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மின்சக்தி மற்றும் வலுசக்தி அமைச்சு

MINISTRY OF POWER AND ENERGY

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Annual Performance Report

2022

Ministry of Power and Energy
Annual Performance Report - 2022

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Annual Performance Report for 2022
Ministry of Power and Energy
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Chapter 01

Institutional Profile/Executive Summary

1.1 Introduction

The life of the people was affected seriously due to the social, economic and political changes happened in our country in the year 2022 and the problematic situation of the world economy arose with the covid epidemic. And also, the electricity and energy sector of the country faced the following challenges due to the foreign exchange crisis faced by the country. Therefore, this Ministry was entrusted to identify appropriate strategies to overcome those challenges.

- The increase of petroleum prices in the global market and the severe devaluation of the rupee against the American dollar was seen at the beginning of 2022. As a result, the Ceylon Petroleum Corporation had to bear high costs for fuel imports. In addition to that, it was a very difficult task to arrange the foreign exchange required for fuel import through the local banking system due to the foreign exchange crisis.

- Reluctance of international suppliers to supply fuel due to factors such as Sri Lanka's downgrading of credit ratings in conjunction with the foreign exchange crisis and non-payment of long-term debt to fuel suppliers. As well, a handful of bidders submitted bids with their new conditions outside of the bidding conditions.

- Ceylon Petroleum Corporation has a difficult task in providing working capital for fuel import and implementation of other energy development programs due to the inability to determine a cost-reflective selling price until the first half of the year to cover the cost of fuel.

- The limited amount of fuel that the corporation had in distribution to consumers was affected by various effects, creating long fuel queues all over the island due to the shortage of fuel in the country.

- Due to the foreign exchange crisis, the inability to continuously supply of fuel & coal to the power plants, the failure of the generators in the power plants and the rapid decrease in the water level of the reservoirs used to generate hydroelectricity, there were interruptions in the continuous generation and distribution of electricity. As a result of that, it was developed 13 hours power cut a day. Since it was difficult to continuously supply electricity, which is an essential source of energy for the people, there was an adverse effect on the production of various public and private sector industries, on other institutions providing various services, and on domestic consumers.

The ministry mainly implemented the following alternative strategies in the year 2022 in order to free the public from the problematic situation that has arisen and put them on a path of relief.

- In order to ensure the continuous fuel supply in the country, procurement of fuel under guarantee of payments to suppliers by the Central Bank of Sri Lanka, introduction of payment through Non-Resident Rupees (NRR ESCROW) account system & making payment when release from storage tanks (Ex-storage Modality) to import petroleum products, arrangements for registration of new suppliers for fuel supply and steps were

taken to import fuel from selected suppliers by evaluating unsolicited proposals on the approval of the Cabinet of Ministers.

- As a solution to the foreign exchange crisis, reputed foreign companies were given the opportunity to enter the country's petroleum market, and a cost-reflective fuel price mechanism was introduced to cover the cost of petroleum.

- Furthermore, the "National Fuel Pass" was introduced with the contribution of the Ministry, public and private institutions for the fair distribution of the available limited fuel stocks among consumers. This allowed each vehicle to have a guaranteed amount of fuel on a weekly basis for general transportation purposes. Also, fuel requirements for public transport and other development works were identified separately and arrangements were made to provide sufficient fuel for that purpose. Also, arrangements were made to maintain a minimum buffer stock of fuel reserves for several days.

- Due to the ability to restore power generation from the middle of the year, the ability to continue operating thermal storage plants and the increasing trend towards wind and solar energy, power outages of around thirteen (13) hours at the beginning could be reduced to two and a half hours by the end of 2022. At present, necessary measures have been taken to maintain a continuous supply of electricity in the country without any power cuts.

- The economic crisis at that time has also adversely affected the implementation of various development projects related to the power sector. However, from the year 2022, the government paid special attention to the implementation of renewable energy projects. As a result, a policy decision has been taken to increase electricity generation from renewable energy sources to 70% by 2030. Also, the Ministry carried out the necessary regulatory activities for the proper implementation of development projects including the implementation of generation plans related to the power sector. As a step taken to meet the electricity needs of the people, the Broadland Hydro Power Plant was built and connected to the national grid in 2022. Also, steps were taken this year to build and operate the Mannar Wind Power Plant. This led to an increase in the contribution of renewable energy.

- The activities of the Petroleum Development Authority of Sri Lanka, which was established with the aim of carrying out exploration and regulatory activities related to the petroleum industry, were also successfully started in the year 2022 and related regulations were prepared and implemented.

Ceylon Petroleum Corporation, Ceylon Petroleum Storage Terminal Limited, Ceylon Electricity Board, Lanka Electricity Private Company (LECO), Sri Lanka Sustainable Energy Authority, Atomic Energy Board, Atomic Energy Regulatory Council, L.T.L. Holdings Company, Ceylon Coal Pvt. Company, Ceylon Energies Pvt. Company, Petroleum Development Authority of Sri Lanka and Trinco Petroleum Terminal Pvt Ltd coming under the Ministry of Power and Energy had extended their contribution and commitment to the Ministry in carrying out its functions.

In order to solve the energy crisis of the public by avoiding the problematic situation in the power and energy sector of our country, every department of the Ministry

performed its work with great dedication. When generally considering, this report presents the progress of the work done in the year 2022 for the continuous supply of electricity and other energies, which is an essential factor for the economic and social affairs of our country.

1.2 Vision, Mission, Objectives

Power Section

Vision

"A sustainably Developed Sri Lanka"

Mission

"Provide Quality, Reliable, Sustainable and Affordable Electricity for economic prosperity of the nation"

Energy Section

Vision

“To make Sri Lanka the energy hub of Asia”

Mission

“Enhancing access to low cost energy to meet national needs by management of fuel importation and integration of domestic new energy sources into the energy mix, and ensuring an environmental friendly sustainable energy supply by regulation of energy related policy enforcement in complying with relevant laws and regulations"

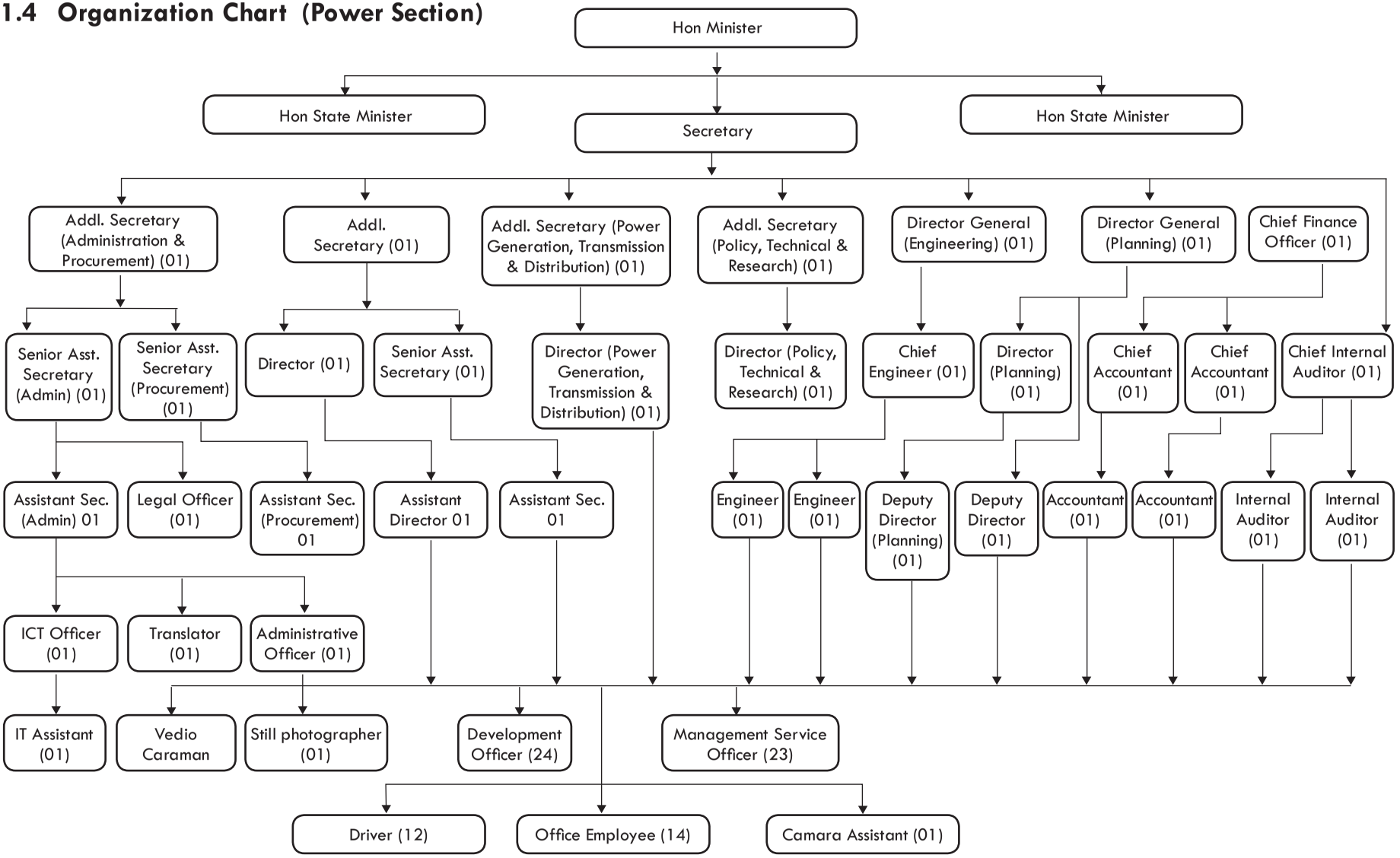
Objectives

- 70% of the electricity generated by Renewable Energy by 2030.
- Increase Power Generation Capacity of the country from the existing 4,809 MW to 7,629 MW by 2025 with maximum feasible development of Renewable Energy.
- Improve Transmission Network;
  From 799 km to 1,300 km in the 220 kV network by 2025
  From 2,361 km to 3,000km in the 132 kV network by 2025
- Improve Distribution Network to provide quality service and to maintain 100% household electrification level.
- Reduce Technical and Commercial losses of the System from 9% to 8% by 2025.
- Convert the power system of the country to a Smart Grid by encouraging manufacturing of electrical equipment locally.
- Ensure the quality and reliability throughout the fuel supply chain.
- Promote efficient and effective use of petroleum products.
- Ensure more efficient, effective and safe storage and distribution of fuel throughout the country.
- Be a leading contributor for making Sri Lanka a Carbon neutral country by 2050.
- Upgrade quality of Diesel and Gasoline to EURO VI standards by 2023.
- Be a partner in the energy self-sufficiency of Sri Lanka by optimizing production of domestic oil and natural gas by 2030.
- Implementation of National policy on Natural Gas.
- Meet petroleum product demand of the country through our own processing by 2026.

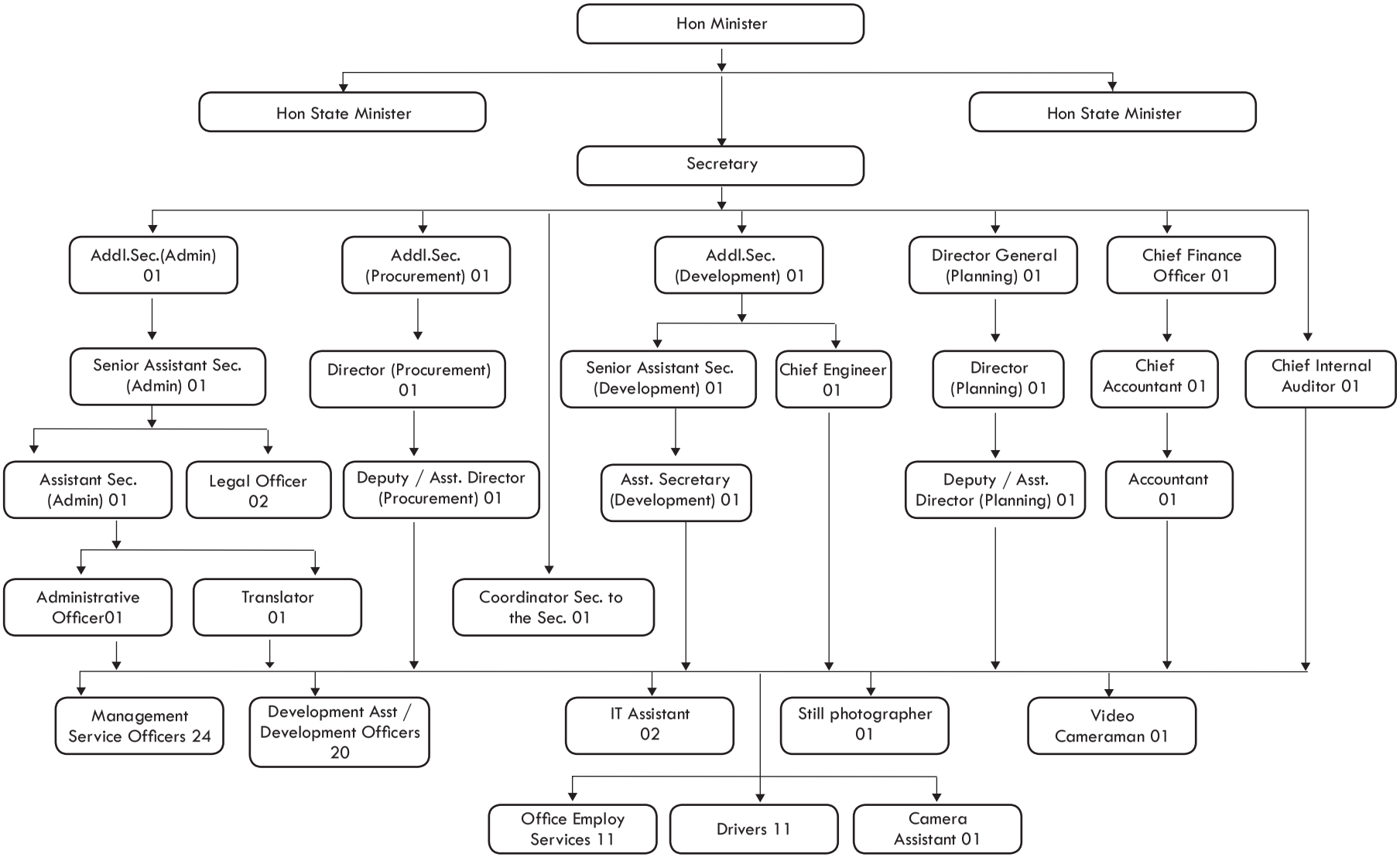
1.3. Functions Entrusted to the Ministry

- Formulation, implementation, monitoring and evaluation of policies, programmes and projects, in relation to the subjects of power and energy, and those subjects that come under the purview of Departments, Statutory Institutions and Public Corporations under the Ministry based on the national policies implemented by the government.
- Provision of public services under the purview of the Ministry in an efficient and people friendly manner.
- Reforming all systems and procedures using modern management techniques and technology, thus ensuring that the functions of the Ministry are fulfilled while eliminating corruption and waste.
- Exploration, planning, development and supervision of activities relating to generation of renewable energy, electricity and other energies from sources such as solar, water, thermal, coal, waste and wind.
- Meeting the electricity needs of Sri Lanka and safeguarding energy security.
- Management of demand to ensure energy efficiency.
- Implementation of a power generation plan based on long term requirements.
- Making the power transmission and distribution processes efficient.
- Creation of a smart network to ensure efficient use of generated electricity.
- Reduction of costs for generating electricity and removal of uncertainties during generation.
- Controlling greenhouse gas emissions.
- Rural electrification.
- Coordination and implementation of import, refining, storage, distribution and marketing of petroleum-based products and natural gas.
- Petroleum production and refining.
- Exploration of petroleum and natural gases and related activities.
- Matters relating to production of gas and by-products from petroleum production sources, maintenance of stocks, production and distribution.
- Development of infrastructure facilities in relation to the supply and distribution of fuel.
- Formulation of an appropriate energy policy for the control, regulation and utilization of energy resources.
- Development of Renewable Energy.
- Encouraging the use of solar power systems and solar battery systems to ensure the availability of low-cost energy for households, office and factories.
- Encouraging the private sector and entrepreneurs to undertake renewable energy projects.
- Increasing energy generation using industrial waste.
- Matters relating to all other subjects assigned to Institutions Comes under the Ministry.
- Supervision of the Institutions Comes under the Ministry.

1.4 Organization Chart (Power Section)



(Energy Section)



1.5 Main Functions of the Divisions

❑ Administration Division

- All the administrative activities related to the Ministry.
- Proper maintenance of personal files of the Ministry staff.
- Human Resource Development.
- Prepare answers to parliamentary questions.
- Activities related to Parliamentary Committees i.e. Public Petition Committee, Consultative Committee on Power and Energy, and Committee on Public Enterprises.
- Provide administrative guidance to all the statutory bodies that come under the purview of the Ministry.

❑ Development Division

- Formulations and implementation of development policy decisions relating to up-mid-and downstream petroleum Industries.
- Coordination of all development activities pertaining to oil and natural gas exploration and production.
- Coordination and monitoring of development and regulatory activities pertaining to the petroleum sector.
- Coordination and monitoring of all development activities.
- Coordination with the Ministry of Finance and other relevant Government Agencies, in connection with petroleum products pricing, fuel subsidies, distribution, sales, and marketing issues, etc.
- Issuance/ renewal of licenses for the potential parties to engage in lubricant & greases, bitumen and bunkering businesses in Sri Lanka and granting permissions to private parties to import any other special petroleum products.
- Renewable energy development activities.

❑ Policy, Technical and Research Division

- Preparation, Implementation and Coordination of the National Energy policy and Strategies.
- Act in Collaboration with the Public Utilities Commission of Sri Lanka (PUCSL) in amending the provisions of the Sri Lanka Electricity Act and enforcing the regulations, issuing policy guidelines, drafting electricity tariffs and issuing licenses etc.
- All the technical activities related to the electricity generation, Transmission, Development and Energy Conservation and Demand Side management and matters related to the prevention of Power failures, lapses of transmission and Distributions.
- Monitoring of the Power Plant productions and operations.
- Coordination of the projects implemented by Atomic Energy Regulatory Council (AERC) and Atomic Energy Board (AEB).
- Enactment of laws and regulations related to the Electricity Act.
- Facilitation to Research and development activities in Power Sector.
- Activities related to the World Energy Council.
- Coordination and obtaining necessary approvals for Memorandum of Understandings comes under the Ministry Scope.

❑ Generation, Transmission and Distribution Division

- Implementation of large and medium-scale power generation projects and all the matters relevant to power generation, Transmission and Distribution.
- Introduction of Liquified Natural Gas (LNG) to the Sri Lanka Power Sector as an environmentally friendly fuel.
- Approval, implementation and land acquisition of thermal power plant

projects and Renewable energy power projects.
- Coordination with the Department of External Resources for seeking finance.

❑ Planning Division

- Preparation of Action Plans, Annual Performance Report and Progress Report of the Ministry.
- Preparation and reviewing of project proposals and obtaining necessary approvals for implementation.
- Preparation of Annual Budget for development projects.
- Monitoring and reviewing the progress of projects and preparation of reports.
- Implementation of Nationally Determined Contributions of the Power Sector and the activities relevant to Sustainable Development Goals.
- Preparation of various reports and plans requested by the Presidential Secretariat, Prime Minister's Office, line Ministries, and the Treasury Departments.

❑ Procurement Division

- Activities pertaining to the Special Standing Cabinet Appointed Procurement Committees (SSCAPC).
- Activities relating to the appointment of various procurement committees in terms of procurement activities of institutions coming under the Ministry purview.
- Coordinating overall procurement matters with the General Treasury.
- Supervision and monitoring of procurement activities carried out by the institutions under the Ministry.
- Carrying out the activities where the approval of the Cabinet of Ministers is required for the procurement activities.

❑ Finance Division

- Make expenditure on all the expenses in accordance to the Budgetary Provisions of the Ministry approved by the Parliament for the respective year.
- Take actions to prepare and make payment of the salaries of the staff of the Hon. Minister and the Ministry staff and attend other activities in relation to the salary payments.
- Make orders and supply necessary inventory items, stationeries and office equipment necessary for the staff of the Hon. Minister and the Ministry staff as per their requirements.
- Proper operation and maintenance of the official Bank Account of the Ministry.
- Prepare budget estimates for the next financial year, by considering the necessary allocations for the Ministry expenditure.
- Prepare and maintain vote ledger classifying the object for the money receipts by the Ministry as government revenue and the expenses incurred for the Ministerial functions.
- Preparation of annual appropriation account representing all the transaction of the Ministry for the year and submitting the same to the Auditor General.

❑ Internal Audit Division

- Preparation and execution of the Audit plan of the Ministry as per the instruction of the Management Audit Department.
- Carrying out special inspections and investigations as per the instruction of the Secretary to the Ministry.
- Coordinating the activities of the Internal Audit Divisions of the Institutions under the purview of the Ministry.
- Conducting Audit and Management Committee meetings.

1.6 Institutions comes under the purview of Ministry of Power and Energy

Ceylon Electricity Board : Established by Act No.17 of 1969. It is empowered to generate electrical energy, transmit it and distribute same to all categories of consumers and to collect revenue as per the tariff approved by the Public Utilities Commission of Sri Lanka (PUCSL).

Lanka Electricity Company (Private) Limited (LECO): A subsidiary of CEB with shareholding of 54.84%, and with minority shareholding of the Treasury 43.56%, Urban Development Authority 0.79% and Local Authority 0.81%.

LTL Holdings: A subsidiary of CEB with shareholding of 63%, with minority shareholding of its employees (37%).

Sri Lanka Sustainable Energy Authority (SLSEA): Established by Act No.35 of 2007.

Sri Lanka Atomic Energy Regulatory Council: Established under the Sri Lanka Atomic Energy Act, No. 40 of 2014.

Sri Lanka Atomic Energy Board: Established under Sri Lanka Atomic Energy Act, No.40 of 2014.

Lanka Coal Company (Pvt). Ltd.: A subsidiary of CEB with shareholding of 60%, with minority shareholding by the Treasury (20%), Sri Lanka Shipping Corporation (10%) and Sri Lanka Ports Authority (10%).

Sri Lanka Energies (Pvt) Ltd: A subsidiary of CEB with 100% shareholding.

Ceylon Petroleum Corporation: Established under the Ceylon Petroleum Corporation Act No. 28 of 1961.

Ceylon Petroleum Storage Terminal Limited: established under the Companies Act No. 17 of 1982.

Petroleum Development Authority of Sri Lanka: Established under the Petroleum Resources Act No 21 of 2021.

Trinco Petroleum Terminal Limited: Established under the Company Act No 07 of 2007.

1.7 Foreign funded Projects

Table 1.1
Foreign funded Projects of Ministry of Power and Energy

S/N	Name of the Project	Lending Agency	Estimated Cost (Rs. Mn)	Project Duration	Progress 2022	
					Financial	Physical
Generation Projects						
1	Construction of 31 MW (Moragolla Hydropower Project)	ADB	18,553	2018-2023	32%	45%
2	35 MW Hydro Power Plant at Broadlands	Previously China	9,424	2013-2022 (Completed)	100%	100%
3	120 MW Uma Oya Hydro Power Plant	Iran	USD 530 Million	2010-2023	By Irrigation Ministry	99%
Transmission and Distribution Projects						
4	Construction of New Polpitiya-Hambantota 220kV, 150km transmission line	ADB	5,794	2018-2023	85%	95%
5	Construction of Horana - Padukka 132 kV, 25 km Transmission Line Project	AFD	592	2020-2023	33%	43%
6	Construction of Colombo B GSS Single In & Out Connection from Colombo C - Kolonnawa 132kV 800mm 2 Cable Augmentation at Colombo C and Kolonnawa Grid Substations	AFD	929	2019-2022	85%	97%
7	Augmentation of Kotugoda, Kolonnawa, Padukka, Horana, Dehiwala and Madampe Grid Substation	ADB	2,214	2018-2022	88%	99%
8	Construction of Biyagama 220/33kV GSS Augmentation of Biyagama Grid Substation	ADB	1,540	2018-2022 Completed on Jan 2022)	89%	100%
9	Augmentation of Ambalangoda 132/33 kV Grid Substation, Augmentation of Pannala 132/33 kV Grid Substation & Supply of 2 Spare Transformers of 132/33 kV 31.5 MVA	ADB	1,739	2022-2024	10%	16%
10	Installation of 100 MVAR BSC at Pannipitiya Grid Substation Installation of Static Var System (SVS) at Biyagama Grid Substation	ADB	2,699	2019-2023	84%	71%

11	Installation of 124Mvar Breaker Switched Capacitor Banks in Colombo City Grid Substations and Replacing the detuned Breaker Switched Capacitor Banks at Thulhiriya Grid Substation	ADB	1,763	2022-2023	10%	To be commenced
12	220kV Switching Station at Kerawalapitiya	ADB	2,910	2020-2023	25%	42%
13	33 kV distribution Tower Lines and Gantries (P4) Augmentation of 02 Nos. existing 33/11 kV Primary substations at Ethulkotte and Beligaha. - Construction of 01 No. new 2x 10 MVA 33/11 kV Primary substation at Raththanapitiya. (P5)	ADB+AFD	4,146 (P4: 2,736 P5: 1,440)	2019-2023	P4 (81%) P5 (72%)	P4 (100%) P5 (55%)
14	300 kVA Micro Grid Pilot Project - LECO	ADB	277	2019 – 2022 (Complete)	100%	100%
15	Electricity Supply Reliability Improvement Project Construction of 300 km long 33kV tower lines and 13 no. of 33kV switching gantries	ADB	6,782	2019 - 2022	36%	44%
16	Habarana - Veyangoda 220 kV Transmission Line Construction of New Habarana Grid Substaion. Construction of 220 kV, 146 km New Habarana to Veyangoda transmission line	JICA	10,757	2018 – 2022 (2 circuit line completed May 2021).	85%	99%
17	Construction of New Habarana 220/132/33 kV Grid Substation	JICA	4,190	2018-2022	100%	100%
18	National Transmission and Distribution Network Development and Efficiency Improvement Project Package 1 – Transmission Lines Package 2 – Grid Substations Package 3 – Transmission Lines Package 4 – Distribution Lines	JICA	29,521 (P1:4780, P2:8826, P3:11,321, P4:4594)	2019 - 2023	P1 (22%) P2 (76%) P3 (72%) P4 (55%)	P1 (60%) P2 (68%) P3 (58%) P4 (41%)

Chapter 02

Progress and Future Outlook

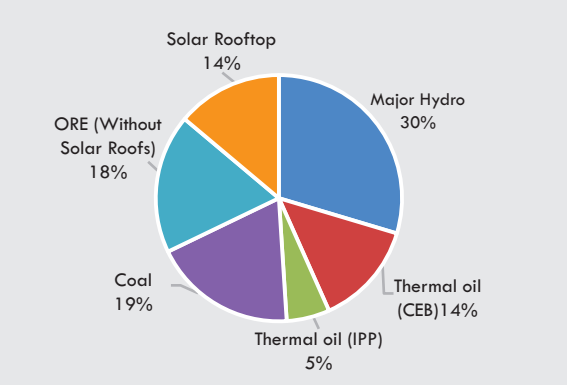
Power Section

2.1 Installed Capacity of the Power grid

The current total installed capacity of the national power grid is 4,809 MW, which consists of 62% renewable energy sources and 38% fossil fuels. Out of the fossil fuel portion, 19% consists of coal and 19% comes from thermal oils. Major Hydro is the main source of renewable energy in the capacity mix, which has a share of 30%. Other renewable energy sources such as wind, Solar (Ground Mounted & Solar rooftops), Mini hydro, Biomass and municipal solid waste are also used in power generation and have a 32% share of the capacity mix.

259 MW capacity was added to the national grid from January to December 2022 by renewable energy sources. 223 MW was added to national grid by 12,179 solar roof installations. 32 MW was added to the grid by the completion of 28 number of grounds mounted solar power plants.

Figure 2.1
Total Installed Capacity - 2022



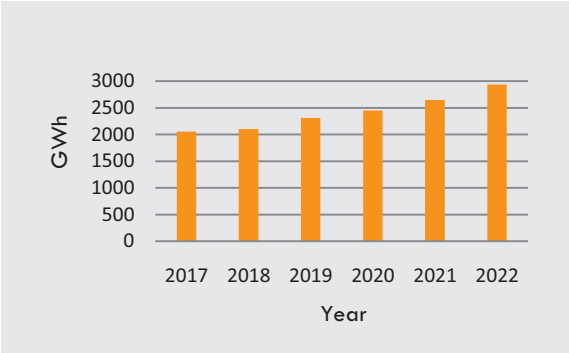
Source: CEB, SLSEA

Table 2.1
Total Installed Capacity of the National Grid (2023 - March)

Energy Source		Capacity (MW) (2023-Feb)	Capacity (MW) (2021-Dec)	Total Installed Capacity (2023 - March) %	No. of power plants
Thermal	Fuel oil (CEB)	654	604	14%	9
	Fuel Oil (IPP)	270	457	5%	1
	Coal	900	900	19%	1
Total Thermal		**1,824**	**1 961**	**38%**	**11**
Renewable	Major Hydro	1,413	1,383	30%	18
Other Renewable Energy (ORE)	Mini Hydro	429	429	9%	214
	Wind	248	248	5%	18
	Solar (GM)	132	96	3%	81
	Dendro& Biomass	52.6	43.5	1%	14
	WTE	10	10	0.2%	1
	Solar roof top	700	439	14%	
ORE Total		**1,572**	**1,267.5**	**32%**	**328**
Renewable Total		**2,985**	**2,650.5**	**62%**	**346**
Total Installed capacity		**4,809**	**4,611.5**	**100%**	**357**

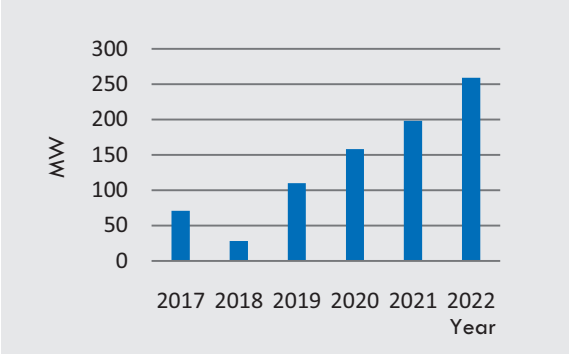
Source: CEB, LECO, SLSEA

Figure 2.2
Renewable Capacities (MW)



Source: CEB. LECO, SLSEA

Figure 2.3
ORE Capacity Addition (MW)



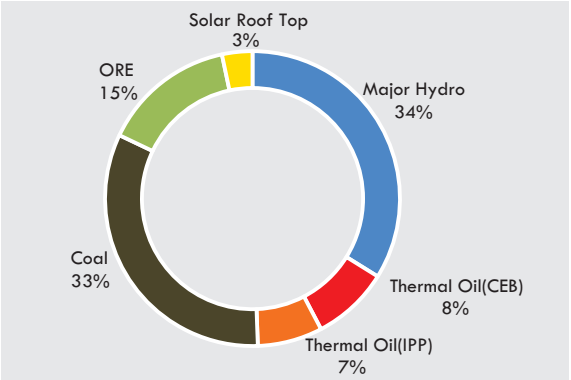
Source: CEB, SLSEA

Over the past five years, the renewable energy capacity of the national grid was increased as number of new power plants were added to the system.

2.2 Electricity Generation - 2022

From January to December 2022, the net electricity generation was 15,845 GWh. Out of the total electricity generated in 2022, 48% of electricity was generated from thermal energy sources. The share of renewable energy in the 2022 generation mix was 52%. The renewable energy share was consisting of 34% major Hydro, and 15% Other Renewable Energy (Wind, Solar (GM), mini-hydro and biomass including 3% of rooftop solar. The major share of electricity in thermal energy was generated from coal which was 33% and 15% of electricity from thermal fuel oil (8% from thermal plants owned by CEB and 7% from private thermal plants)

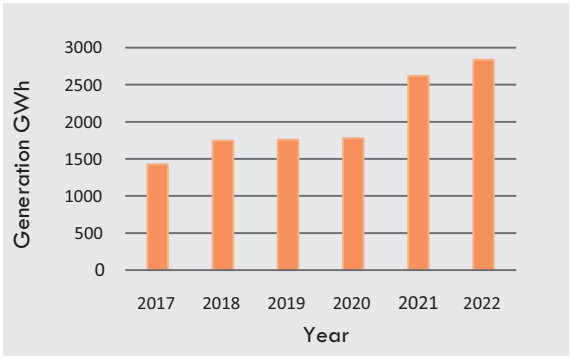
Figure 2.4
Electricity Generation mix - 2022



Source: CEB

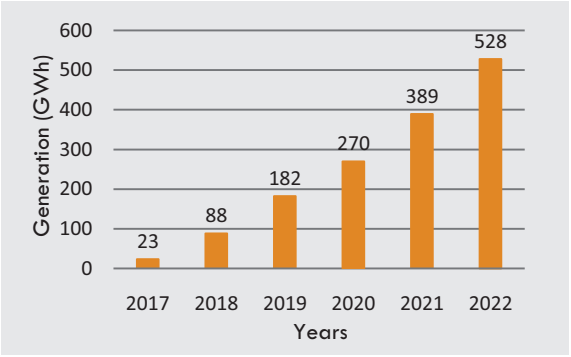
Electricity generated by Other renewable energy sources has increased over the past five years. The share of electricity generated by solar rooftops in ORE mix shows a gradual increase over the years after the introduction of the solar rooftop power generation programme in September 2016.

Figure 2.5
Other Renewable Energy Generation (GWh)



Source: CEB

Figure 2.6
Electricity generated by Solar Rooftops (GWh)



Source: CEB

2.3 Electricity Demand and Consumer Growth

The electricity demand decreased by 0.1% during 2022. Compared to previous years. The maximum recorded electricity demand during this period was 2,709 MW compared to 2,802 MW recorded 2021. The reported average daily demand during 2022 was around 40 GWh.

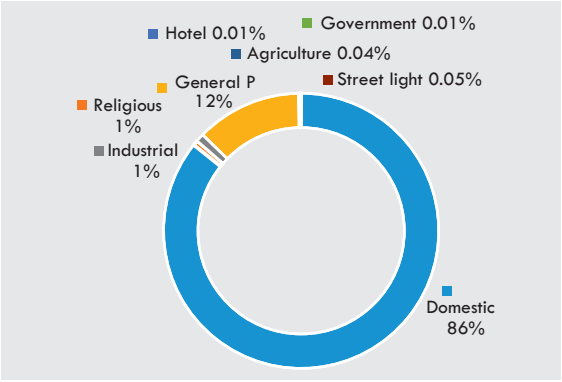
The total number of electricity consumers in 2022 was 7,547472. The recorded number of electricity consumers in 2021 was 7,299,633. Accordingly, 247,839 new electricity connections were given during the period.

Table 2.2
Consumer accounts (As at December 2022)

Tariff Category	No. of consumers (As at December 2022)	No. of consumers (As at December 2021)
Domestic	6,471,242	6,271,727
Religious	45,875	44,543
Industrial	72,221	69,069
General Purpose	941,303	899,193
Hotel	642	665
Government	9,741	9,385
Agriculture	2,733	1,477
Street light	3,715	3,574
Total Consumers	**7,547,472**	**7,299,633**

Source: CEB, LECO

Figure 2.7
Consumer accounts
(As at December 2022)



Source: CEB, LECO

2.4 Electricity Generation Expansions

In order to cater the growing electricity demand, the Ministry is implementing power generation projects as per the Long-Term Generation Expansion Plan of CEB and the Government's policy directions. The following electricity generation projects which are being implemented by the Ministry have been in different stages of implementation during 2022.

2.4.1 Renewable Power Generation

- **Major Hydro Power**

i. Broadlands Hydro Power Project - 35 MW

Electricity generation from the Broadland power plant was commenced from end of January 2022. During the year reviewed, the plant has generated 98 GWh. This is the first large-scale Hydropower plant that obtained Clean Development Mechanism (CDM) registration in Sri Lanka. The expected annual energy generation of the project was 126 GWh. The project cost was USD 82 Million.

ii Uma Oya Hydro Power Project - 120 MW

Uma Oya Project is a multipurpose development implemented under the Ministry of Irrigation mainly to divert 145 MCM of water to irrigate approximately 5,000. Hectares of land in Hambantota and Monaragala Districts and generate 290 GWh of electricity annually. The total estimated cost of the project is USD 530 Million. 99% of the project activities are completed and expected to energize the project for electricity generation on 29th June 2023. Due to monetary issues of the project (especially foreign currency issues) the project was delayed.

iii. Moragolla Hydro Power Project - 31.5 MW

Moragolla is the final hydropower project which is being constructed on the Mahaweli river basin. This project site is located in the Ulapane area of the Kandy district. The expected annual energy generation of the project is 100 GWh. The total estimated cost of the project is USD 114 Million and financial assistance was given by the loan of Asian Development Bank (ADB). Currently, the project is ongoing and 45% construction work was completed. It is expected to commission the project on 23 May 2024.

Head Race Tunnel Construction work

Source: CEB, LECO

Power House Construction

Source: CEB, LECO

- **Other Renewable Energy (ORE)**

i. Solar Power

a. Solar Rooftop Programme - Soorya Bala Sangramaya

The Solar rooftop programme was introduced in September 2016 to help different segments of the community to join renewable energy-based power generation with the support of a low-interest loan scheme. In 2019, the Asian Development Bank has funded USD 50 Million to the solar rooftop programme in order to install 5kW solar systems on rooftops of domestic and commercial establishments. This loan was fully utilized in 2021 by installing 71 MW. The Ministry has requested the ADB another 80 USD million to continue the programme as the second phase and it is under consideration. Currently (March 2023) around 700 MW has been added to the National grid by installing 47,604 solar rooftops. There are three solar rooftop programmes and the following is the progress of these three programmes as at December 2022.

Table 2.3
Progress of Solar Rooftop Programmes
(as at December 2022)

Schemes	Consumers	Capacity (kW)
Net Metering	14,246	107,895
Net Accounting	28,421	248,421
Net plus	3,118	305,542
Total	**45,785**	**662,339**

Source: CEB, LECO-

b. Small Scale Ground Mounted Solar Power Plants (68X1 MW)

Under this project, 36 MW was connected to the national grid and 32 plants are under construction. It is expected to commission those plants by the end of 2023.

c. 2X10 MW Solar Power Plants (Valachchena & Vavunatheu)

10 MW Solar Power Plant in Vavunatheu was commissioned on 11 October 2022. 10 MW Solar Power Plant in Valachchena is under construction.

d. 1-10 MW Solar Power Plants (Total of 147 MW)

A total of 147 MW of solar power projects with 1-10 MW each was selected as private investments on 2nd March 2021 and tenders were awarded for 109 Mw projects. The provisional approval of SLSEA was issued for 88 MW. The project is under construction and expected to commence commercial operations at the end of 2023 and 2024

e. 100 MW Siyambalanduwa Solar Power Park

Request for Proposals (RFP) was called in 2022 to select a suitable project developer. The financial evaluation has been completed and is expected to commence the negotiations. Upgrading works of the Madagama- Ampara Transmission line, which is needed for power evacuation of this project is in progress

In addition to the above solar power projects, 10 MW of solar plant in Mahiyangana is under construction.

f. Solar Power Projects under the USD 100 Million loan - Indian Line of Credit.

USD100 Mn was committed by the Indian line of credit facility to implement the following projects in Sri Lanka,

- Rooftop solar on Government buildings (USD 85Mn),
- Rooftop solar with battery storage systems for Religious Institutions and Reverse Osmosis Plants (USD 10mn)
- floating solar pilot projects (USD 5 Mn)

The objective of the project is to add 120 MW of solar power capacity to the national electricity grid. The project period is 03 years from December 2022 to December 2025. There are 03 phases of the project; preparation of a detailed project report, project management consultancy, and Engineering, Procurement and Construction (EPC) contract. The contract has been awarded to Darashaw & Company Pvt Ltd of India on 16.11.2022 for preparing the Detailed Project Report (DPR) and the contract value is USD 930,209.487. The locations have been identified for the solar panel installation.

g. Construction of Solar Rooftop Power projects under Indian loan assistance (USD 10 Million)

This project was initiated with the objective of installing solar rooftops with energy storage systems for religious institutions that cannot be connected to the national grid due to their remote location from electricity access. The Exim Bank of India will arrange the loan and the project period is 03 years from December 2022 to December 2025.

h. Hybrid Renewable Energy Systems in three Islands in the Northern Peninsular

The Memorandum of Understanding was signed between the Government of India and the Government of Sri Lanka on 28.03.2022 for the construction of hybrid renewable energy systems on the three small islands of Delft, Analatheiv and Nainatheiv belonging to the Jaffna Peninsula. The project cost is USD 11 million or the tender price whichever is lower, 75% as grant and 25% as loan through the Exim Bank of India. The project duration is one year from 2023 to 2024.

ii. Wind Power

The following major renewable energy parks are expected to be implemented and initial activities have been commenced.

a. Mannar Wind Project-Phase I Extension

It is anticipated to construct 50 MW of wind power project by CEB as the additional project to 103 MW Thambapawani Wind Power Park. The total estimated cost of the project is USD 69 million. The Environmental Social Impact Assessment (ESIA) was completed in 2022. The land acquisition (65 Ha) is in progress. USD 40 Mn Loan savings committed by ADB to this project was repurposed.

b. 286 MW Mannar Wind Park

The provisional approval for the development of 286 MW of wind capacity has been given to the Adani Green Energy (Pvt) Limited.

c. 234 MW Wind Park in Pooneryne

The provisional approval was given to Adani Green Pvt. Limited to implement 234 MW Wind Park in Poonaryne area. The land acquisition has been started. The Initial Environment Examination (IEE) was completed in October 2022 for the first phase (100 MW) of this project by using ADB grant finance.

d. In addition to the above major Wind Power Parks, the following small-scale wind power plants with a total capacity of 60 MW (1-10 MW Each) are expected to be developed in Mannar (10 MW and 5 MW), Madampe (2X 5 MW) and Trincomalee (10 MW) by using private investment. Those Plants are under construction and expected to complete the construction in end of 2023.

2.4.2 Thermal Power Generation - Liquid Natural Gas (LNG) Development

a. First 350 MW LNG Power Plant "Sobadanavi", Kerawalapitiya

The Project is in progress. Gas Turbine and Generator placed at the power plant in January 2023. Overall physical progress is 22%. It is expected to commence the open cycle operations of the gas turbine at end of 2023.

b. Infrastructure Development for LNG Supply

There are three components under this project.

i. Deployment of Floating Storage Regasification Unit (FSRU) and Mooring System at offshore Kerawalapitiya (By CEB).
ii. Deployment of Gas Pipeline Network from FSRU to the power plants at Kerawalapitiya and Kelanitissa (by CPC).
iii. Supply of required quantities of LNG to the FSRU (by CEB)
It is expected to select a suitable developer in 2023 to implement these projects.

2.5 Electricity Transmission and Distribution Development

- The Transmission Network consisting of 799km of 220kV transmission lines and 2,361 km of 132kV lines. There are 79 Grid substations in the network and 134 primary substations. The entire operations of the transmission network are carried out by CEB. The Distribution Network consists of 33,138.27 km of 33kV lines, 2,448 km of 11 kV lines and 150,169 km of low voltage lines and 33,476 Distribution Grid Substations.

- The following Transmission lines and grid substations were completed in 2022

i. Construction of New Habarana to Valachchena 132kV, 100km transmission line.
ii. Construction of New Habarana to Polonnaruwa 132kV, 44km transmission line.

iii. Construction of Habarana to New Habarana grid substation 132kV, 3km transmission line
iv. Augmentation of Madampe, Dehiwala, Biyagama Grid Substations were completed.

- Transmission and distribution projects mentioned in Chapter 01, Clause 1.7 are being carried out in 2022.

- **Smart Grid Pilot Project**

With an objective of absorbing more energy generation through the renewable sources efficiently into the power system, a small-scale Smart Grid pilot project with solar and battery storage technologies was constructed and completed by LECO in September 2022. The total estimated cost of the project is USD 26 Million and ADB has provided funds as a grant.

2.6 Climate Change Activities

2.6.1 Nationally Determined Contributions (NDCs) - Power Sector

Preparation of the Implementation and Monitoring Plan of NDCs (Power Sector) was completed. Progress of the implementation of NDCs was monitored and reported to the National Steering Committee. First Planning and Monitoring Committee meeting was conducted during the period of 2022. The Power sector NDCs will result in a Green House Gas (GHG) emission reduction against Business As Usual (BAU) scenario of 25% in the electricity sector (5% unconditionally and 20% conditionally), equivalent to an estimated mitigation level of 9,819,000 MT unconditionally and 39,274,000 MT conditionally (total of 49,093,000 MT) of carbon dioxide equivalent during the period of 2021-2030.

2.6.2 Sustainable Development Goals of the Power Sector

SDG Goal 7 - Ensure access to affordable, reliable, sustainable and modern energy for all.

Lack of access to energy supplies and transformation system is a constraint to human and economic development. The environment provides a series of renewable and non-renewable energy sources i.e. solar, wind, hydropower, geothermal, biofuels, natural gas, coal, petroleum.

Increased use of fossil fuels without actions to mitigate greenhouse gases will have global climate change implications. Energy efficiency and increase use of renewables contribute to climate change mitigation and disaster risk reduction. Accordingly, power sector has contributed to the following activities,

- Improvement of the distribution network for 99.9% domestic electrification level and quality power supply.
- Accessibility for the electricity is 100% in the country.
- 52% of the electricity share of the total generation mix is supplied by renewable energy sources.
- Connected 662 MW of rooftop solar power capacity to the national grid by 2022
- 737 GWh energy savings through efficient energy use Programmes in 2022.

2.7 Research and Development Activities

USAID has committed USD 4.23 million to CEB, USD 3.6 million to SLSEA and USD 1.9 million to LECO under their grant financing (Sri Lanka Energy Programme) for technical assistance to conduct selected Research and Development activities. The Programe period is 2022 to 2025. Two Steering Committee meetings were held in 2022.

2.8 Budget Proposals - 2022

Rs. 80 million was allocated by the Interim Budget 2022 for Renewable Energy development activities. Sri Lanka Sustainable Energy Authority has conducted Drone Survey for the proposed renewable energy sites located in Veravil, Karachchi, Manthai-west and Tunukkai utilizing Rs. 36.5 million

Energy Section

Key tasks performed in the year - 2022

The Energy Section coming under the Ministry of Power and Energy implemented the following activities during the year 2022.

- Introduction of the legal reforms necessary to liberalize the petroleum industry.
- Taking steps to bring foreign investors to the country in order to restore the fuel industry.
- Introducing a fuel price mechanism to cover fuel costs.
- Introducing national fuel pass system.
- Introducing a special fuel pass for foreign tourists.
- Introduction of various modalities for the procurement of fuel.
- Giving priority for the supply of fuel for specially identified sectors i.e. agriculture, industries, transport and fisheries.

2.9 The Policy Measures Undertaken to address the Fuel Crisis that prevailed in the country during 2022

The country faced a fuel crisis due to the collapse of the foreign exchange reserves and severe inflationary conditions prevailed in the country. In order to overcome the energy crisis that arose due to the shortage of foreign reserves, the Ministry of Power and Energy implemented the following policy measures during the year 2022.

i. Alternative options introduced to import petroleum products under different payment terms.

- Payment through NRR ESCROW account method.
  This payment method will enable the CPC to pay in local currency & paid back in USD after a certain credit period backed by the CBSL guarantee.

- Payment under Ex-storage Modality basis.
  By this method cargo will discharge to the CPC & CPSTL storage terminal and payment will be done piecemeal basis for the quantity draw from the storage. This arrangement ensures the continued fuel supply and relaxes the cash flow tightness of the CPC.

- A modality has been introduced to Jet A-1 imports without any import cost to the CPC. Suppliers were allowed to bring the cargoes on their own as per the CPC schedule & selling will be done by CPC. The payment will be made weekly basis as per the sales quantity provided by the Aviation function of CPC.

- As a recent attempt CPC introduced new payment mechanism i.e. ex-tanker/ floating storage & this will enable CPC to draw cargoes from the tanker within a specific period up to 2-3 unloading occasions. Payment will be done at the time of cargo is drawn from the tankers.

- Since there were reduction in the CPC tender participation by the registered oil suppliers, opportunity has been given to all the interested parties to submit their proposals to supply fuel to CPC.

- Fulfilling fuel requirements under the Indian Loan Aid Programme.

The Government of India arranged as an on lending agreement with government of Sri Lanka and Ceylon Petroleum Corporation to lend the proceeds of USD 200 Mn credit facility of USD 1000Mn borrowed from State Bank of India and 500 Mn short term line of credit facilities with in Import Export Bank of India. Accordingly, a sum of USD 700 million had been provided by India to Sri Lanka for the import of fuel. With this loan facility, the Ceylon Petroleum Corporation procured 17 cargoes, and table 2.4 shown its details.

Table 2.4
Details of fuel imported under Indian Credit Line

Ser. No	Name of product	No of cargoes	Quantity (MT)
1	Auto Diesel	8	301,440
2	Super Diesel	2	77,682
3	Petrol 92	6	221,053
4	Jet A -1	1	31,485
Total		**17**	**631,660**

Source: Ceylon Petroleum Corporation

ii. Policy measures introduced to ensure the fuel requirement of the priority sectors.

- Fuel requirement of industrial sector was serviced directly by the CPC instead of providing their fuel requirement via filling stations. To regularize this system, priority list was introduced and it has incorporated into the SAP ERP system to have better control.

- Agricultural and Fisheries sectors fuel requirement was provided through identified fuel stations of the CPC with the assistance of Ministry of Agriculture, Ministry of Fisheries, and the District Secretaries. Progress of Diesel supply for Agricultural and Fisheries sectors by selected fuel filling stations is shown in Table 2.5 and 2.6.

Table 2.5
Diesel supply for agriculture sector
By selected fuel filling stations (2022-2023)

S.N.	District	Issued quantity (liters)
01	Vavuniya	1,293,600
02	Jaffna	547,800
03	Mannar	792,000
04	Mulathivu	1,775,400
05	Kilinochchi	1,452,000
06	Batticalloa	3,973,200
07	Ampara	9,253,200
08	Trincomalee	3,603,600
09	Kurunegala	1,848,000
10	Puttlam	891,000
11	Anuradhapura	8,190,600
12	Polonnaruwa	7,134,600
13	Monaragala	1,900,800
14	Badulla	2,329,800
15	Rathnapura	963,600
16	Kagalle	534,600
17	Hambanthota	1,999,800
18	Mathara	1,075,800
19	Galle	712,800
20	Colombo	468,600
21	Gampaha	706,200
22	Kaluthara	646,800
23	Mathale	910,800
24	Nuwaraeliya	6,600
25	Kandy	712,800
Total		**53,724,000**

Source: Ceylon Petroleum Corporation

Table 2.6
Diesel supply for fisheries harbors cooperation
(1st January 2022 - 25th April 2023)

S.N	Location	Issued quantity (liters)
01	Puranawella	6,071,600
02	Mirissa	6,580,200
03	Galle	9,484,200
04	Beruwala	6,645,800
05	Trincomalee - Codb	7,332,600
06	Kudawella	8,659,200
07	Tangalle	3,352,800
08	Hikkaduwa	1,894,200
09	Kirinda	396,000
10	Kalpitiya	574,200
11	Moratuwa - Moder	59,400
12	Hambantota	1,788,600
13	Ambalangoda	3,082,200
14	Negambo	4,283,400
15	Valachchenai	3,458,400
16	Dikowita	13,134,000
17	Nilwella	4,270,200
18	Suduwella	3,082,200
19	Myliddy	930,600
Total		**85,079,800**

Source: Ceylon Petroleum Corporation

- The Exporters were encouraged to make their payments for fuel purchases in USD terms by the CPC. In reciprocity this customer group granted a priority over others in order to ensure the foreign currency inflows of the country. Around 38,430,975.18 USD Collection was recorded from March 2022 to January 2023.

- Most importantly the Ministry and the CPC has taken adequate measures to service the fuel requirements of the essential services such as Public Transport, Health Service, and Telecommunication service etc. by providing the total fuel requirement of these sectors.

- Tourist Fuel Pass (TFP) was introduced with the collaboration of Dialog Axiata PLC and Sampath Bank PLC to address the fuel requirement of the tourism industry. This fuel pass system provides the unlimited access to fuel for the vehicles used in this sector or the personals who will purchase these fuel pass. Further, the significant feature of these Tourist Fuel Pass is that the payments are made on USD. It provides CPC to secure a Dollar inflow to arrange the payments for its fuel imports.

Introduction of the National fuel Pass

Tourist Fuel Pass (TFP)

Trincomalee Tank Farm Complex

CPC Crude Oil Unloading Buoy

CPC Sapugaskanda Oil Refinery

CPC Sapugaskanda Oil Refinery

Fuel filling Station

2.10 Reforms Introduced to the Petroleum Sector to ensure the energy security of the country

a. Enactment of Petroleum Products (Special Provisions) (Amendment) Act No. 27 of 2022

With the operation of the Petroleum Corporation Act no 28 of 1961, the Ceylon Petroleum Corporation became entitled to the monopoly of the downstream petroleum industry. Accordingly, it functioned as an importer, exporter, seller, supplier, or distributor of petroleum products. However, as an initial step towards a broad reorganization of this field, the Petroleum Products (Special Provisions) Act no 33 of 2002 was enacted to grant permits for the import and distribution of petroleum products to other competitors. As "Energy Supply Committee" established according to the provisions of this Act has become defunct after a period of two years, opportunity for new investors to access the downstream petroleum industry has been prevented.

As a remedy for this, without prejudice to the powers and functions of the Ceylon Petroleum Corporation, amendments, including provisions for the selection of parties for the import and distribution of petroleum products, were drafted to the Petroleum Products (Special Provisions) Act no 33 of 2002 and submitted to the Parliament on Cabinet approval. Subsequently, on the recommendations of the Supreme Court, it was passed in Parliament as Petroleum Products (Special Provisions) (Amendment) Act No. 27 of 2022 on 19.10.2022.

b. Selection of Reputed Companies Established in Petroleum Producing Countries to Import, Distribute, and Sale of Petroleum Products in Sri Lanka, on Long-Term Agreements

In 2022, due to the economic crisis, the country faced a severe foreign exchange crisis which continues to exist. Because of this, importation of fuel became extremely challenging. The Ceylon Petroleum Corporation (CPC) and Lanka IOC are the only two entities that are allowed to carry out fuel imports. They do so using forex sourced through the domestic banking system. With the crises in forex, the above importers were not able to secure in a timely manner the required forex to ensure a continuous supply of fuel to the market. This gravely endangered the life of the community and the sustainability of economic activities.

As the CPC and LIOC were unable to ensure continuous supply of fuel due to the forex crisis, Expression of Interest was invited on 25.07.2022 from reputed companies to provide opportunities to import and sale of petroleum products, without utilizing the foreign exchange reserves of this country. The following three companies have been selected for contract negotiation by the Cabinet Appointed Special Committee by following the procurement procedure.

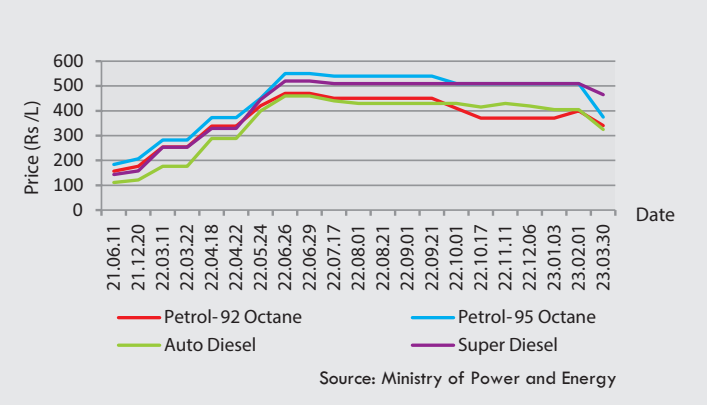
- M/s Sinopec Fuel Oil Lanka (Private) Limited
- M/s United Petroleum Pty Ltd
- M/s R.M. Parks. Inc.

c. Introduction of Cost – Recover based Retail Fuel Price Adjustment Mechanism

On several occasions petroleum products were supplied locally at a price lower to the cost, with the objective of providing economic relief to the public. By acting thus, cash flows of the Ceylon Petroleum Corporation became depleted on a large scale, and its debt burden escalated. In order to overcome this financial pressure, action was taken to introduce a transparent cost reflective fuel pricing mechanism with effect from June 2022.

Accordingly, fuel prices have been adjusted since June 2022 based on the cost computation on the price mechanism. Figure 2.8 shows the variation of fuel prices before and after the introduction of the fuel price mechanism. After the introduction of the fuel price mechanism, the impact of the Petrol and Diesel sales to the profitability of Ceylon Petroleum Corporation is shown in Table 2.7

Figure 2.8
Revisions in sales Price of Petroleum Products
(June 2021 - 31st March 2023)



Source: Ministry of Power and Energy

Figure 2.9
Monthly Platts Prices of Refined Petroleum Product USD/bbl
(January 2022 - March 2023)

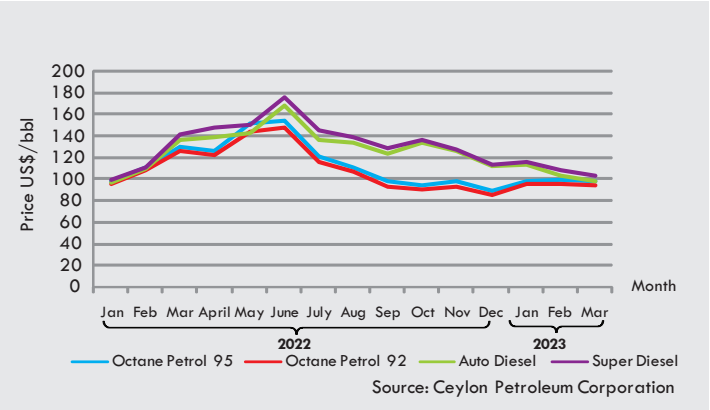


Table 2.7
Impact of Petrol and Diesel sales for the Profitability of CPC.

Month	CPC Operating profit (Rs. Mn.)	Contribution from Petrol and Diesel for Operating profit (Rs. Mn.)	Overall Net Profit of CPC (Rs. Mn.)
June 2022	7,425	430	(679)
July 2022	9,974	5,137	6,314
August 2022	9,569	7,721	1,776
September 2022	16,342	12,787	5,629
October 2022	10,910	8,859	1,963
November 2022	13,872	12,418	5,310
December 2022	4,749	6,561	3,932
January 2023	10,134	7,654	3,865
February 2023	12,508	10,851	9,434

Note: Above have been derived from the monthly Management Accounts and December month amounts have been derived considering the yearend adjustments

Source: Ceylon Petroleum Corporation

d. Introducing the National Fuel Pass

The National Fuel Pass was introduced for the controlling of limited fuel stocks distribution since July 2022 in order to ensure the energy security of the country. Accordingly, the distribution of fuel to the public is being carried out in a well-managed manner by Ceylon Petroleum Corporation and the Lanka Indian Oil Company.

Three leading technical entities of the country, being the Information and Communication Technology Agency (ICTA), the Millennium

ITES Private Co. and the Dialog Axiata Private Co. provided technical contributions to introduce the National Fuel Pass.

It has been decided to continue with the QR system throughout the year until macro-economic factor reach to a stable outlook and specially the balance of payments situation of the country improved up to a sustainable level. Therefore, during the year 2023 QR system will be continued without any deviation unless government decided to change the policy based on the outcome after implementation of the structural changes proposed for the energy sector.

Table 2.8
Station Transaction Summary of the National Fuel Pass
(01st Aug. 2022 - 31st Dec. 2022)

Supplier Type	No of Stations	Transactions	Consumed Liters
CPC	1,059	105,452,090	675,784,365
LIOC	207	19,083,631	135,168,909
Total	**1,266**	**124,535,721**	**810,953,274**

Source: ICTA

Table 2.9
Progress of the National Fuel Pass system Transactions by Vehicle Category
(01st Aug. 2022 - 31st Dec. 2022)

Category Name	Number of Registered Vehicle	Transactions	Consumed Liters
Three Wheel	1,070,596	24,213,143	81,692,874
Bike	3,715,316	68,590,175	205,907,394
Bus	58,877	1,294,289	48,832,988
Car	752,934	16,674,711	190,762,241
Land vehicle	63,278	392,409	4,128,653
Lorry	330,320	7,028,252	187,598,270
Quadri-cycle	1,584	24,458	84,216
Special purpose vehicle	97,261	987,339	19,390,232
Van	329,903	5,330,945	72,556,406

Source: ICTA

2.11 Infrastructure Development Projects

a. Development of Trincomalee Tank Farm Complex

After the long-term issue related to the Trincomalee China Bay upper tank farm, the agreement "Modalities for the Possession, development and use of the China bay Oil Tank Farm" was signed on 06th January 2022 with the Ministry of Finance, CPC, LIOC and newly formed Trinco Petroleum Terminal (Pvt) Limited (TPTL). It is planned to develop the China Bay tank farm by following parties.

Table 2.10
Development of Trincomalee tank farm

Party	No. of Tanks	Location
CPC	24	Upper Tank Farm
LIOC	14	Lower Tank Farm
TPTL	61	Upper Tank Farm

Source: Ministry of Power and Energy

During 2022, CPC prepared a development plan and implemented several procurements relevant to preliminary land clearing and land surveying activities by selecting contractors adhering to Procurement procedures to develop the 24 Nos. CPC tanks in Upper Tank Farm.

b. Development of the Fuel Hydrant System in the Katunayake Airport.

The Ceylon Petroleum Corporation started this project concurrent to the development project of the 2nd step of stage II, in the Bandaranayake International Airport, in order to expand the Jet A-1 aviation fuel storage capacity in the Bandaranayake International Airport, to increase fuel supply efficiency and to ensure fuel supply as per the international standards.

To carry out the development work of the

project, the contract was awarded for a tax free sum of USD 51.5 million, and 85% of the project financing contract value is being covered by a self-financing facility assisted by the China National Chemical Engineering Construction company. The balance 15% is covered by a credit facility from the Peoples Bank. The physical progress of the project has reached 75.6%. Its financial progress is 69.7% as at 31st December 2022 and it has been planned to complete the development work of the project by 31.05.2023.

c. Construction of a Regasified Liquefied Natural Gas (R-LNG) Pipeline

A tender, B/12/2021, "Construction of a Re-Gasified Liquefied Natural Gas (RLNG) Pipeline system from Floating Storage Regasification Unit (FSRU) located around 5 km off the Kerawalapitiya coastal belt to existing and future Kelanitissa and Kerawalapitiya power plants on Build Own Operate and Transfer (BOOT) basis" has floated by Ceylon Petroleum Corporation (CPC) in tandem with the tender floated by Ceylon Electricity Board (CEB) for the construction of FSRU and Mooring system.

Current status of the Project

i. Negotiation with the shortlisted Project Proponent is in an advanced stage. The Cabinet Appointed Negotiation Committee (CANC) decision is expected to finalize the Pipeline System Agreement (PSA) which is then to be submitted to the Hon. Attorney General for his concurrence. The Pipeline System Implementation Agreement (PSIA) was submitted to the Treasury on 29.09.2022.

ii. Stakeholder engagement is in progress.

iii. Land acquisition has been temporarily suspended based on the National Budget Circular No 03/2022 dated 26.04.2022 & Public Enterprises Circular No. 04/2022 issued by the Ministry of Finance. The approval from the Ministry of Finance is sought on 27.09.2022 to proceed with the land acquisition process.

iv. The validity of the Bid was extended up to 25.12.2023 and the request has been made to extend the validity of the Bid Security Guarantee up to 25.01.2024.

d. Construction of 09 bulk fuel storage tanks with an overall capacity of 93000 cubic meters in the Kolonnawa Terminal.

As the annual fuel demand generally shows an increase of 5%, in order to face this situation, bulk storage facilities have to be developed in respect of every petroleum product in the required quantities. As the storage and distribution of petroleum products is the basic obligation of the Ceylon Petroleum Storage Terminals Ltd, steps were taken to construct 09 fuel storage tanks in the Kolonnawa Terminal. This was started in two stages, that is, 06 tanks with an overall capacity of 64,000 cubic meters and 03 tanks with an overall capacity of 29,000 cubic meters.

The project for the construction of 06 fuel tanks was awarded for a tax free contract sum of Rs 2,286.8 million on 24.10.2019, and the project period is 40 months. Due to the poor performance of the contractor the contract could not proceed further and the contract was terminated on 19.01.2022. The contractor has obtained an interim injunction against the termination of the contract, and the overall progress of the construction of tanks is 18%. Further, the project for the construction of 03 fuel tanks was awarded for a tax free contract sum of Rs 942.5 million on 12.11.2020 and the project period is 20 months. By now, the construction of tanks has been completed.

e. Renovation of oil storage tank at the Kolonnawa Terminal

Repairs had been done to maintain the existing tank complex so as to adhere to new technology and standards, and the progress as at 31st December 2022, has been shown in table 2.11.

Table 2.11
Progress of Tank Repairs as at 31.12.2022

Tank no	Storage capacity (cub meters)	Estimated amount (without taxes)	Current physical progress as at 31.12.2022
03	12,500	Rs. 40 Mn	100%
17	4,936	Rs. 30 Mn + USD 35,400	100%
22	2,790		100%
46	11,856	Rs. 133 Mn	100%

Source: Ceylon Petroleum Storage Terminals Limited

f. Renovation of the 14" diameter pipeline running from the Colombo Port to Kolonnawa Terminal

The existing pipeline system for transportation of fuel is very old and in a dilapidated condition. Accordingly, the repairs of this pipeline of which the length is 5,750 meters, commenced in the year 2021. The Ceylon Petroleum Storage Terminal Ltd allocated an estimated sum of Rs. 95 Million for this project and the physical progress of 70% had been achieved by 31.12.2022. Balance work of the project is scheduled to be completed by 30.05.2023.

2.12 Progress of Petroleum Products Imports, Refining and Sales

The Ministry of Power and Energy is significantly contributing to the development of the country via the importation, refining and distribution of petroleum products through the CPC. The CPC always ensures the importation of quality and innovative products enabling to enhance the consumer satisfaction.

a. Importation of Crude oil and Finished Product by the CPC

The importation of crude oil has decreased since 2020 to 2022 due to the COVID 19 pandemic and the economic crisis prevailed in the country. The importation of crude oil had decreased by 34% in 2022 when comparing the crude oil import quantities of 2021. However, the import cost of crude oil has increased by 78% in 2022 with compared to the 2021. Table 2.12 shows the details of crude oil importation from 2018 to 2022 and Table 2.13 shows the details of Importation of Refined Petroleum Products from 2020 to 2022.

Table 2.12
Importation of Crude Oil (2018 – 2022)

Year	Quantity (MT '000)	Value of Imports (DAP) Rs. Million
2018	1,763	160,933
2019	1,843	172,542
2020	1,666	98,277
2021	1,130	101,306
2022	743	180,019

Source: Ceylon Petroleum Corporation

Table 2.13
CPC's Importation of Refined Petroleum Products (2020– 2022)

Product	Quantity (MT)('000)		
	2020	2021	2022
Auto Diesel	951	1,254	1,267
Super Diesel	56	68	128
Petrol - 92 Octane	837	893	888
Petrol - 95 Octane	91	103	46
Jet A-1	101	178	269
Low Sulphur Fuel Oil(180 CST)	206	245	124
High Sulphur Fuel Oil(180 CST)	146	31	-
Total	**2,388**	**2,772**	**2,722**

Source: Ceylon Petroleum Corporation

b. Sapugaskanda Petroleum Refinery Operations in 2022

It has been planned to process 1,855,000 MT of Murban crude oil in 2022 by the refinery. A Total amount of 482875 metric tons of petroleum associated products had been produced by utilizing 529,773 metric tons of crude oil during the year 2022. Moreover, Mix of Murban crude oil, Urals crude oil, Siberian Light Crude oil and Espo crude oil were processed due to financial crisis faced by the country. Table 2.14 shows the budgeted capacity and actual capacity of operations of the refinery.

Table 2.14
Productivity of the Sapugaskanda Oil Refinery in 2022

INPUTS	UNIT	2022 Crude Capacity	
		Budgeted (Murban)**	Actual *
Crude oil	MT	1,855,000	529,773
HSFO for Bitumen Production	MT	87,500	0
PRODUCTS			
Super petrol/ Gasoline	MT	187,790	38,666
Kerosene	MT	66,780	25,289
Naphtha	MT	158,044	30,835
Diesel	MT	608,253	128,165
Avtur	MT	267,120	57,346
Fuel oil 800" super	MT	485,100	87,196
Fuel oil 1500"	MT		107,001
LPG	MT	25,200	5,687
SBP	MT	1,404	2,690
Bitumen	MT	39,550	0
Total Production	**MT**	**1,839,241**	**482,875**

Source: Ceylon Petroleum Corporation

Table 2.15
Oil Production by CPC's Refinery from 2018 to 2022 (MT)

Year		2,018	2019	2020	2021	2022
Crude Oil Input		**1,703,307**	**1,902,357**	**1,685,441**	**1,272,207**	**529,773**
Output	Petrol	165,425	185,915	164,416	124,092	38,666
	Auto Diesel	567,577	624,462	537,645	370,594	128,165
	Furnace oil 800 sec	423,197	468,843	465,419	359,021	87,196
	Furnace oil 1500 sec	-	-	-	-	107,001
	Kerosene	35,195	8369	109,165	98,284	25,289
	Chemical Naphtha	140,619	162,019	156,953	106,956	30,835
	Bitumen	12,839	17,103	13,561	6,879	-
	LPG	22,084	26,988	25,251	16,650	5,687
	Jet A-1	237,270	258,986	157,279	130,572	57,346
	SBP	1,596	1,660	897	3,037	2,690
Total Output		**1,605,802**	**1,754,345**	**1,630,586**	**1,216,085**	**482,875**

Source: Ceylon Petroleum Corporation

c. Sales of Petroleum Product

The demand for different petroleum products varies primarily on their potential usage. For instance, auto diesel is widely used for transportation and power generation; in contrast to kerosene, which is used only for rural household energy needs, some industrial applications, agriculture and fisheries. Therefore, the demand for auto diesel is substantially higher than for kerosene. Table 2.16 shows the sales details of Refined Petroleum Products of the CPC from 2019 to 2022.

Table 2.16
CPC Island-wide Sales from 2019 to 2022 (MT)

Type of Product	Total Sales			
	2019	2020	2021	2022
Lanka Petrol -92 Octane	1,184,944	1,005,013	1,102,551.7	964844.219
Lanka Petrol -95 Octane	135,747	99,950	102,809.5	55697.245
Lanka Auto Diesel	1,890,806	1,562,144	1,706,041.8	1475577.154
Lanka Super Diesel	67,373	57,413	65,721.5	72474.383
Lanka Kerosene	202,809	171,441	185,312.6	98367.966
Lanka Industrial Kerosene	3,324	1,902	2,903.3	5647.035
Lanka Chemical Naphtha	124,596	1,590,582	333,459.2	32262.861
Lanka Fuel Oil 800 Sec.	137,737	-	99,321.8	-
Lanka Fuel Oil 1500 Sec (High Sulphur)	171,099	203,251	340,198.0	198891.936
Lanka Fuel Oil 1500 Sec (Low Sulphur)	99,779	30,246	407,868.4	103379.876
Lanka Fuel Oil Super	472,876	591,162	203,994.2	54978.319
Jet A-1	473,458	188,618	223,666.3	245796.923
Lanka Solvents (SBP)	1,274	796	2,486.5	2701.635
Total	**4,965,822**	**5,502,518**	**4,776,334.80**	**3,310,619.55**

Source: Ceylon Petroleum Corporation

2.13 Progress of petroleum and natural gases exploration related activities

Petroleum Development Authority of Sri Lanka (PDASL) was established on 8th October 2021 under the Petroleum Resources Act No. 21 of 2021. As such 2022 was an important first year for the new Authority, that witnessed moves to setup of the institution's inaugural administrative, human resources, financial and technical functions to deliver and regulate the hydrocarbon exploration sector of Sri Lanka. The progress achieved in the petroleum and natural gases Exploration related activities are as follows.

a. The PDASL and the Ministry were engaged in the formulation of regulations necessary to facilitate investment in exploration, as stipulated in the Petroleum Resources Act No. 21 of 2021. The Petroleum resources (Joint Study Agreements) regulations, No.1 of 2023 and the Petroleum resources (Service Provider Licensing) regulations No. 2 of 2023 were finalized in December 2022. Two further regulations; Data generation for hydrocarbon exploration activities in Sri Lanka regulations No. 3 of 2023 and data licensing regulations No. 4 of 2023 are in the process of being finalized as well.

b. Published the updated Hydrocarbon Exploration Block Map of Sri Lanka on the 11th July 2022 through a gazette notification. This block map outlines 922 smaller blocks approximately on a 15km x 15 km grid covering all three basins (Mannar Basin - Blocks (MB001 - MB294), Cauvery Basin - Blocks (CB001 - CB069), Lanka Basin - Blocks (LB501 - LB509) on offer for Joint Studies, Exploration, Development and Productions.

c. Schlumberger and Bell Geospace companies continued multi-client data processing and reprocessing, marketing and data licensing programs. These companies launched Sri Lanka multiclient data promotions at several international conferences including the SEAPEX/PESGB Asia Pacific E&P Summit held in London.

d. Facilitated a research study initiated by Pytheas, Germany for the purpose of reviewing the effectiveness of SDDT technology with respect to assessing hydrocarbon prospectivity in the selected areas of Mannar & Cauvery basins in Sri Lanka.

e. The multiclient data partners have been working in close coordination with the PDASL and each other and together have drawn new investor interest to Sri Lanka. The PDASL has received the partner share of the sales proceeds (USD 683,975.75) to the Petroleum Resources Development Fund.

2.14 Challenges faced in the year 2022 and actions taken

Procurement of petroleum and coal

In the year 2022, global geopolitical crises (especially the Russia-Ukraine war) and economic breakdowns resulted in a decrease in petroleum and coal production and an unexpected increase in petroleum and coal prices in the international market. Due to this situation, the importation of petroleum and coal became a crisis and this situation was further intensified due to the weakening of the country's foreign exchange reserves. Furthermore, due to Sri Lanka's falling to a lower rank in the international financial ranking and the inability to obtain a third party international bank confirmation to open letters of credit, the opening of letters of credit required for the procurement of petroleum and coal became a serious problem. Domestic financing was also became difficult due to the liquidity problems

faced by the Ceylon Petroleum Corporation and the Ceylon Electricity Board. Due to this, petroleum and coal suppliers demanded advance payments for imports and it was a great challenge for the procurement activities. It was also a serious problem that the bids were not submitted as scheduled. The following policy measures taken in the midst of this problematic situation were able to ensure continuous electricity supply and petroleum supply in the country.

- Arriving at more financially viable procurement decisions despite deviations from procurement guidelines and standard tender documents conditions until the crisis situation subsides with the approval of the cabinet of ministers
- Evaluating the unsolicited proposals submitted for the supply of petroleum to consider the more favourable proposals.
- Introduction of alternative prepayment schemes enabling purchase of fuel under the prepayment scheme in order to counter suppliers' refusal to supply fuel on letters of credit
- Taking steps to import petroleum and coal based on guarantees of payment by the Central Bank of Sri Lanka.
- Taking steps to register new suppliers to make fuel supply more competitive.

Establishing financial sustainability of Ceylon Electricity Board and Ceylon Petroleum Corporation

The cash flows of the Ceylon Electricity Board and the Ceylon Petroleum Corporation were greatly depleted due to charging lower prices for electricity and petroleum, thereby increasing the debt burden of those institutions. Due to the financial burden that has been faced for a long time, there was an uncertainty about the financial sustainability of these institutions and it was difficult to provide the working capital required to maintain the institutions. In order to avoid this situation, electricity tariffs were revised and a transparent price mechanism was introduced to the petroleum Products by taking into consideration of cost elements making it cost reflective.

Distribution of limited stocks of imported fuel within petroleum import restrictions

Due to the shortage of fuel in the country, long fuel queues were formed all over the island when distributing the limited amount of fuel that the corporation had to the customers and this situation developed into a conflict. Accordingly, the National Fuel Pass system was introduced from July 2022 to systematically distribute the procured limited fuel stock to consumers across the island.

By the end of the first six months of this system, i.e. by the end of December 2022, about 6,420,069 vehicles (8,341,861 of the total number of vehicles on the island) had been registered in the data system related to the National Fuel Pass. Through this system, the fuel required for vehicles was distributed all over the island in an economical way and by being able to guarantee a certain amount of fuel weekly, the queues created in the country as well as the customer stress for fuel were alleviated and a pleasant atmosphere was created in the entire country. Meanwhile, the debt for fuel was reduced by about 50% and the management of foreign exchange was also helped by this method.

Providing an electricity supply that meets the demand

Due to the annual maintenance of power plants and sudden breakdowns, the operations of several major power plants had to be stopped from January to August 2022. Furthermore, due to the inability to supply enough coal and petroleum to operate the power plants, it was a challenging task to generate an electricity supply to meet the demand. As a result, a national power cut was implemented from January 2022. As a

result of the following alternative measures taken as a remedy, it was possible to reduce the long electricity cut which was about 13 hours daily at the beginning to two and a half hours by the end of 2022.

- Supply of sufficient fuel stock to thermal power plants by Ceylon Petroleum Corporation
- Taking necessary steps to promptly purchase coal needed for power generation
- Promotion of electricity generation through wind and solar energy.

Generation of 70% of electricity demand by renewable energy sources by 2030.

Due to the economic crisis in the year 2022, international donor agencies stopped providing financial support for renewable energy development activities and the funds allocated to renewable energy development were directed to be reconsidered. Therefore, the Mannar 50MW Wind Park and Surya Payasi second phase program could not be implemented. In order to avoid this situation and achieve the desired goals, new investment strategies were identified and steps were taken to deal with the investors accordingly. Also, as a long-term measure, the preparation of the Renewable Energy Master Plan, Long-term Generation Plan 2023 - 2042 and Long-term Transmission Development Plan have been completed.

Introducing reforms to organizational structure

Since it was a challenging task for the existing corporate structure of the power and energy sector to meet the needs of current customers competitively, constitutional amendments were introduced to make the necessary institutional changes to work efficiently to match the economic and social conditions. Accordingly, structural amendments were introduced for the power sector and the necessary facilities were provided for international competitive institutions to enter the domestic petroleum market.

2.15 Future Plans/Programmes for 2023

Proposed Hydro Power Development Programs

- Complete the major construction work of 31 MW Moragolla Hydro Power Plant
- Commissioning of 120 MW Uma Oya Hydro Power Plant

Proposed Sola Power Development Programs

- Commence the implementation activities of 100 Mw Siyambalanduwa Solar Park.
- Commence the implementation activities of 120 Mw sola power projects under Indian Credit Line programme (USD 100 Mn)
- Commence the installation of 1,000 rooftop solar systems for religious places (20 MW)
- Implementation of Battery Energy Storage System in Hambantota district as a pilot project under the grant financing (approx. USD 11.9 Million) of Republic of Korea.
- Implementation of 2MW floating solar projects in Chandrika Wewa & Kiriibban Wewa under the grant financing (approx. USD 5.2 Million)

Proposed Wind Power Development Programs

- Facilitate the implementation of Mannar (289 MW) wind Park under private investment.
- Facilitate the implementation of 100 MW (1st Phase) Wind Park in Poonaryne under private investment

Proposed Thermal Power Development Programs

- Commence the Combine cycle operations of 350MW Sobadanavi LNG Power Plant at Kerawalapitiya.

Expansion of Transmission Network

- Completion of 220 kV, 150 km New Polipitiya to Hambantota transmission line.
- Completion of 132 kV, 25 km Horana to Padukka Transmission line
- Completion of 220 kV, 146 km Veyangoda to Habarana Transmission line
- Commissioning of Kotugoda, Kolonnawa, Padukka, Horana, Dehiwala, Madampe Grid substations

Petroleum Industry Development Programs

- Establishment of Export Oriented Petroleum Refinery and Associated Product Processing Center in Hambantota Area.
- Establish strong regulatory frameworks for Upstream petroleum industry to ensure the attraction of investors to the exploration industry.
- Establishment of a robust regulatory framework for local petroleum industry.
- Providing opportunities to Reputed Companies Established in Petroleum Producing Countries to Import, Distribute, and Sale of Petroleum Products in Sri Lanka, on Long-Term Agreements.

Chapter 03

Overall Financial Performance for the Year ended 31st December 2022

Basis of Reporting

01

Reporting Period

The reporting period for these Financial Statements is from 01st January to 31st December 2022.

02

Basis of Measurement

The Financial Statements have been prepared on historical cost modified by the revaluation of certain assets and accounted on a modified cash basis, unless otherwise specified.

The figures of the Financial Statements are presented in Sri Lankan rupees rounded to the nearest rupee.

03

Recognition of Revenue

Exchange and non exchange revenues are recognised on the cash receipts during the accounting period irrespective of relevant revenue period.

04

Recognition and Measurement of Property, Plant and Equipment (PP & E)

An item of Property, Plant and Equipment is recognized when it is probable that future economic benefit associated with the assets will flow to the entity and the cost of the assets can be reliably measured.

PP&E are measured at a cost and revaluation model is applied when cost model is not applicable.

05

Property, Plant and Equipment Reserve

This reserve account is the corresponding account of Property Plant and Equipment.

06

Cash and Cash Equivalents

Cash & cash equivalents
include local currency notes and coins in hand as at 31st December 2022

3.1 Statement of Financial Performance ACA –F

ACA -F

Ministry of Power and Energy
Statement of Financial Performance
for the period ended 31st December 2022

Budget 2022 Rs.		Note	Actual 2022 Rs.	Actual 2021 Rs.	
-	**Revenue Receipts**			-	
-	Income Tax	1	-	-	ACA-1
-	Taxes on Domestic Goods & Services	2	-	-	
-	Taxes on International Trade	3	-	-	
197,254,782	Non Tax Revenue & Others	4	187,216,484	-	
197,254,782	**Total Revenue Receipts (A)**		187,216,484	-	
-	**Non Revenue Receipts**		-	-	
-	Treasury Imprests		351,503,427	901,681,000	ACA-3
-	Deposits		4,572,289	1,246,665	ACA-4
-	Advance Accounts		12,228,383	5,778,917	ACA-5
-	Other Main Ledger Receipts		-	-	
-	**Total Non Revenue Receipts (B)**		**368,304,099**	**908,706,582**	
	Total Revenue Receipts & Non Revenue Receipts C = (A)+(B)		**555,520,583**	908,706,582	
	Remittance to the Treasury (D)		**49,321,393**	**15,056**	
-	**Net Revenue Receipts & Non Revenue Receipts E = (C)-(D)**		**506,199,190**	908,691,526.00	
	Less: Expenditure				
-	**Recurrent Expenditure**				
173,670,000	Wages, Salaries & Other Employment Benefits	5	164,824,462	73,499,126	ACA-2(ii)
270,703,000	Other Goods & Services	6	225,810,769	115,616,127	
342,535,000	Subsidies, Grants and Transfers	7	259,807,879	28,453,038	
-	Interest Payments	8	-	-	
50,000	Other Recurrent Expenditure	9	-	-	
786,958,000	**Total Recurrent Expenditure (F)**		**650,443,110**	**217,568,291**	
	Capital Expenditure				
2,917,000	Rehabilitation & Improvement of Capital Assets	10	2,566,903	9,379,929	ACA-2(ii)
15,725,000	Acquisition of Capital Assets	11	11,583,338	1,953,267	
38,456,809,000	Capital Transfers	12	37,945,845,459	3,712,203,407	
235,585,000,000	Acquisition of Financial Assets	13	228,770,919,566	-	
30,000	Capacity Building	14	14,250	98,266	
107,500,000	Other Capital Expenditure	15	62,495,925	976,865,471	
274,167,981,000	**Total Capital Expenditure (G)**		**266,793,425,441**	**4,700,500,340**	
	Deposit Payments		4,951,570	1,211,343	ACA-4
	Advance Payments		24,418,381	4,768,433	ACA-5
	Other Main Ledger Payments		-	-	
	Total Main Ledger Expenditure (H)		**29,369,951**	**5,979,776**	
	Total Expenditure I = (F+G+H)		267,473,238,502	4,924,048,407	
	Balance as at 31st December J = (E-I)		(266,967,039,312)	(4,015,356,882)	
	Balance as per the Imprest Reconciliation Statement		(266,967,039,312)	(4,015,356,882)	ACA-7
	Imprest Balance as at 31st December		-	-	ACA-3
			(266,967,039,312)	(4,015,356,882)	

3.2 Statement of Financial Position

ACA –P

ACA-P

Ministry of Power and Energy
Statement of Financial Position
As at 31st December 2022

	Note	Actual 2022 Rs	2021 Rs
Non Financial Assets			
Property, Plant & Equipment	ACA-6	751,947,297	418,889,192
Financial Assets			
Advance Accounts	ACA-5/5(a)	30,796,463	18,606,464
Cash & Cash Equivalents	ACA-3	-	-
Total Assets		782,743,760	437,495,656
Net Assets / Equity			
Net Worth to Treasury		20,181,074	8,949,880
Property, Plant & Equipment Reserve		751,947,297	418,889,192
Rent and Work Advance Reserve	ACA-5(b)	9,550,000	9,550,000
Current Liabilities			
Deposits Accounts	ACA-4	1,065,389	106,584
Unsettled Imprest Balance	ACA-3	-	-
Total Liabilities		782,743,760	437,495,656

Detail Accounting Statements in ACA format Nos. 1 to 7 presented in pages from 7 to 117 and Annexures to accounts presented in pages from 118 to 186 form an integral part of these Financial Statements. The Financial Statements have been prepared in complying with the Generally Accepted Accounting Principles whereas most appropriate Accounting Policies are used as disclosed in the Notes to the Financial Statements and hereby certify that figures in these Finacial Statements, Notes to accounts and other relevant accounts were reconciled with the Treasury Books of Accounts and found in agreement.

We hereby certify that an effective internal control system for the financial control exists in the Reporting Entity and carried out periodic reviews to monitor the effectiveness of internal control system for the financial control and accordingly make alterations as required for such systems to be effectively carried out.

.....
Chief Accounting Officer
Name :
Designation :
Date : 28/02/2023

M P D U K Mapa Pathirana
Secretary
Ministry of Power & Energy
Sir Ernest De Silva Mawatha,
Colombo 07.

.....
Accounting Officer
Name :
Designation :
Date :

.....
~~Chief Financial Officer~~/ Chief Accountant/
~~Director (Finance)/ Commissioner (Finance)~~
Name :
Date :

S.A. Sriyani
Chief Accountant
Ministry of Power
No. 437, Galle Road,
Colombo 03.

3.3 Statement of Cash Flows

ACA –C

ACA-C

Ministry of Power and Energy
Statement of Cash Flows
for the Period ended 31st December 2022

	Actual	
	2022 Rs.	2021 Rs.
Cash Flows from Operating Activities		
Total Tax Receipts		-
Fees, Fines, Penalties and Licenses	62,215,702	-
Profit	-	-
Non Revenue Receipts	-	-
Revenue Collected on behalf of Other Revenue Heads	7,032,790	8,624,363
Imprest Received	351,503,427	901,681,000
Recoveries from Advance	22,229,674	2,903,299
Deposit Received	3,209,631	1,246,665
Total Cash generated from Operations (A)	**446,191,224**	**914,455,327**
Less - Cash disbursed for:		
Personal Emoluments & Operating Payments	255,441,318	189,073,553
Subsidies & Transfer Payments	8,974,183	453,038
Expenditure incurred on behalf of Other Heads	14,165,294	20,849,812
Imprest Settlement to Treasury	49,321,393	15,056
Advance Payments	21,266,968	2,946,066
Deposit Payments	3,026,648	1,211,343
Total Cash disbursed for Operations (B)	**352,195,804**	**214,548,868**
NET CASH FLOW FROM OPERATING ACTIVITIES(C)=(A)-(B)	**93,995,420**	**699,906,459**
Cash Flows from Investing Activities		
Interest	-	-
Dividends	-	-
Divestiture Proceeds & Sale of Physical Assets	-	-
Recoveries from On Lending	-	-
Total Cash generated from Investing Activities (D)	-	-
Less - Cash disbursed for:		
Purchase or Construction of Physical Assets & Acquisition of Other Investment	93,995,420	699,906,459
Total Cash disbursed for Investing Activities (E)	**93,995,420**	**699,906,459**
NET CASH FLOW FROM INVESTING ACTIVITIES(F)=(D)-(E)	**(93,995,420)**	**(699,906,459)**
NET CASH FLOWS FROM OPERATING & INVESTMENT ACTIVITIES (G)=(C) + (F)	-	-
Cash Flows from Fianacing Activities		
Local Borrowings	-	-
Foreign Borrowings	-	-
Grants Received	-	-
Total Cash generated from Financing Activities (H)	-	-
Less - Cash disbursed for:		
Repayment of Local Borrowings	-	-
Repayment of Foreign Borrowings	-	-
Total Cash disbursed for Financing Activities (I)	-	-
NET CASH FLOW FROM FINANCING ACTIVITIES (J)=(H)-(I)	-	-
Net Movement in Cash (K) = (G) + (J)	-	-
Opening Cash Balance as at 01st January	-	-
Closing Cash Balance as at 31st December	-	-

3.4 Performance of the Revenue Collection

Rs.

Revenue Code	Description of the Revenue Code	Revenue Estimate		Collected Revenue	
		Original	FinalEstimate	Amount (Rs.)	As a % of Final Revenue Estimate
2003.02.21	Fees relevant to the Petroleum Industry	190,500,000	197,254,782	187,216,484	95%

3.5 Performance of the Utilization of Allocation

Rs.

Type of Allocation	Allocation		Actual Expenditure	Allocation Utilization as a % of Final Allocation
	Original	Final		
Recurrent	759,650,000	786,958,000	650,443,110	83%
Capital	269,036,100,000	274,167,981,000	266,793,425,441	97%

3.6 In terms of F.R.208 grant of allocations for expenditure

Rs.

Serial No.	Allocation Received from Which Ministry / Departmen	Purpose of the Allocation	Allocation		Actual Expenditure	Allocation Utilization as a % of Final Allocation
			Original	Final		
1	101	Supply of electricity by solar power systems with minimum 2.5 KHW battery storage facility of 3KW capacity.	8,000,000	8,000,000	7,508,660	94%
2	253	Allocations released by the Pension Department to settle the balance due to the Government for 3 retired officers of the Ministry	737,421,50	737,421,50	737,421,50	100%
3	130	Allocation Given by the Ministry of Public Administration for payment of salaries and allowances to the newly appointed officers in 2022	15,475,620	15,475,620	14,095,002	91%

3.7 Performance of the Reporting of Non-Financial Assets

Rs.

Assets Code	Code Description	Balance as per Board of Survey Report as at 31.12.2022	Balance as per financial Position Report as at 31.12.2022	Yet to be Accounted	Reporting Progress as a %
9151	Building and Structures	-	-	-	-
9152	Machinery and Equipment	743,809,160.54	743,809,160.54	-	-
9153	Land	-	-	-	-
9154	Intangible Assets	8,138,136.00	8,138,136.00	-	-
9155	Biological Assets	-	-	-	-
9160	Work in Progress	-	-	-	-
9180	Lease Assets	-	-	-	-

3.8 Auditor General's Report**

Note : Auditor General's Report 2022 is given in **attachment – 01**

Chapter 04

Performance Indicators

4.1 Performance Indicators of the Institute (Based on the Action Plan)

Table 4.1
Performance Indicators of the Institute (Based on the Action Plan)

Specific Indicators		Target	Actual output as a percentage (%) of the expected output
Key Performance indicators	**Product Performance Indicators**	**2022**	**2022**
Power Section			
1. Energy security of the country	Supply of service connections to the public as per the demand. Expansion of the power distribution network of the country to increase the accessibility to electricity.	100%	99.9%
2. Total Installed capacity of the National Grid	Implementation of Power generation plan based on the long-term requirements of the country	100%	87%
3. Share of Renewable Energy in the total Generation Mix	Implementation of Renewable Energy Projects (Hydro, Wind, solar, Biomass) in the country including large scale Renewable Energy Parks.	100%	99.9%
4. Length of High Voltage Transmission Network	Implementation of 220 kV and 132 kV transmission lines to evacuate the power generated from the generation facilities and to transmit into the load centers	100%	75%
Energy Section			
1. Ensure Energy security of the country	Policy direction, guidance, inter agency coordination and supervising over the activities of CPC, CPSTL and PDASL	100%	99.9%
2. A robust framework of statutory, regulatory and institutional arrangements to bring about effective behavioral of producers, suppliers and consumers of upstream petroleum industry.	Establish a strong regulatory framework for upstream industry of Sri Lanka	75%	95%

3.1 Increasing storage capacity up to 45 days requirement of the country at a given time by 2023	3.1 Construction of 1 nos. of 5,000m^3 tank, 4 nos. of 7,000m^3 tanks & 4 nos. of 15,000m^3 Tanks at Kolonnawa Installation	50%	80%
3.2 Increasing penetration of Natural gas in all sectors towards achieving a minimum 30% of the total energy mix by 2030	3.2.1 Enter into a Petroleum Resources Agreement with selected investors	20%	80%
	3.2.2 Start new exploration activities	10%	85%
4. Zero / Minimal complaints with regard to quality of petroleum products and lubricants	Regular inspection of sales outlets with relevant stakeholder agencies	100%	75%

Source: Ministry of Power and Energy

Chapter 05

Performance of the achieving Sustainable Development Goals (SDGs)

5.1 Identified respective Sustainable Development Goals

Table 5.1
Identified respective Sustainable Development Goals of Ministry of Power and Energy

Goal / Objective	Targets	Indicators of the Achievement	Progress of the Achievement to date		
			0%-49%	50%-74%	75%-100%
Ensure access to affordable, reliable, sustainable and modern energy for all	Improvement of the distribution network for 100% domestic electrification level and high-quality power supply	Electrification level of the country			99.9%
	Increase the share of Renewable Energy in the total generation mix to 70% by 2030.	Percentage of Renewable energy generation in the total energy mix		74%	
	Increase the contribution of renewable energy in the electricity generation by enhancing rooftop solar power development	Connected 662 MW of rooftop solar power capacity to the national grid by 2022			100%
	Energy saving through efficient energy use Programme) (1243 GWh by 2025)	737 GWh energy saving		59%	

Source: Ministry of Power and Energy

5.2 Achievements and challengers of the sustainable development goals Achievements

- Achieving and maintaining the level of electrification up to 99.9%

- Maintaining the attractive share of renewable energy in electricity generation

Year	Share of Renewable Energy
2021	49%
2022	52%

- Launched Soorya Bala Sangramaya programme
  662 MW capacity of solar rooftop systems by 45,785 consumers have added to the generating system through the "Soorya Bala Sangramaya" programme as of December 2022.

- Commissioning of 35 MW Broadlands Hydro Power Plant in January 2022 and 98GWh of electricity was generated during the 2022.

Challenges

- Technical Challenges in terms of the inadequacy of ancillary systems to support the grid in Renewable Energy integration.
- Renewable Energy is on Demand, which requires storage solutions, Cost
- effective batteries, pump hydro solutions.

- High Cost of the renewable energy technologies and hence require large volume of investments for renewable energy developments.

- Climate Change
- Irregularly in the weather is almost affect the hydropower generation, biomass production and Agro residue generation.

- Social Issues in renewable energy generation.
- Conflicts with wildlife and forest.
- Conflicts with villagers.

- NDC (Nationally Determined Contributions) targets pose formidable commitment by 2030
- 5% Voluntary Action – unconditional – to reduce environmental carbon dioxide
- 20% Supported Action - to reduce environmental carbon dioxide under the situation of international participation.

Chapter 06

Human Resource Profile

6.1 Cadre Management

Table 6.1
Cadre of Ministry of Power and Energy

Position	Approved	Existing	Vacant/(Excess)**
Power Section			
Senior	20	14	06
Tertiary	04	-	04
Secondary	48	45	03
Primary	26	22	04
Temporary	04	03	01
Sub Total	102	84	18
Energy Section			
Senior	20	14	06
Tertiary	03	01	02
Secondary	47	42	11
Primary	23	19	04
Sub Total	**93**	**76**	**23**
Total	**195**	**160**	**41**

Source: Ministry of Power and Energy

6.2 Impact of shortage or excess in human resources on performance of the institute.**

It is noted that only 28 officers are existing within 40 approved cadre for the senior level and it is only 70% out of total senior level cadre. Further, approved 06 cadre positions of tertiary level are vacant while 14 are vacant from 95 approved cadre of secondary level. Even in the midst of staff shortages, it is imperative to mention that the existing staff have played a significant role for achieving the expected performance of the Ministry during the year 2022 disregarding the staff scarcity. If all the vacant positions (Especially senior level) had been filled, it would greatly help for achieving a higher level of expected performance.

6.3 Human Resource Development

Table 6.2
Training Programmes Provided by the Ministry - 2022

Name of the Program	No. of staff trained	Duration of the program	Total Investment Rs.		Nature of the Program (Foreign/ Local)	Output/ Knowledge Gained*
			Local	Foreign		
Office Procedures and Financial Regulations	23	01 Day	14,250		Local	Success
Awareness Program on Air Quality Management	05	01 Day	-	-	Local	Success
Tamil Language training Programme (Secondary Level)	20	150 Hours	-	-	Local	Success
Strengthening Monitoring and Evaluation for Sustainable Development in Sri Lanka workshop	02	05 Days	-	-	Local	Success
Training on Gender and Social Inclusion in the Energy Sector	06	01 Day	-	-	Local	Success
National policy for Industrial Development : Strategic Planning Workshop	01	02 Days	-	-	Local	Success
A Workshop on the Future Regulation by Asian Productivity Organization in Japan (Online)	03	03 Days	-	-	Local	Success
South Asia Regional Initiative on Energy Integration Program	01	02 Days	-	-	Foreign	Success
Interregional Training Courses on Energy Planning for Nationally determine Contributions	01	06 Days	-	-	Foreign	Success
Virtual Workshop on Performance Management Systems and Productivity of the Public Sector	01	03 Days	-	-	Foreign	Success

Source: Ministry of Power and Energy

* Training and development programs help employees attract and retain top talent, increase job satisfaction, improve productivity, and address deficiencies identified in their performance reviews. Also, a clear view and understanding is given on how to complete their duties and tasks in a given time frame. Training also helps improve workplace performance management.

Chapter 07

Compliance Report

No.	Applicable Requirement	Compliance Status (Complied/ Not Complied)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
1	**The following Financial statements/accounts have been submitted on due date**			
1.1	Annual financial statements	Complied		
1.2	Advance to public officers account	Complied		
1.3	Trading and Manufacturing Advance Accounts (Commercial Advance Accounts)	Not Relevant		
1.4	Stores Advance Accounts			
1.5	Special Advance Accounts			
1.6	Others			
2	**Maintenance of books and registers (FR445)/**			
2.1	Fixed assets register has been maintained and update in terms of Public Administration Circular 267/2018	Complied		
2.2	Personal emoluments register/ Personal emoluments cards has been maintained and update	Complied		
2.3	Register of Audit queries has been maintained and update	Complied		
2.4	Register of Internal Audit reports has been maintained and update	Complied		
2.5	All the monthly account summaries (CIGAS) are prepared and submitted to the Treasury on due date	Complied		
2.6	Register for cheques and money orders has been maintained and update	Complied		
2.7	Inventory register has been maintained and update	Complied		
2.8	Stocks Register has been maintained and update	Complied		
2.9	Register of Losses has been maintained and update	Complied		

2.10	Commitment Register has been maintained and update.	Complied		
2.11	Register of Counterfoil Books (GA-N20) has been maintained and update	Complied		
03	**Delegation of functions for financial control (FR 135)**			
3.1	The financial authority has been delegated within the institute	Complied		
3.2	The delegation of financial authority has been communicated within the institute	Complied		
3.3	The authority has been delegated in such manner so as to pass each transaction through two or more officers	Complied		
3.4	The controls has been adhered to by the Accountants in terms of State Account Circular 171/2004 dated 11.05.2014 in using the Government Payroll Software Package	Complied		
04	**Preparation of Annual Plans**			
4.1	The annual action plan has been prepared	Complied		
4.2	The annual procurement plan has been prepared	Complied		
4.3	The annual Internal Audit plan has been prepared	Complied		
4.4	The annual estimate has been prepared and submitted to the NBD on due date	Complied		
4.5	The annual cash flow has been submitted to the Treasury Operations Department on time	Complied		
05	**Audit queries**			
5.1	All the audit queries has been replied within the specified time by the Auditor General	Complied		
06	**Internal Audit**			
6.1	The internal audit plan has been prepared at the beginning of the year after consulting the Auditor General in terms of Financial Regulation 134(2)) DMA/1-2019	Complied		
6.2	All the internal audit reports has been replied within one month	Complied		
6.3	Copies of all the internal audit reports has been submitted to the Management Audit Department in terms of Sub-section 40(4) of the National Audit Act No. 19 of 2018	Complied		

6.4	All the copies of internal audit reports has been submitted to the Auditor General in terms of Financial Regulation 134(3)	Complied		
07	**Audit and Management Committee**			
7.1	Minimum 04 meetings of the Audit and Management Committee has been held during the year as per the DMA Circular 1-2019	Not Complied	03 Audit and Management Committee was held. Planned committees cannot done due to the prevailing situation of the country	
08	**Asset Management**			
8.1	The information about purchases of assets and disposals was submitted to the Comptroller General's Office in terms of Paragraph 07 of the Asset Management Circular No. 01/2017	Complied		
8.2	A suitable liaison officer was appointed to coordinate the implementation of the provisions of the circular and the details of the nominated officer was sent to the Comptroller General's Office in terms of Paragraph 13 of the aforesaid circular	Complied		
8.3	The boards of survey was conducted and the relevant reports submitted to the Auditor General on due date in terms of Public Finance Circular No. 05/2016	Complied		
8.4	The excesses and deficits that were disclosed through the board of survey and other relating recommendations, actions were carried out during the period specified in the circular	Complied		
8.5	The disposal of condemn articles had been carried out in terms of FR 772	Complied		
09	**Vehicle Management**			
9.1	The daily running charts and monthly summaries of the pool vehicles had been prepared and submitted to the Auditor General on due date	Complied		
9.2	The condemned vehicles had been disposed of within a period of less than 6 months after condemning	Complied		
9.3	The vehicle logbooks had been maintained and updated	Complied		

9.4	The action has been taken in terms of F.R. 103, 104, 109 and 110 with regard to every vehicle accident	Complied		
9.5	The fuel consumption of vehicles has been re-tested in terms of the provisions of Paragraph 3.1 of the Public Administration Circular No. 30/2016 of 29.12.2016	Not Complied	The Emission test is an issue as it has to be performed within the 20 liters of fuel per week (Quota system imposed by the government)	
9.6	The absolute ownership of the leased vehicle log books has been transferred after the lease term	Complied		
10	**Management of Bank Accounts**			
10.1	The bank reconciliation statements had been prepared, got certified and made ready for audit by the due date	Complied		
10.2	The dormant accounts that had existed in the year under review or since previous years settled	Complied		
10.3	The action had been taken in terms of Financial Regulations regarding balances that had been disclosed through bank reconciliation statements and for which adjustments had to be made, and had those balances been settled within one month	Complied		
11	**Utilization of Provisions**			
11.1	The provisions allocated had been spent without exceeding the limit	Complied		
11.2	The liabilities not exceeding the provisions that remained at the end of the year as per the FR 94(1)	Complied		
12	**Advances to Public Officers Account**			
12.1	The limits had been complied with	Complied		
12.2	A time analysis had been carried out on the loans in arrears	Complied		
12.3	The loan balances in arrears for over one year had been settled	Complied		
13	**General Deposit Account**			
13.1	The action had been taken as per F.R.571 in relation to disposal of lapsed deposits.	Complied		

13.2	The control register for general deposits had been updated and maintained	Complied		
14	**Imprest Account**			
14.1	The balance in the cash book at the end of the year under review remitted to TOD	Complied		
14.2	The ad-hoc sub imprests issued as per F.R. 371 settled within one month from the completion of the task	Complied		
14.3	The ad-hoc sub imprests had been issued exceeding the limit approved as per F.R. 371	Complied		
14.4	The balance of the imprest account had been reconciled with the Treasury books monthly	Complied		
15	**Revenue Account**			
15.1	The refunds from the revenue had been made in terms of the regulations	Not relevant		
15.2	The revenue collection had been directly credited to the revenue account without credited to the deposit account	Not relevant		
15.3	Returns of arrears of revenue forward to the Auditor General in terms of FR 176	Not relevant		
16	**Human Resource Management**			
16.1	The staff had been paid within the approved cadre	Complied		
16.2	All members of the staff have been issued a duty list in writing	Complied		
16.3	All reports have been submitted to MSD in terms of their circular no.04/2017 dated 20.09.2017	Complied		
17	**Provision of information to the public**			
17.1	An information officer has been appointed and a proper register of information is maintained and updated in terms of Right To Information Act and Regulation	Complied		

17.2	Information about the institution to the public have been provided by Website or alternative measures and has it been facilitated to appreciate/allegation to public against the public authority by this website or alternative measures	Complied		
17.3	Bi- Annual and Annual reports have been submitted as per section 08 and 10 of the RTI Act	Complied		
18	**Implementing citizens charter**			
18.1	A citizens charter/ Citizens client's charter has been formulated and implemented by the Institution in terms of the circular number 05/2008 and 05/2018(1) of Ministry of Public Administration and Management	Complied		
18.2	A methodology has been devised by the Institution in order to monitor and assess the formulation and the implementation of Citizens Charter/ Citizens client's charter as per paragraph 2.3 of the circular	Complied		
19	**Preparation of the Human Resource Plan**			
19.1	A human resource plan has been prepared in terms of the format in Annexure 02 of Public Administration Circular No.02/2018 dated 24.01.2018.	Complied		
19.2	A minimum training opportunity of not less than 12 hours per year for each member of the staff has been ensured in the aforesaid Human Resource Plan	Complied		
19.3	Annual performance agreements have been signed for the entire staff based on the format in Annexure 01 of the aforesaid Circular	Complied		
19.4	A senior officer was appointed and assigned the responsibility of preparing the human resource development plan, organizing capacity building programs and conducting skill development programs as per paragraph No.6.5 of the aforesaid Circular	Complied		
20	**Responses Audit Paras**			
20.1	The shortcomings pointed out in the audit paragraphs issued by the Auditor General for the previous years have been rectified	Not Complied Only on certain audit paragraphs	Information should be obtained from the relevant divisions	

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