Stationery                                   | 1,558,388         | 2,348,677         |
| Fuel & Parking                               | 13,090,023        | 15,243,140        |
| Consumable Material                          | 734,401           | 826,045           |
| Entertainment                                | 1,373,152         | 1,491,774         |
|                                              | <b>16,755,964</b> | <b>19,909,636</b> |
| <b>Contractual Services</b>                  |                   |                   |
| Transport & Hiring of Vehicle                | 17,401,288        | 17,234,032        |
| Communication including Newspapers & Postal  | 4,622,959         | 4,728,508         |
| Printing & Advertising                       | 6,132,475         | 5,871,003         |
| Survey                                       | (2,000,000)       | 2,000,000         |
| Rents and Rates for Building                 | 29,103,936        | 26,844,337        |
| Electricity                                  | 3,482,282         | 1,568,060         |
| Medical Insurance                            | 11,564,045        | 6,797,237         |
| Water                                        | 545,351           | 432,193           |
| Insurance                                    | 608,512           | 324,201           |
| Janitorial Services                          | 3,904,200         | 2,830,937         |
| Legal & Investigation Fees                   | 8,174,666         | 4,150,000         |
| Other Contractual                            | 3,971,573         | 3,793,401         |
|                                              | <b>87,511,286</b> | <b>76,573,909</b> |
| <b>Other services</b>                        |                   |                   |
| Information Dissemination                    | 1,705,852         | 6,200             |
| Safety Awareness                             | 16,242,852        | 32,810,694        |
| Consumer Awareness                           | 5,930,519         | 7,974,881         |
| Stake Holder Consultation & Public Hearing   | 4,777,408         | 764,774           |
| Technical and Other Standards Awareness      | 11,606,332        | 1,745,786         |
| Energy Efficiency and Conservation Awareness | 3,399,708         | 180,961           |
| Auditor General's Fees                       | 1,056,320         | 732,400           |
| Welfare & Public Relations                   | 17,225            | 50,000            |
| Floral Arrangements                          | 166,005           | 190,600           |
| Employee Engagement                          | 306,596           | 137,400           |
| Miscellaneous & Others                       | 395,370           | 581,538           |
|                                              | <b>45,604,188</b> | <b>45,175,234</b> |

|                                                        | <b>2023</b><br><b>Rs</b> | <b>2022</b><br><b>Rs</b> |
|--------------------------------------------------------|--------------------------|--------------------------|
| Repair & Maintenance and depreciation of Capital asset |                          |                          |
| Maintenance of vehicles                                | 3,408,980                | 1,667,186                |
| Maintenance of Office Building                         | 217,915                  | 423,713                  |
| Maintenance of Computer, Equipment & Software          | 8,487,672                | 7,143,903                |
| Maintenance of Furniture & Fittings                    | -                        | 2,100                    |
| Depreciation Charges                                   | 13,781,278               | 16,955,397               |
|                                                        | <b>25,895,845</b>        | <b>26,192,298</b>        |
| <b>Total operational cost</b>                          | <b>178,832,962</b>       | <b>168,719,305</b>       |

#### **19. Finance Cost**

|              |            |               |
|--------------|------------|---------------|
| Bank Charges | 302        | 23,421        |
|              | <b>302</b> | <b>23,421</b> |

# AUDITOR GENERAL REPORT

The Chairman

Public Utilities Commission of Sri Lanka

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory requirements of the Public Utilities Commission of Sri Lanka for the year ended 31<sup>st</sup> December 2023 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

.....

The said report and Audited Financial Statements are is submitted herewith.

Sgd./ W.P.C. Wickramarathna  
Auditor General

Copy: Secretary - Ministry of Finance, Economic Stabilization and National Policies

The Chairman  
Public Utilities Commission of Sri Lanka

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory requirements of the Public Utilities Commission of Sri Lanka for the year ended 31<sup>st</sup> December 2023 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

.....

**Financial Statements**

**Qualified Opinion**

The audit of the financial statements of the Public Utilities Commission of Sri Lanka for the year ended 31<sup>st</sup> December 2023 comprising the statement of financial position as at 31<sup>st</sup> December 2023 and the statement of comprehensive income, statement of financial performance, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

Except for the effect of the matters described in the Basis for qualified opinion section of my report, it is my opinion that the Commission's financial statements give a true and fair view of its financial position as at 31 December 2023 and its financial performance and cash flows for the year in accordance with Sri Lankan Accounting Standards.

**Basis for qualified opinion**

In contrast to the provisions of the Conceptual Framework for Financial Reporting, accounting of Rs. 1.66 million incurred for local training programs in the year 2024 as expenditure in the year under review and, the expenses and accrued expenses of the year were overstated and understated respectively by those amounts due to non-accounting of Rs. 419,804 paid in the year 2024 as expenses of the year related to the year under review. Furthermore, the interest income and interest receivable in the year under review had been overstated since interest receivable of Rs. 210,483 had been accounted for in relation to a fixed deposit of two million rupees, which had been charged after maturity during the year under review.

Although a formal assessment of recoverability and necessary adjustments should be made in accordance with paragraph 5.5 of Sri Lanka Financial Reporting Standard (SLFRS) No. 9 on financial instruments in respect of long-term outstanding balances, the annual regulatory fees of Rs. 82.17 million for more than two years as on 31<sup>st</sup> December 2023, had not been dealt with.

(c) Although two million rupees had been allocated for research and survey expenses in the previous year, it had been decided not to carry out those survey activities in the year under review. However, for this, the value deducted from the operating surplus in the comprehensive income statement of the previous year was credited to the relevant expense account instead of being adjusted as other income in the reviewed year in accordance with paragraphs 36 and 37 of the Sri Lanka Accounting Standard on Accounting Policies, Changes in Accounting Estimates and Errors. (LKAS 08)

(d) According to the paragraph 51 of Sri Lanka Accounting Standard No. 16, the useful life of an asset must be reviewed at the end of each financial year, but since the useful life of 506 items of fixed assets was not accurately estimated and hence, assets at fully depreciated cost of Rs. 49 million, continued to be used.

(e) Investments worth Rs. 1,056,05 million made with the intent of holding till the maturity in accordance with paragraph 4.1.2 of the Sri Lanka Financial Reporting Standard No. 9, had not been accounted for Amortization at the end of the year.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAS). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **1.3. Other information that is included in Annual Report 2023**

Other information means the information included in the Commission's Draft Annual Report-2023 which was obtained by me before the date of this audit report, but not included in the financial statements and my audit report relating thereto. Management is responsible for these other details.

My opinion on the financial statements does not cover other information and I do not express any assurance or opinion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with my knowledge obtained during the audit or otherwise.

If I decided that there are material misrepresentations based on the other information gathered by me before the date of audit and based on the tasks performed by me, those facts should be reported by me. I have nothing to report in that regard.

### **1.4 Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

As per Section 16 (1) of the National Audit Act No. 19 of 2018, the Commission is required to maintain proper books and records of all its income, expenditure, assets, and liabilities, to enable annual and periodic financial statements to be prepared by the Commission.

## **1.5. Auditor's Responsibility in Auditing Financial Statements**

My objective is to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements. As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. Further,

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An understanding of internal control was obtained to design appropriate audit procedures as appropriate, although not with the intention of expressing an opinion on the effectiveness of internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.

Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I inform controlled parties about significant audit findings, key internal control weaknesses and other matters identified during my audit.

### **Report on Other Legal and Regulatory Requirements**

2.1. The National Audit Act No.19 of 2018 includes specific provisions for following requirements.

2.1.1. I have obtained all the information and explanation that were required for the Audit except the impact of matters described in the part of Basis for qualified opinion, and as I found, proper accounting records have not been kept by the Commission, as per the requirements of Section 12 (a) of the National Audit Act No.19 of 2018.

2.1.2. The financial statements presented is consistent with the preceding year as per the requirements of Section 6 (i) (d) (iii) of the National Audit Act No.19 of 2018.

2.1.3. The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018, except the observations Section 1.2 (b) and 1.2 (d) mentioned in the part of Basis for qualified opinion in my report.

Based on the procedures performed and evidence obtained were limited to matters that were material nothing has come to my attention to make the following statements.

2.2.1. That any member of the governing body of the Commission has any direct or indirect interest in any contract entered by the Commission which are out of the normal cause of business as per the requirements of Section 12 (d) of the National Audit Act No.19 of 2018.

2.2.2. That the Commission has not compiled any applicable written law, general and special directions issued by the governing body of the authority, as per the requirements of Section 12 (f) of the National Audit Act No.19 of 2018, except for following observations.

### **Reference to Laws/Direction**

### **Non-Compliance**

(a) Inland Revenue Act No. 24 of 2007

Although the Commission has earned investment income subject to tax in accordance with Paragraph 7 of Chapter (ii) of the first part of the Act, it has not submitted tax returns in accordance with Paragraph 126 (i) of the said Act and not paid tax in accordance with Paragraph 145 of the said Act.

(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

(i) Financial Regulation 103 (I), 104 (3) and 104 (4)

The car worth Rs.5.5 million attached to the Chairman of the Commission on 23<sup>rd</sup> June 2023 met with an accident on 11<sup>th</sup> December 2023 and the insurance company had refused to reimburse the loss of 2.18 million rupees and, the Commission had failed to recover that value and the cost of Rs.32000 for bringing the vehicle to Colombo from the liable parties even by 5th March 2024.

(ii) Financial Regulation 371

In the year under review, 11 non-staff officers were given ad-hoc sub interests totaling Rs.5.16 million in 142 cases and, whereas the arrears were not settled within the stipulated time, ad-hoc sub interests totaling Rs.2.3.1 million had been repeatedly issued to the same officers.

(c) Management Services Circular No. 30 dated 22<sup>nd</sup> September 2006 and Order No. 09 of the Committee on Public Enterprises held on 06<sup>th</sup> September 2023

The approval of the Department of Management Services had not obtained for the recruitment and promotion procedure of the Commission.

(d) Paragraphs I and II of Management Services Circular No. 3/2018 dated 18<sup>th</sup> July 2018

- (i) During the year under review, allowances totaling Rs. 48.4 million had been paid to the staff of the Commission without the recommendations of the National Salary and Cadre Commission and the prior approval of the Treasury.
- (ii) An amount of Rs. 6.44 million had been reimbursed as interest during the year under review, on behalf of the housing and property loans amounting to Rs. 98.09 million obtained by 19 officers through the housing and property loan scheme for the permanent employees of the Commission which was implemented without the approval of the Treasury.
- (iii) A sum of Rs. 240,762 had been reimbursed during the year under review as the interest of the sum of three million rupee obtained by one official from the vehicle loan scheme for permanent employees of the Commission, which had been implemented without the approval of the Treasury.

(e) Paragraph 3.3 of Public Enterprises Circular No.1/2015 dated 25<sup>th</sup> May 2015 and Paragraph 2 of Public Enterprises Circular No.01/2015 (i) dated 27<sup>th</sup> October 2016

Twenty-four officials of the commission had been paid Rs. 2.41 million, at a rate of Rs.10,000 per each, exceeding the approved monthly official vehicle allowance mentioned in the circular. In addition, 11 officers who get vehicle allowances had been paid a total of Rs 2.07 million at a rate of 20,000 per month as drivers allowance.

(f) Public Enterprises Circular No. PED – 1 / 2015 (II) dated 14<sup>th</sup> January 2022

The Director General, Deputy Director General and twelve officers holding directorships of the Commission had been paid approximately 1.4 million rupees for 3972 liters of fuel during the year under review more than the approved monthly fuel allowance payable to officers owning official vehicles as per the circular.

(g) Paragraph 3.1 of the Operational Manual for State Enterprises dated 16<sup>th</sup> November 2021

The staff of the Commission had not been approved by the Department of Management Services

2.2.3 It had been observed that, other than the observations mentioned below, the Commission had not acted in accordance with the powers, duties and tasks of the Commission as mentioned in the Section 12(g) of the National Audit Act No. 19 of 2018.

Even though the utility industries of electricity, petroleum and water services industries comes under the industries that should be regularize under the provisions of the Public Utilities Commission of Sri Lanka Act No. 35 of 2022, Petroleum and National Water supply and Drainage Board has not been regularize for over 21 years due to the non-amendment of the relevant acts.

Even though, petroleum, lubricants and water industries were not regulated, Rs. 20.13 million had been spent from the year 2021 to the year 2023 for the consultants appointed in this respect.

2.2.4 It had been observed that other than the observations mentioned below, resources had not been utilized economically, efficiently, and productively within the period, using legal procurement as mentioned in the Section (h) of the National Audit Act No. 19 of 2018.

The commission had awarded 09 contracts for the development and improvement of computer systems to 04 institutions in the years 2021 and 2022 without entering into an agreement and all the systems were to be completed by the end of the year 2022. Five systems that had spent Rs. 3.5 million by the end of 2022, had failed to be completed and used even by March 2024.

### **03. Other Matters**

(a) Although the annual regulatory fee due from the Ceylon Electricity Board for the period from 2014 to 2019 is 81.87 million rupees, as per the balance confirmations received directly from the board, the balance was Rs. 62.77 million, and a difference of Rs. 19.11 million was observed. Also, balance confirmations were not submitted for annual regulatory fees of 3.62 million rupees due from other institutions.

(b) The power purchase agreements had expired and A Power Ambilipitiya Pvt., S. Power Generation Matara Pvt., Asia Power Pvt. we are not licensed by the Public Utilities Commission of Sri Lanka in accordance with Section 13 of the Sri Lanka Electricity Act No. 30 of 2009. The Ceylon Electricity Board had purchased electricity on a short-term basis by extending the basic electricity purchase agreements from the year to 2022. However, the Public Utilities Commission of Sri Lanka had not taken legal action against those companies in accordance with the seventh section of the said Act.

(c) Without entering into a rental agreement, Rs. 2.7 million had been paid from time to time to a private company as rental vehicle charges to provide necessary transport facilities for the daily duties of the commission.

Sgd./ W.P.C. Wickramaratne  
Auditor General

# TEN YEARS SUMMARY OF FINANCIAL POSITION

|                                 | 2023                 | 2022                 | 2021               | 2020               | 2019               | 2018               | 2017               | 2016               | 2015               | 2014               |
|---------------------------------|----------------------|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                 | Rs.                  | Rs.                  | Rs.                | Rs.                | Rs.                | Rs.                | Rs.                | Rs.                | Rs.                | Rs.                |
| <b>Assets</b>                   |                      |                      |                    |                    |                    |                    |                    |                    |                    |                    |
| <b>Non-Current Assets</b>       |                      |                      |                    |                    |                    |                    |                    |                    |                    |                    |
| Property Plants & Equipment     | 42,308,705           | 53,505,233           | 59,993,214         | 31,917,717         | 43,367,460         | 54,387,467         | 28,237,012         | 29,475,844         | 30,755,494         | 27,984,521         |
| Capital work in progress        | 7,300,238            | 7,300,238            | 7,376,322          | -                  | 5,330,495          | 3,014,350          | 10,110,684         | 3,234,750          | 900,382            | -                  |
| Intangible Assets-Software      | 188,000              | 496,501              | 1,414,883          | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
| Distress Loan                   | 4,205,169            | 5,651,504            | 5,052,626          | 6,263,793          | 2,968,831          | 2,848,266          | 2,519,949          | 3,151,618          | 2,402,453          | 3,250,783          |
| <b>Total Non-Current Assets</b> | <b>54,002,112</b>    | <b>66,953,476</b>    | <b>73,837,046</b>  | <b>38,181,510</b>  | <b>51,666,786</b>  | <b>60,250,083</b>  | <b>40,867,645</b>  | <b>35,862,212</b>  | <b>34,058,329</b>  | <b>31,235,304</b>  |
| <b>Current Assets:</b>          |                      |                      |                    |                    |                    |                    |                    |                    |                    |                    |
| Investment                      | 1,056,050,654        | 675,378,719          | 589,707,190        | 514,868,339        | 288,549,964        | 267,348,309        | 152,076,267        | 94,090,625         | 68,586,020         | 115,229,044        |
| Inventories                     | 649,144              | 465,348              | 797,006            | 76,303             | 205,783            | 419,981            | 558,211            | 431,740            | 60,212             | 86,635             |
| Receivable                      | 99,622,460           | 439,969,156          | 222,974,991        | 167,222,062        | 273,918,132        | 165,634,010        | 163,412,727        | 112,603,999        | 106,916,490        | 64,366,335         |
| Deposit,                        |                      |                      |                    |                    |                    |                    |                    |                    |                    |                    |
| Advances & Pre Payments         | 2,685,404            | 6,178,204            | 10,842,082         | 7,739,100          | 8,950,207          | 6,491,044          | 9,699,826          | 7,187,935          | 6,108,048          | 5,641,567          |
| Cash & Cash Equivalents         | 880,700              | 163,760              | 6,897,984          | 4,460,627          | 1,192,028          | 3,275,337          | 8,617,950          | 8,384,737          | 50,194,831         | 9,602,867          |
| Distress Loan                   | 1,702,602            | 2,477,665            | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
| <b>Total Current Assets</b>     | <b>1,161,590,963</b> | <b>1,124,632,851</b> | <b>831,219,254</b> | <b>694,366,431</b> | <b>572,816,114</b> | <b>443,168,681</b> | <b>334,364,981</b> | <b>222,699,036</b> | <b>231,865,601</b> | <b>194,926,448</b> |
| <b>Total Assets</b>             | <b>1,215,593,075</b> | <b>1,191,586,327</b> | <b>905,056,300</b> | <b>732,547,942</b> | <b>624,482,901</b> | <b>503,418,764</b> | <b>375,232,626</b> | <b>258,561,248</b> | <b>265,923,930</b> | <b>226,161,752</b> |
| <b>Funds &amp; Liabilities</b>  |                      |                      |                    |                    |                    |                    |                    |                    |                    |                    |
| <b>Funds</b>                    |                      |                      |                    |                    |                    |                    |                    |                    |                    |                    |
| Accumulated Fund                | 1,095,020,888        | 1,072,084,350        | 784,517,162        | 675,027,631        | 528,251,661        | 426,945,054        | 317,343,957        | 205,943,678        | 207,128,049        | 196,138,821        |

|                                |                      |                      |                    |                    |                    |                    |                    |                    |                    |                    |
|--------------------------------|----------------------|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Revaluation Reserves           | 57,063,763           | 57,063,763           | 57,063,763         | 24,849,786         | 24,849,786         | 27,444,698         | 3,027,878          | 3,027,878          | 3,027,878          | 3,027,878          |
| ADB- TA Assistance             | -                    | -                    | -                  | -                  | -                  | -                  | -                  | -                  | 2,227,880          | 2,227,880          |
|                                | <b>1,152,084,651</b> | <b>1,129,148,113</b> | <b>841,580,925</b> | <b>699,877,417</b> | <b>553,101,447</b> | <b>454,389,752</b> | <b>320,371,835</b> | <b>208,971,556</b> | <b>212,383,807</b> | <b>201,394,579</b> |
| <b>Non-Current Liabilities</b> |                      |                      |                    |                    |                    |                    |                    |                    |                    |                    |
| Provision for Gratuity         | 26,908,309           | 23,591,337           | 19,768,528         | 16,973,374         | 14,888,341         | 12,803,688         | 14,576,749         | 11,674,734         | 9,492,922          | 7,729,525          |
|                                | <b>26,908,309</b>    | <b>23,591,337</b>    | <b>19,768,528</b>  | <b>16,973,374</b>  | <b>14,888,341</b>  | <b>12,803,688</b>  | <b>14,576,749</b>  | <b>11,674,734</b>  | <b>9,492,922</b>   | <b>7,729,525</b>   |
| <b>Current Liabilities</b>     |                      |                      |                    |                    |                    |                    |                    |                    |                    |                    |
| Payable Accounts               | 35,509,795           | 37,064,477           | 41,906,846         | 14,897,151         | 44,265,513         | 23,761,624         | 27,930,742         | 26,530,908         | 32,707,201         | 5,897,648          |
| Auditor General's Fees         | 1,090,320            | 1,782,400            | 1,800,000          | 800,000            | 1,627,600          | 1,863,700          | 1,753,300          | 784,050            | 740,000            | 540,000            |
| Security Deposit - CEB         |                      | -                    | -                  | -                  | 10,600,000         | 10,600,000         | 10,600,000         | 10,600,000         | 10,600,000         | 10,600,000         |
|                                | <b>36,600,115</b>    | <b>38,846,877</b>    | <b>43,706,846</b>  | <b>15,697,151</b>  | <b>56,493,113</b>  | <b>36,225,324</b>  | <b>40,284,042</b>  | <b>37,914,958</b>  | <b>44,047,201</b>  | <b>17,037,648</b>  |
| <b>Total Liabilities</b>       | <b>1,215,593,075</b> | <b>1,191,586,327</b> | <b>905,056,300</b> | <b>732,547,942</b> | <b>624,482,901</b> | <b>503,418,764</b> | <b>375,232,626</b> | <b>258,561,248</b> | <b>265,923,930</b> | <b>226,161,752</b> |

Ten years Summary of Comprehensive Income Statement

|                                       | 2023               | 2022               | 2021               | 2020               | 2019               | 2018               | 2017               | 2016               | 2015               | 2014               |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                       | Rs.                | Rs.                | Rs.                | Rs.                | Rs.                | Rs.                | Rs.                | Rs.                | Rs.                | Rs.                |
| <b>Revenue</b>                        |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Variable registration fee             | -                  | 310,948,708        | 240,947,478        | 141,145,406        | 149,455,507        | 142,341,968        | 132,791,385        | 49,721,848         | 43,562,900         | 38,633,431         |
| Annual Regulatory Levies              | 237,736,618        | 245,946,352        | 190,434,186        | 189,818,981        | 185,302,257        | 190,645,988        | 188,280,911        | 172,712,742        | 173,946,525        | 154,090,150        |
| Licenses Application Fees             | 488,000            | 455,000            | 525,000            | 474,000            | 513,000            | 371,000            | 195,000            | 160,000            | 280,000            | 440,000            |
| Other Income                          | 130,523,839        | 100,247,992        | 25,353,379         | 27,685,191         | 25,016,671         | 22,760,865         | 9,981,236          | 6,872,685          | 5,010,359          | 7,365,483          |
| <b>Total Revenue</b>                  | <b>368,748,457</b> | <b>657,598,052</b> | <b>457,260,044</b> | <b>359,123,578</b> | <b>360,287,435</b> | <b>356,119,821</b> | <b>331,248,532</b> | <b>229,467,275</b> | <b>222,799,784</b> | <b>200,529,064</b> |
| <b>Expenses</b>                       |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Personnel costs                       | 162,324,261        | 180,028,689        | 143,136,589        | 113,800,954        | 112,376,098        | 101,874,102        | 94,986,858         | 89,449,178         | 81,347,494         | 75,017,875         |
| Consultancy Servicers                 | 5,234,693          | 15,775,913         | 26,908,532         | 5,455,619          | 28,108,960         | 21,338,222         | 10,960,733         | 40,028,734         | 41,053,981         | 16,386,528         |
| Operational Expenses                  | 178,832,962        | 168,719,304        | 177,630,486        | 94,251,588         | 120,431,964        | 126,868,862        | 114,199,535        | 103,057,057        | 96,334,574         | 84,426,653         |
| Finance Cost                          | 302                | 23,421             | 6,390              | 11,185             | 11,891             | 9,120              | 10,931             | 14,961             | 14,967             | 27,298             |
| <b>Total Expenditure</b>              | <b>346,392,219</b> | <b>364,547,327</b> | <b>347,681,997</b> | <b>213,519,346</b> | <b>260,928,913</b> | <b>250,090,306</b> | <b>220,158,057</b> | <b>232,549,930</b> | <b>218,751,016</b> | <b>175,858,354</b> |
| <b>Operating Surplus for the year</b> | <b>22,356,238</b>  | <b>293,050,725</b> | <b>109,578,047</b> | <b>145,604,233</b> | <b>99,358,522</b>  | <b>106,029,515</b> | <b>111,090,475</b> | <b>-3,082,655</b>  | <b>4,048,768</b>   | <b>24,670,710</b>  |
| <b>Other Comprehensive Income</b>     |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Revaluation Gain                      | -                  | -                  | 32,213,977         | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
| Actuarial gain/Loss                   | 580,300            | -5,483,537         | -88,516            | 1,171,741          | -                  | -                  | -                  | -                  | -                  | -                  |
| <b>Total surplus for the year</b>     | <b>22,936,538</b>  | <b>287,567,188</b> | <b>141,703,508</b> | <b>146,775,974</b> | <b>99,358,522</b>  | <b>106,029,515</b> | <b>111,090,475</b> | <b>(3,082,655)</b> | <b>4,048,768</b>   | <b>24,670,710</b>  |