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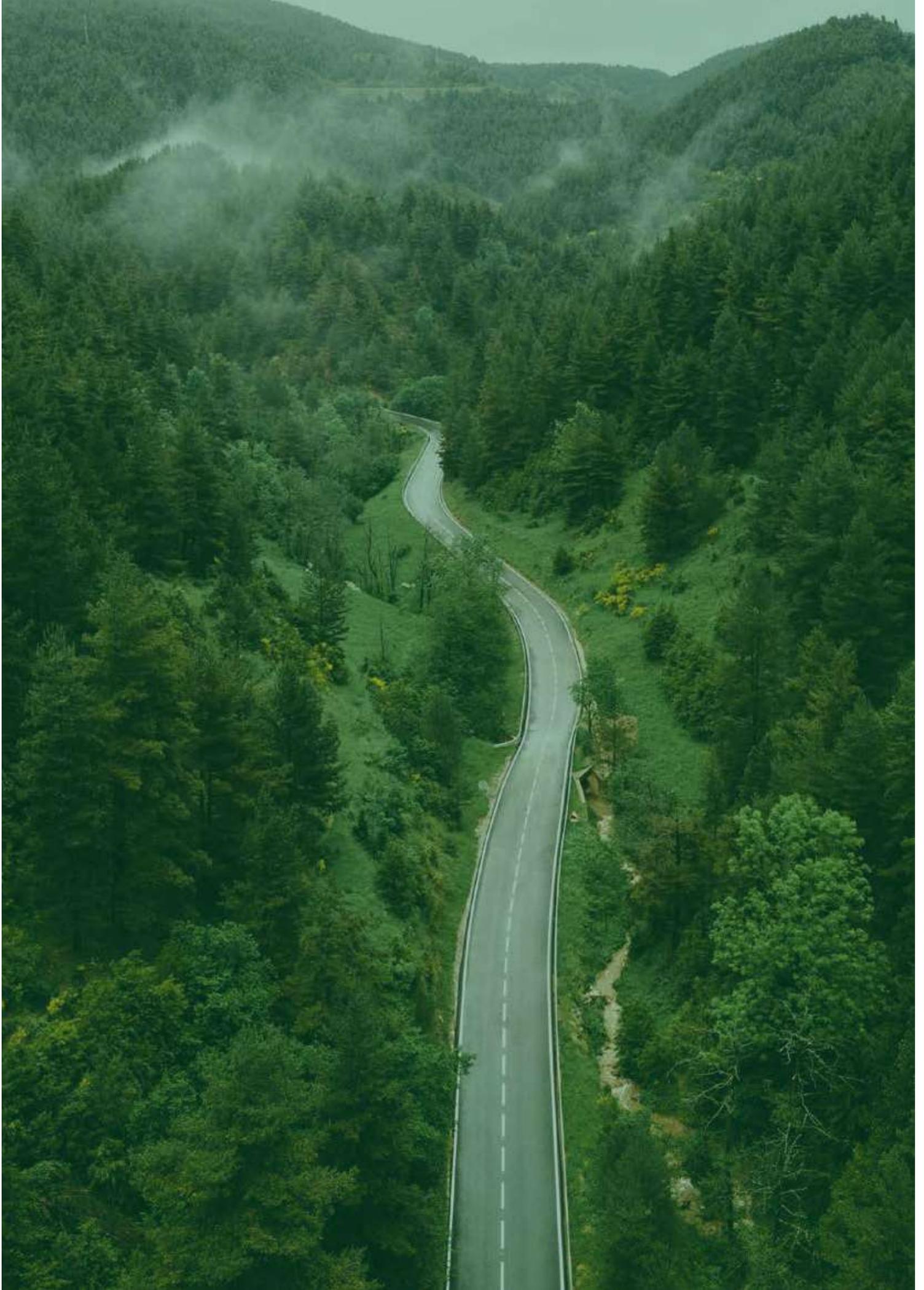
ANNUAL REPORT 2020

2050 இல் கார்பன் நடுநிலை ஆண்டறிக்கை 2020

2020 අපේක්ෂා කළ 2020

CARBON NEUTRAL BY 2050







CARBON NEUTRAL BY 2050

As an island nation, we are challenged by the effects of global warming, due to melting ice caps and rising sea levels and the threat they pose to Sri Lankans as islanders. As a consequence, we need to vehemently adopt a strong stance in combating carbon emissions, before the time for change has expired. And with global warnings being issued time and time again, we are constantly reminded of the urgency to take climate action, without delay.

Hence, taking action towards a future of net-zero emissions, Sri Lanka has initiated an agenda to reach carbon neutral status by 2050, while achieving 70% of this lofty goal by 2030. As of 2020, we have now made considerable headway with 30% of our target achieved – and, continuing to instill climate action and enabling change to take root across industries, homes, and communities.

Our vision is aligned not only with that of the national agenda but with that of the World. As the highest authority in sustainable energy in Sri Lanka, we are enabling and empowering Sri Lankans to limit their impact on global warming for a livable planet and a sustainably spent future.

COMMITMENT



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OUR VISION



**An Energy
Secure
Sri Lanka**



To guide the nation in all its efforts to develop indigenous energy resources and conserve energy resources through exploration, facilitation, research & development and knowledge management in the journey of national development, paving the way for Sri Lanka to gain energy security by protecting natural, human and economic wealth by embracing best sustainability practices.

OUR MISSION



ABOUT US



The Sri Lanka Sustainable Energy Authority (SLSEA) was established on 1st October 2007 with executing the Sri Lanka Sustainable Energy Authority Act, No. 35 of 2007 enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka.



SLSEA is the governing body responsible for pioneering the sustainable energy revolution in Sri Lanka. It was established with the objective of forming a key institution which would drive energy efficiency throughout Sri Lanka and proactively identifying renewable energy resources which could facilitate meeting the energy needs in an effective, efficient and eco-friendly manner. As an organisation handling such a critical area of Sri Lanka's future growth, we aim to facilitate the continuous development of our nation's rich renewable energy resources that includes solar, wind, hydro and bioenergy.

At SLSEA, we strive to drive strategic investments in the energy sector, which will thereby pave the way for Sri Lanka to make transition to cleaner, sustainable and indigenously sourced energy solutions in the future. While aiming to develop our energy sources, we also attempt to facilitate research & development and knowledge transfers that will enable us to develop innovative energy solutions and processes to meet the nation's requirement for sustainable energy.



ABOUT THIS REPORT

We present you the Sri Lanka Sustainable Energy Authority (SLSEA) Annual Report along with the Audited Financial Statements for the year 2020 providing our stakeholders with a comprehensive picture of the organisation and its overall performance during the period.

REPORTING STANDARDS AND PRINCIPLES

The SLSEA confirms that the information disclosed in the Annual Report is in compliance with the statutory requirements, the requirements of the organisation's governing structure and as well as the Audited Financial Statements are in accordance with the Sri Lanka Accounting Standards (SLFRS & LKASs) duly audited by the Auditor General's Department.

SCOPE AND BOUNDARY

A section is allocated in the Annual Report specially to the review of the operations of the organisation. All information presented in this Annual Report is principally connected to its business operations from 1st January 2020 to 31st December 2020.





PERFORMANCE HIGHLIGHTS

Renewable Electricity Generation

GWh **1,866** 2020
1,579 - 2019

Cumulative Capacity from Small Hydropower Projects

MW **421** 2020
419 - 2019

Cumulative Capacity from Solar Projects (Ground Mounted)

MW **75** 2020
57 - 2019

Cumulative Capacity from Wind Projects

MW **148** 2020
128 - 2019

Cumulative Capacity from Biomass Projects

MW **53** 2020
43 - 2019

Cumulative No. of Solar Rooftops Connected to National Grid

No. **31,165** 2020
24,696 - 2019

Energy Saving from Efficient Appliances

GWh **780** 2020
738 - 2019

Cumulative Capacity from Solar Rooftop Projects

MW **337** 2020
261 - 2019

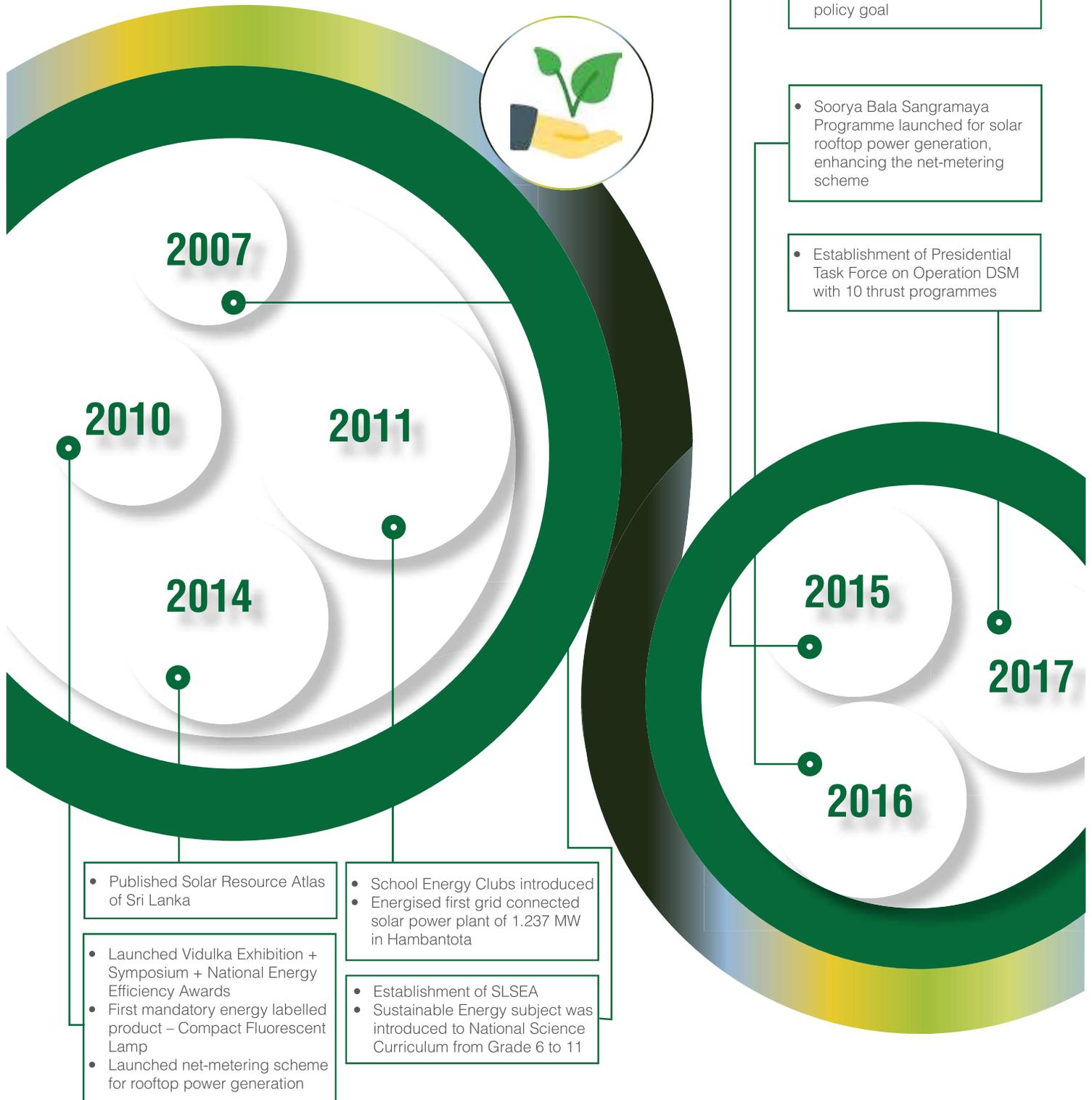


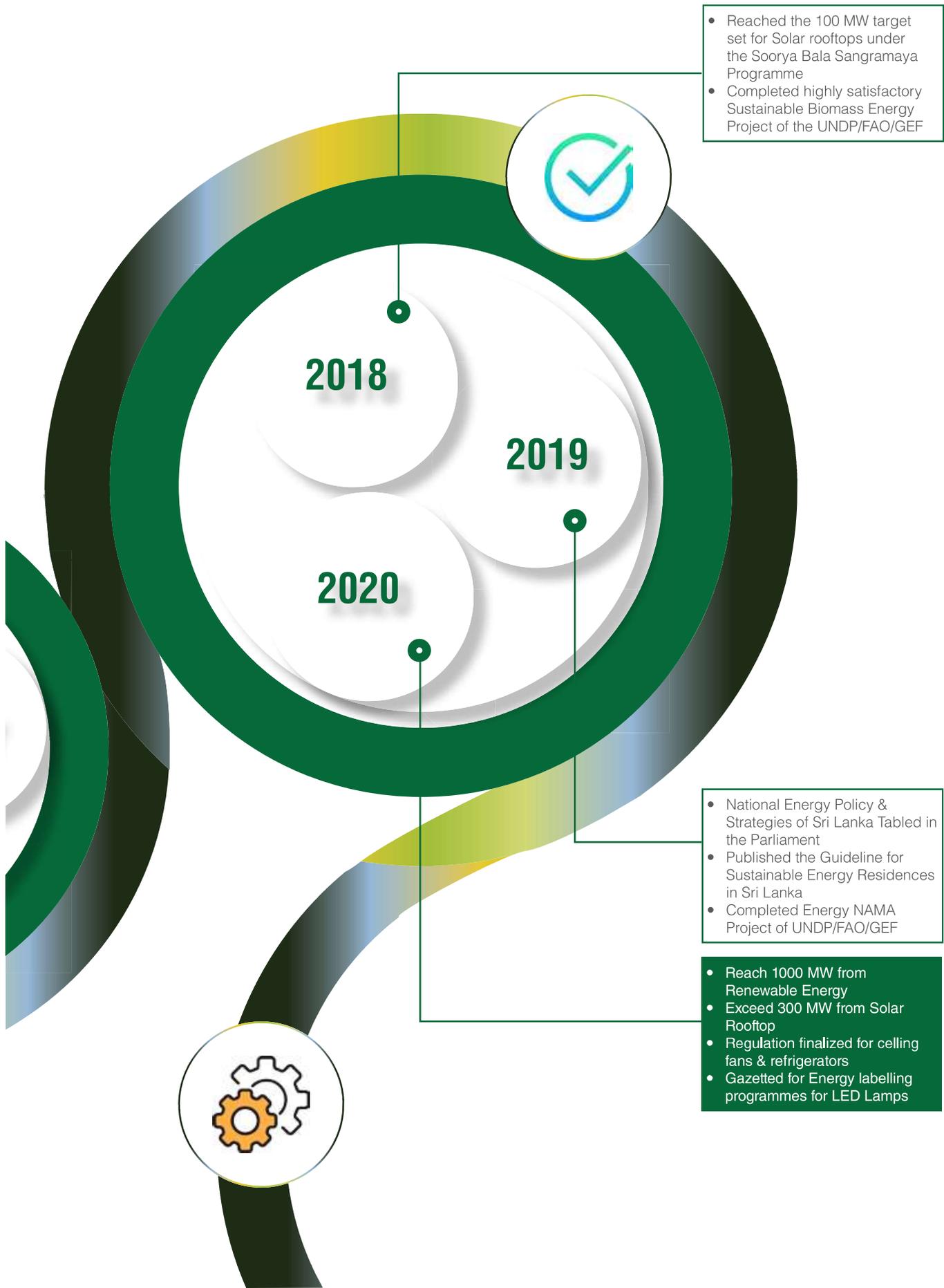
| Description | Unit | 2019 | 2020 |
|---|---------------|-----------|------------------|
| Performance Highlights | | | |
| Renewable Electricity Generation | GWh | 1,579 | 1,866 |
| Cumulative capacity from small hydropower projects | MW | 419 | 421 |
| Cumulative capacity from solar projects (ground mounted) | MW | 57 | 75 |
| Cumulative capacity from wind projects | MW | 128 | 148 |
| Cumulative capacity from biomass projects | MW | 43 | 53 |
| Cumulative no. of solar rooftops connected to national grid | No. | 24,696 | 31,165 |
| Cumulative capacity from solar rooftop projects | MW | 261 | 337 |
| Generation from solar rooftop projects | GWh | 362 | 250 |
| Energy saving from efficient appliances | GWh | 738 | 780 |
| CO2 avoided | Metric Tonnes | 2,090,338 | 2,259,749 |
| Human Capital | | | |
| Total staff of SLSEA | No. | 104 | 100 |
| No. of Employees more than 10 years | No. | 54 | 54 |
| No. of Employees more than 5 years | No. | 77 | 79 |
| Total payment for employees | LKR Mn | 92 | |
| Social and Relationship Capital | | | |
| No. of energy audits conducted | No. | 25 | 5 |
| No. of energy managers | No. | 7 | 2 |
| No. of equipment hiring days | Days | 1,710 | 900 |
| No. of energy labelling standards published | No. | 2 | 1 |
| No. of visitors for the Hambantota solar park | No. | 1,100 | 560 |
| No. of solar services companies registered by SLSEA | No. | 327 | 442 |
| No. of solar standards published | No. | 1 | 1 |
| No. of research facilitated | No. | 6 | 1 |
| No. of publications | No. | 8 | 7 |

AUDIT REPORT FROM
NATIONAL AUDITFINANCIAL
STATEMENTSMANAGEMENT DISCUSSION
AND ANALYSISCORPORATE
GOVERNANCEABOUT
US



KEY MILESTONES







CHAIRMAN'S MESSAGE

Although the year 2020 was one of the most challenging year in recent memory due to the COVID-19 pandemic, I am privileged to have been presented with the opportunity to lead the Sri Lanka Sustainable Energy Authority (SLSEA) through this testing period. Amidst such a backdrop, the SLSEA achieved reasonable progress during the year, and it gives me great pleasure to present the Annual Report for the year 2020.

NEW TARGETS FOR RENEWABLE ENERGY

The newly elected Government in the "Vistas of Prosperity and Splendour" Vision for Sri Lanka he outlined the importance of renewable energy and how it is a vital component as part of the overall energy mix of a country, which consists of Hydro, Thermal, Coal and alternative renewable energies. It stated that by 2030, the country's renewable energy mix is to be increased to 40% of the total portfolio while hydro and renewable energy together would account for 80% of the overall energy mix by 2030. In order to achieve the policy targets of the new Government, priority was given to sustainable energy development initiatives, keeping Sri Lanka aligned with the current global trends in the energy industry.

intended at attracting human resources necessary for achieving the objectives of the Authority has been a challenge for several years. I am proud to state that the Scheme of Recruitment was successfully implemented during the year. Another key achievement of the year was the finalising of the 5-year Renewable Energy Resource Development Plan which was compiled in order to meet the statutory requirement in Section 8 of Sri Lanka Sustainable Energy Authority Act. We accelerated the activities related to renewable energy development parks in Siyambalanduwa, Pooneryn and Mannar and successfully achieved the set goals giving us a solid platform to make more progress in 2021.

Due to the restrictions in the country, we were only able to utilise part of the Asian Development Bank (ADB) approved US\$50 million loan for Sri Lanka's Rooftop Solar Power Generation Project and we are hopeful to disburse the remaining funds during the first half of 2021. During the year, Sri Lanka received a US\$ 100 million loan from the Government of India for the installation of solar rooftop systems on Government buildings. The funds will be utilised to provide solar power systems to low-income households in the districts of Anuradhapura, Moneragala, Hambantota and Trincomalee.

The Code of Practice for Energy Efficient Buildings 2020 was finalised and opened for public comments during the year. This code will be introduced for commercial buildings as a mandatory requirement with the objective of improving energy utilisation efficiency in the commercial buildings sector. Steps were taken to complete energy labelling for electrical equipment and the

THE YEAR 2020 RECAP

Given the visionary leadership of the new President and the new path the country was set to take during 2020, there was great hope for the year and significant plans were made to accelerate towards our renewable energy goals. However, the onset of the COVID-19 pandemic during the early parts of the year triggered long lockdowns in the country and greatly disrupted the activities of all organisations in Sri Lanka as the Government battled to curb the spread of this deadly virus. As a responsible organisation, we took carefully planned steps to ensure that the lives of our employees and their families were never at risk as they continued with SLSEA activities. Overall, despite numerous challenges, I am happy to state that we were able to give a successful service throughout the year.

The most significant achievement of the year was when we reached the key target of generating 1,000 MW of renewable energy for the first time in our history. This is indeed a remarkable achievement by the country and augers well for our future goals. The SLSEA was established in 2007 and commenced operations obtaining the services of the employees of its predecessor, the Energy Conservation Fund. Obtaining relevant approvals for the proposed Scheme of Recruitment

entire process is expected to be completed by 2021 with the first labels set to be unveiled to stakeholders in early 2021.

SLSEA conducted various training programmes whenever possible given the pandemic restrictions and one of the notable programmes was a five-day comprehensive training-of-trainers workshop in collaboration with the Ministry of Defence. The energy education programme for school children and pre-school levels, as well as the School Energy Club programme, Scout programme and pre-school teacher training were all disrupted due to the pandemic given that all schools were closed for the year. We are hopeful 2021 will allow us to make significant progress in all of them.

Supporting local communities in rural areas of Sri Lanka was another aspect of our activities that got pushed back due to the pandemic. Accordingly, in 2021 we plan to provide electricity to several remote villages located inside the Knuckles range. While working with certain Government institutions can be challenging at times due to various reasons, the Authority took bold measures and engaged constructively with all relevant stakeholders in order to drive towards our targets set for the year.



FUTURE OUTLOOK

Glancing ahead into 2021, it is clear that the impact of the pandemic will continue for the foreseeable future. This would mean that almost all aspects of the country's economy will be negatively affected. However, we are determined to work together with all our stakeholders and find a way to power ahead with our various initiatives and activities in order to meet our medium and long-term goals. We shall strive to make progress on all fronts especially given the fact that achieving energy security by increasing our renewable energy capabilities will provide a much-needed boost to the Sri Lankan economy in today's uncertain economic landscape.

ACKNOWLEDGEMENTS

Before I conclude my message, I would like to take this opportunity to convey my deep gratitude to the key individuals at the Ministry of Power & Energy, notably the Hon. Minister, the Hon. State Minister and the Secretary, together with other Ministry Officials, for their unstinted support and guidance given during the year. I would like to thank the Board Members and the Principal Officials of the SLSEA for their important insights and to every member of the SLSEA team for their hard work, commitment and perseverance, especially given the fact that all activities were significantly affected by the deadly pandemic. I am thankful to the help given by all other stakeholders throughout the year. Together, we have all navigated our way through the uncharted waters of a pandemic-hit year. Let us all continue to work as one team to lead the country forward towards our goal of energy sustainability.

Ranjith Sepala
Chairman



DIRECTOR GENERAL'S REVIEW



We have come to the end of a year full of unforeseen challenges and yet the SLSEA has come out strong on numerous fronts to record a year of success. As the Director General of SLSEA, I am proud to recap the performance of the organisation during the year and provide my views on our progress.

HIGHLIGHTS OF 2020

The year 2020 was certainly one of the toughest in recent times due to the arrival of the COVID-19 pandemic that disrupted day-to-day activities across the world and brought entire countries to a standstill. At SLSEA, I am proud to state that we were one of the first Government organisations to respond to the challenges posed by the pandemic by rapidly implementing a Work from Home (WFH) scheme whereby most of our officers were able to contribute to their full capacity despite the dangers caused by the pandemic and the restrictions of the countrywide lockdowns. By leveraging the power of technology we were able to continue our services to the general public and the Government with little or no delays and disruptions.



Under the "Vistas of Prosperity and Splendour" Vision for Sri Lanka of His Excellency the President Gotabaya Rajapaksa, the country's renewable energy target to be achieved by the year 2030 is 70% which is higher than the initial 50%. While this is a progressive step, it also means that we have to increase our efforts significantly to make this target possible. During the year, we finalised the 5-year Renewable Energy Resource Development Plan which was compiled in order to meet the statutory requirement in Section 8 of Sri Lanka Sustainable Energy Authority Act and shared it with all relevant stakeholders.

One of the key highlights of the year was when we successfully reached the milestone of generating 1,000 MW of renewable energy for the first time in our history, an outstanding achievement for the Authority as well as the country. This comprised 423 MW of Mini Hydro, 178 MW of Wind, 286 MW of Rooftop Solar, 72 MW of large-scale solar.

During the year, we were able to successfully navigate past the difficulties of the pandemic to once again provide our fullest support to enable renewable energy to be added to the national grid. Although there were severe limitations due to the pandemic, we were able to closely monitor the progress of all projects and commission some of them within the given time period. When it comes to Rooftop Solar, we were able to build on the 200 MW achieved in 2019 by extending to 338 MW during the year under review. We were also able to register 74 new solar installation companies during the year, while over 200 existing companies extended their registration thereby making it a grand total of over 280 solar installation companies in Sri Lanka. A number of training programmes were successfully carried out for key individuals in those companies such as Engineers and other technical personnel using online platforms when physical training programmes were not possible due to the pandemic.

Initial development work of the Siyambalanda 100 MW solar power park, the first large-scale solar power park in the country, was carried out, and all the necessary approvals were obtained, including the Environmental Impact Assessment (EIA). With

the support of the Asian Development Bank (ADB) and IFC of the World Bank, preliminary surveying of the Pooneryn energy park project site was completed, and the activities related to the land acquisition process were initiated. Bird study, which is a main requirement for the wind project component, was also conducted while arrangements were made to implement the Environmental & Social Impact Assessment (ESIA). We also commenced work on the balance wind power generation potential in Mannar where the first 100 MW project has been developed by the CEB. Initiatives were taken to develop another 100 MW of wind power on Mannar Island. Arrangements were made for a pre-feasibility study, ESIA, wind measuring campaign and land acquisition process for the projects that were initiated.

With the target of realising 1,000 MW rooftop solar power capacity in 2025, rooftop solar project Soorya Bala Sangramaya was supported with funding of US\$ 100 million from Export-Import Bank of India (Exim Bank). The funds will be used for solar rooftop systems on Government buildings, and to provide solar power systems to low-income households in the districts of Anuradhapura, Moneragala, Hambantota and Trincomalee. During the year, we initiated the first offshore wind roadmap development where I was able to visit the United Kingdom and negotiate with the World Bank to obtain their technical assistance for this project. The project was initiated, and the World Bank has already appointed the consultant to carry out the physical study and develop the road map.

In terms of Demand Side Management, during the year, various activities continued to bring about proper regulatory interventions and create awareness to manage energy efficiency improvement in industrial, domestic and commercial sectors. Accordingly, Energy Labelling programme for Ceiling Fans and Refrigerators was finalised while the Energy Labelling programme for LED lamps was gazetted. Energy Labelling standards for TV, rice cooker, water pump and LED panels were initiated. The Sri Lanka Energy Balance, the annual analysis of the Energy Sector performance in Sri Lanka for the year 2018 was published.

LOOKING AHEAD

As the pandemic is expected to affect all lives and businesses for the coming months and years, the economy will be impacted negatively, and the country will require a united effort to rebuild and move forward. With the ambitious but achievable 70% renewable energy by 2030 target a decade away, the focus will be to align all our initiatives to reach this goal. While all the large-scale projects are expected to play a crucial role, we will also require close cooperation with key stakeholders such as the Ministry and CEB to accelerate our progress towards this 2030 goal.

APPRECIATIONS

I would like to state my appreciation to the Minister of Power and the State Minister of Solar, Wind and Hydro Power Generation Projects Development, their respective Secretaries and other Ministry officials for their unstinted support given to us during this challenging year. My sincere thanks go out to the Board

Members and the Principal Officials of the SLSEA for their invaluable insights and to every member of the dynamic SLSEA team who overcame significant odds by demonstrating commitment and passion throughout the year. I am also grateful to the support offered to us by the Asian Development Bank, World Bank, Exim Bank and all such organisations. A warm 'Thank You' also goes out to all other stakeholders for their continued cooperation. The power of working together as one team was demonstrated this year as all of us came together to face unexpected challenges of the pandemic and made remarkable progress. I am confident that this successful template will encourage and motivate us to strive harder to reach our goals in the coming months and years.

Dr. Asanka Rodrigo
Director General



BOARD OF MANAGEMENT

Mrs. Wasanatha Perera

SECRETARY MINISTRY OF POWER

Mr. Chinthaka S. Lokuhetti

FROM JANUARY TO AUGUST

Ms. E A R RenukaADDITIONAL SECRETARY (DEVELOPMENT)
MINISTRY OF LANDS AND LAND DEVELOPMENT**Ms. Anjalika K. Gunasekara**DIRECTOR, DEPARTMENT OF NATIONAL PLANNING MINISTRY OF
FINANCE, ECONOMIC AND POLICY DEVELOPMENT**Mr. Damitha Kumarasinghe**DIRECTOR GENERAL
PUBLIC UTILITIES COMMISSION OF SRI LANKA**Mr. Rohana Thalpvila**

APPOINTED MEMBER

Mr. Boopathi Kahathuduwa

APPOINTED MEMBER

Mr. Lakshman SilvaAPPOINTED MEMBER
FROM JUNE**Mrs. Kulani H W Karunarathna**DIRECTOR (ENVIRONMENT PLANNING & ECONOMICS)
MINISTRY OF ENVIRONMENT**Mr. A M R J K Jayasinghe**

SNR ASSISTANT SECRETARY (ADMIN.) MINISTRY OF TRANSPORT

Mr. Janaka Ambagahawatta**Ms. Lathisha Liyanage**ADDITIONAL SECRETARY (POLICY & PROJECT EVALUATION)
MINISTRY OF AGRICULTURE**Mr. Ravindra Hewawitharana**SECRETARY
MINISTRY OF PLANTATION INDUSTRIES AND EXPORT AGRICULTURE**Mr. K D Chitrapala**

FROM JANUARY TO JULY

Mr. Nishad UpendraAPPOINTED MEMBER
FROM MAY**Mr. Chandrarathna Vithanage**SENIOR ASSISTANT SECRETARY GENERAL
THE CEYLON CHAMBER OF COMMERCE (FROM JUNE)**Mr. W J L S Fernando**APPOINTED MEMBER
FROM JUNE
SL ENERGY MANAGEMENT ASSOCIATION**Mrs. Nayana Nathavitharana**ADDITIONAL SECRETARY
MINISTRY OF PUBLIC SERVICES
PROVINCIAL AND LOCAL GOVERNMENT



AUDIT AND MANAGEMENT COMMITTEE

MEMBERS:

Ms. Anjalika K Gunasekara

DIRECTOR, DEPARTMENT OF NATIONAL PLANNING, MINISTRY OF
FINANCE, ECONOMIC AND POLICY DEVELOPMENT

Ms. Nayana Nathavitharana

ADDITIONAL SECRETARY, MINISTRY OF PUBLIC ADMINISTRATION,
HOME AFFAIRS, PROVINCIAL COUNCILS AND LOCAL GOVERNMENT

Mr. Boopathi Kahathuduwa

BOARD MEMBER, SLSEA

OBSERVERS:

Ms. H A D Chandani

SUPERINTENDENT OF AUDIT, NATIONAL AUDIT OFFICE

Mrs. B A D Abeywardena

CHIEF INTERNAL AUDITOR, MINISTRY OF POWER

AUDIT REPORT FROM
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CORPORATE
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ABOUT
US



CORPORATE GOVERNANCE

The Board of Management of Sri Lanka Sustainable Energy Authority operates on the five principles of equity, fairness, impartiality, transparency and accountability. With these governing principals as the foundation, it endeavours to build strong relationship with all its stakeholders and nurture an environment conducive for sustainable energy development. The Authority's activities are conducted in line with ethical standards and in the best interest of the state and all Sri Lankans. This commitment is supported with the right roles, structures and information which are in alignment with the stated policies of the government.

BOARD OF MANAGEMENT

The Board of Management is ultimately accountable and responsible for discharging the duties assigned to it by the Sri Lanka Sustainable Energy Authority Act No. 35 of 2007. It is lead by a Chairman appointed by the Minister in charge of the subject.

RESPONSIBILITY

The Board of Management also bears the ultimate responsibility of meeting the objects set out in the Act, exercising the powers vested in it by the Act, proper functioning of systems of internal controls and for the integrity of the financial information provided. The affairs of the Authority are carried out by the Director General of the Authority who is the Chief Executive Officer subject to the general direction and control of the Board. The Board is supported by a sub-committee to oversee the financial aspects of the Authority name the Audit & Management Committee. Similarly, the Board is supported by external advisory committees when the need arises to make decisions on matters of great technical complexity, beyond the capacity of the Board.

All procurement activities of the Authority are carried out in strict compliance with the Government Procurement Guidelines. These activities are undertaken by the officials of the Authority with the guidance of independent Technical Evaluation Committees and two Procurement Committees depending on the value of the procurement envisaged.

COMPOSITION

The Board comprised twenty one members with twelve ex-officio members and nine appointed members including the Chairman.

BOARD MEETINGS

Board Meetings are scheduled on a fixed calendar with at least one monthly sitting. At these meetings the Board sets out the strategic direction of the Authority, reviews the performance and progress of all activities, the recurrent and the capital expenditure programmes. These meetings also provide the forum for the officials of the Authority to submit proposals to meet the objects of the Authority for the consideration of the Board. The Board members are given appropriate documentation in advance of each Meeting. The level of participation of the Board of Management at these meetings during the year 2020 are as follows:

| No. | Date of Meeting | Participation |
|-----|-----------------|---------------|
| 1 | 2020 11 Feb | 12 |
| 2 | 2020 21 May | 15 |
| 3 | 2020 18 Jun | 18 |
| 4 | 2020 28 Jul | 18 |
| 5 | 2020 25 Aug | 17 |
| 6 | 2020 22 Sep | 16 |
| 7 | 2020 30 Nov | 16 |
| 8 | 2020 15 Dec | 16 |

COMPLIANCE WITH LEGAL REQUIREMENTS

The Board of Management makes every endeavour to ensure that the Authority complies with the Act and other applicable rules, regulations and guidelines published by the government from time to time. The Board ensures that the financial statements of the Authority are prepared in accordance with the Sri Lanka Public Sector Accounting Standards and comply with the requirement of the Finance Act No. 38 of 1971.

RISK MANAGEMENT

SLSEA has identified some common risks as well as additional risks which are specific to sustainable energy recognising risk management as an integral component of good management and governance. The specific risks are mainly in relation to the energy efficiency improvement and renewable energy development and the policy environment in which it operates. The Board of Management therefore places special attention on the risk management together with the senior management of SLSEA to ensure sound Financial and Operational Control Systems are put in place. Internal auditors and the management team from time to time review the systems' effectiveness in delivering the mandate of the Authority.

RISK CULTURE

The Board of Management has identified its position and a clear uniform tone has been maintained in risk assignment. The management in reflecting on their commitment to ethical principles have taken into consideration the positions of all stakeholders when decision making. In adherence with the leadership, the staff has also recognised the importance of such ethical principles and have continued to follow the same.

RISK IDENTIFICATION

The Authority is closely following the external environment identifying risks. The Authority further categorise these identified risks; some common to the global energy industry and some specific to the country, for effective control purposes. The Authority contributing to formulate the National Energy Policy & Strategies of Sri Lanka in 2019 identified programmes which are in agreement with the stated policy, minimising the policy risks affecting its programmes.

RISK MANAGEMENT

The Authority considers renewable energy resources and reduction of energy waste as the primary thrust areas and foresee the main risks as low fossil fuel prices which can become a cheaper alternative to renewable energy and which also can cause end user indifference to energy costs, which will lead to energy waste at the end user point.

Accordingly, SLSEA has undertaken a risk management strategy of transforming the sustainable energy market to the least possible cost condition, so even under a low fossil fuel price condition, the demand for sustainable energy services will not diminish. Development of renewable energy through several approaches undertaken by the electricity utilities are thus supported by SLSEA, realising significant capacity additions. The solar industry is nurtured by allowing a large number of start-up companies to become service providers to encourage competition in the solar rooftop industry, again bringing out solar electricity to become price competitive. Similarly, the energy services companies are nurtured and supported so these companies can continue to serve the industry and commence delivering energy efficiency services, even at lower electricity and fossil fuel prices.

The stagnant customer tariffs and increased generation costs are causing substantial losses to the electricity industry, leading to a severe cashflow crisis. There is a strong likelihood that the renewable energy industry will be adversely affected by these developments, making the industry face significant risks than ever before.

RISK OF LOSING RESOURCES

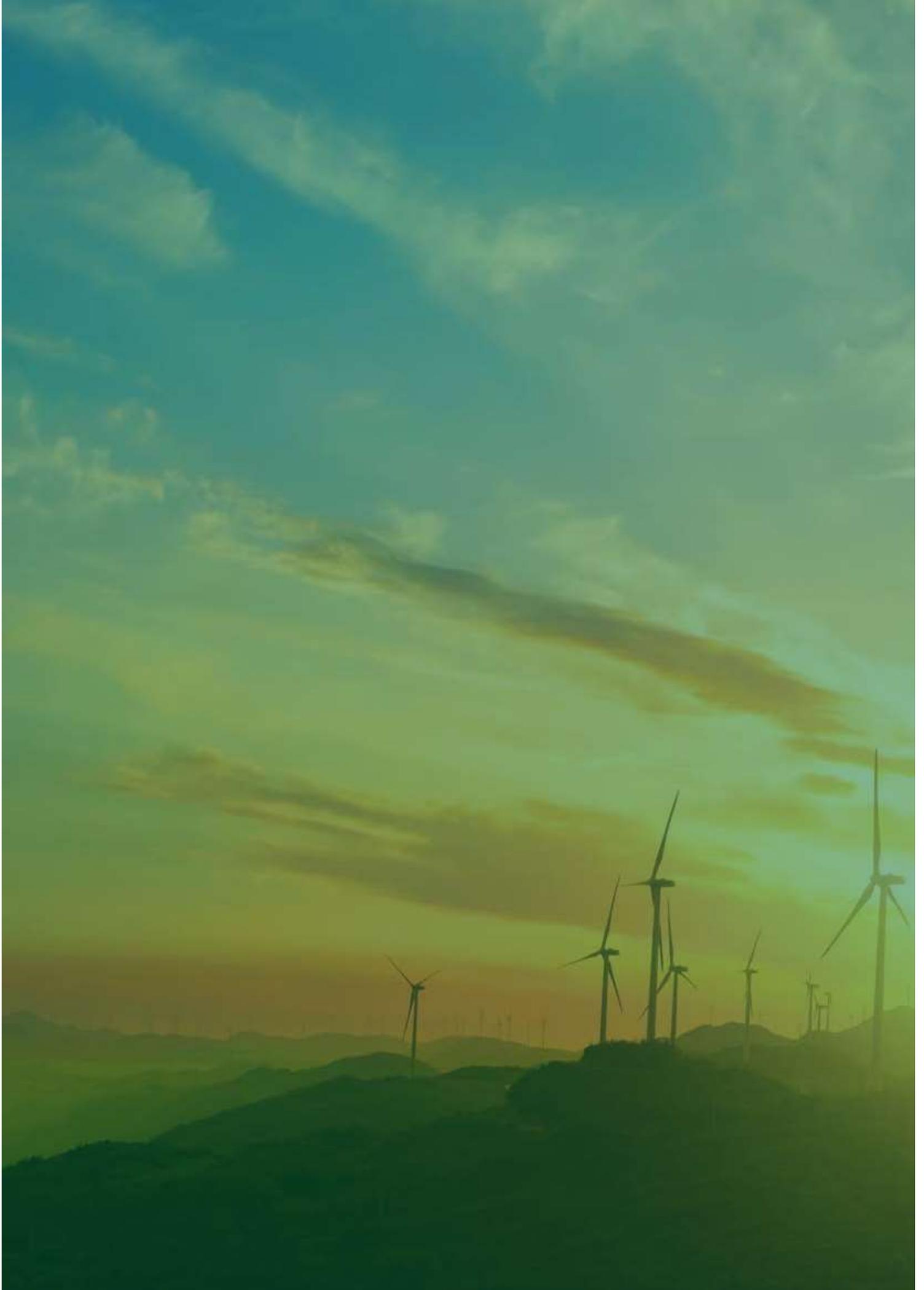
The valuable renewable energy resources of the country are adversely affected by change of land use patterns and human activities. Vast swathes of productive wind energy resource sites are lost due to expanding settlements. Similarly, good hydropower resources which exhibited excellent streamflow characteristics in the past have started to behave erratically, due to deforestation of catchment areas, again due to expansion of commercial plantations and also due to changing rainfall rhythms, a direct result of climate change. Further compounding these natural causes are the increased legal actions taken by the civil society organisations being utilised against renewable energy project development. Number of law suites brought against project developers in which SLSEA was made a respondent rose to 12 in 2020, causing severe delay of productive renewable energy resources.

RISK OF LOW PRICES OF ENERGY SERVICES

Electricity prices which underwent a 25% price reduction in 2014 continued to affect the energy services industry as the enthusiasm of institutional users remained diminished. Industrial sector continued to enjoy very low tariffs during day time, bringing down cost of production. This resulted in reduced interest in curtailing energy waste and caused significant market shrinkage in the energy efficiency services sector. Similarly, fossil fuels used in industrial thermal applications too remained low, compounding these effects. Nevertheless, a limited number of institutional users pursued their sustainability goals by engaging in large scale energy efficiency improvement projects, gaining substantial benefits in reduced carbon footprint and lower operating costs.

RISK MONITORING AND REVIEW

The presence and the functioning of Authority's risk management components are assessed over time with the purpose of identifying weaknesses in the controls thereby undertaking the required internal and external changes. While the senior management and the Audit and Management Committee hold the ultimate responsibility for ongoing monitoring activities or separate evaluations, the Internal Auditor carry out frequent system base audits by focussing of different service delivery arms of the Authority. Effectiveness of the risk management process is reviewed annually, and adjustments are made to the current process.



A photograph of a wind farm at sunset. The sky is a mix of orange, yellow, and blue. In the foreground, a large wind turbine is silhouetted against the sky. In the background, many other wind turbines are visible on a hillside. The overall image has a greenish tint.

MANAGEMENT DISCUSSION



PERFORMANCE REVIEW

PERFORMANCE OF PROGRAMMES IN 2020

In the 'National Energy Policy & Strategies' gazetted in 2019, energy security and sustainability are given high focus. In this context, providing reliable, affordable and clean energy through sustainable pathways was identified to be important, and the programmes for the year-in-concern were planned in the particular context. Further, as it was a milestone in the contribution of the nation towards global greenhouse gas (GHG) emission reduction targets, where the energy sector is a key player, the country had to give momentum to the sustainable energy development activities, especially for the upcoming decade. Above all, with the high attention received from the Government to sustainable energy, the subject came to the forefront in the energy sector activities. Programmes of 2020 were carried out in this highly conducive background settings directly connected to the focal subject area of the implementation of programmes of SLSEA as the key national institute related to the subject.

Sri Lanka Sustainable Energy Authority Act, No. 35 of 2007, spells out the framework of programmes for the institute: developing all forms of renewable energy, improving energy efficiency across all sectors, formulating conducive policies for energy sustainability, energy information management and ensuring necessary investments in the sustainable energy sector. Programmes were implemented by SLSEA with this wide focus, and the activities were carried out with the following medium-term targets for the time horizon of 2025.

- Realizing a 25% New Renewable Energy share in central electricity generation
- Realizing 1,000 MW capacity in rooftop solar PV systems
- Realizing an electricity saving of 1,500 GWh

Programmes were implemented in Supply Side Management and Demand Side Management areas as mentioned below.

(A) SUPPLY SIDE MANAGEMENT (SSM)

• Renewable Energy Development

Objective: to directly involve in the implementation of renewable energy development programmes for achieving national renewable energy targets.

• Strategy

Objective: to carry out renewable energy development planning and initial project development work in large-scale renewable energy projects.

(B) DEMAND SIDE MANAGEMENT (DSM)

• Energy Efficiency Improvement & Conservation

Objective: to directly involve in implementing energy management programmes towards achieving national energy saving targets

• Knowledge Management

Objective: to implement energy education programmes towards creating an energy-conscious nation

In addition to the general programmes, SLSEA extended assistance for the policy initiatives towards a more-focused future journey of sustainable energy development, led by the Ministry of Power and State Ministry of Solar, Wind and Hydro Power Projects Development, the revision of Nationally Determined Contributions (NDCs) led by Ministry of Environment and all other sustainable energy development initiatives of various stakeholders encompassing both the public sector and the private sector.

Details of activities under major programmes are given below.

A. SUPPLY SIDE MANAGEMENT PROGRAMMES

RENEWABLE ENERGY DIVISION

• Issuance of Approvals for Renewable Energy Projects

SLSEA undertakes the issuance of Energy Permits (EP) & Provisional Approvals (PA) for on-grid renewable energy projects under the approval of Project Approving Committee (PAC). Applications for the implementation of renewable energy projects are screened, evaluated and submitted to the Project Approving Committee (PAC) for approval, where the decisions are taken in accordance with the provisions given in the Act. SLSEA is playing a focal role in the entire project approval and implementation process. Conducting PAC meetings and Appeal Committee meetings, coordinating with other project approving agencies and declaring Energy Development Areas are the key activities attended by SLSEA in the regulatory process related to the subject. SLSEA carries out facilitating the developers in the entire process, and monitoring the progress of project implementation and post implementation status are also carried out. The projects tendered by CEB - 1 MW solar projects, 10 MW solar projects and 10 MW wind projects are also coming under this. Through the processing of applications throughout the past period, an aggregate capacity nearing 700 MW has been connected to the national electricity grid; and the details are given below.

• Facilitating the Developers for Resolving Land Matters



Vavunathivu site

1. Valachchenei 10 MW CEB tendered solar power project: The land was re-surveyed and new tracing – No – BT/KPN/2020/71 was prepared by the District Surveyor's office of Batticaloa. New Land has been cleared from archeological and other institutional issues.
2. Vavunathivu 10 MW CEB tendered solar power project: Land Commissioner General's Department has submitted for final approval of the Land Minister.
3. Represented the court cases of Suntact MHP, Baharanda and Bohil MHP.
4. Ranmudu oya MHP: Land acquisition was completed.
5. Siri oya MHP: Valuation report has been requested from the Valuation Department office, Rathnapura for preparing the land lease agreement.
6. St. Heliers MHP: Land Ministry has requested the recommendation of the Minister of Power to issue section 50 for old acquisition proposals.

• Soorya Bala Sangramaya

Soorya Bala Sangramaya, which is a crash programme for implementing rooftop solar power systems was continued with the 3 schemes - Net metering, Net Accounting and Net Plus, in collaboration with Ceylon Electricity Board (CEB) and Lanka Electricity Company (Pvt) Ltd. (LECO). Projects were implemented in households, religious places, hotels, commercial establishments and industries. The programme has supported realizing a 337 MW solar power capacity, which is equivalent to 3% of national electricity demand, through 31,165 rooftop solar PV systems.

Implementation of projects has been carried out by solar service provider companies registered with SLSEA, whereby ensuring product quality and the standards of installation are coming under direct scrutiny of SLSEA. Interventions of SLSEA include the following.

- Conducting the training programmes for Engineers technicians and institutional staff
- Conducting solar rooftop services providers performance testing
- Conducting approving committees for granting the approval for import of equipment and installation of rooftop solar systems
- Coordinating with other approving agencies
- Maintaining and updating data-information system
- Providing technical support for the Government institutions for implementing rooftop solar projects
- Resolving issues related to the clients based on solar rooftop services providers' performance.
- Conducting a client care service
- Conducting NVQ student training programmes
- Updating the standards.

• Registration of Solar Service Providers

Companies seeking new registration have to present their company background and the technical staff details including their qualifications and the instruments (inverters and panels) they expect to import, based on which the Committee takes decision on eligibility and approves the registration. Those seeking renewal have to do a presentation to show the installations they have done. At the presentations, in addition to the formal processing of renewal applications, the panelists instruct to improve the quality of the delivery of their work. Complying with the product standards & installation standards is a key criterion applied in the registration and renewal processes.

270 solar service providers were registered with SLSEA by mid 2020, which has led to 8,500 direct jobs and 3,700 indirect jobs at various capacities.



PERFORMANCE REVIEW

• Training Programmes for Security Forces

SLSEA conducts training programmes as a frequent intervention. Special attention was given to training women in the programmes conducted in this year, as opportunities for women as energy service providers are extremely limited, and therefore the potential remains unfulfilled. SLSEA conducted a five-day comprehensive training-of-trainers workshop, 'Capacity Development of Women Workforce of Sri Lanka Armed Forces on Solar Energy' in collaboration with the Ministry of Defense. 21 women officers and other rankers of Sri Lanka Army, Sri Lanka Navy, Sri Lanka Air Force and the Department of Civil Security participated the programme. Programme comprised of lectures, observation visits on solar panel and cable manufacturing plants and on-site practical training at Solar Energy Park, Hambantota from 18 – 22 Aug 2020.



Training was also conducted for Sri Lanka Police. Programme was held at the Police Communication Division, Mirihana.

• Training of NAITA Students on Solar PV Technology

Training of NAITA students on solar PV technology was done as part of the solar panel prototype manufacturing project conducted by the Ministry of Skill Development, Vocational Training, Research & Innovation.



A discussion on the project at State Ministry of Skill development, Vocational Education, Research & development

An advanced training programme was planned to start at Hambantota solar park for those who have successfully completed the 5 months theoretical course at NAITA.

- **Operation of Renewable Energy Demonstration Plants**

Hambantota solar power plant and Indurana mini-hydro power plant were operated, along-with carrying out general maintenance activities of the solar power system. Elephant encroachches were observed to be a serious difficulty for the Hambantota power plant, and therefore the necessary repair work of the electrical fence was carried out. Initiatives were made to expand the demonstration facility of Indurana as a turbine museum.

Panel washing activities are done by the site staff



A Governor part



Flywheel parts





PERFORMANCE REVIEW

STRATEGY DIVISION

• Renewable Energy Development Plan

In the process of sustainable energy development, renewable energy development needs to be done in an optimal approach for harnessing resources. When the long-term renewable energy development process is considered in this context, identification of appropriate sites for large-scale renewable energy projects is the prime focus given in the renewable energy development planning. In the past few decades, Geographic Information Systems (GIS) have been widely used to assist in searching for suitable sites for renewable energy development. GIS provides the functionalities of integrating a large spectrum of geospatial information into the decision-making of renewable energy development. Therefore, optimal lands for the development of renewable energy resources – solar, wind and biomass were done through GIS Optimization Model, using land-use layers pertinent to different land-use criteria, and considering different constraints for obtaining lands for the purpose of renewable energy development. The criteria chosen for modeling the suitability of RE plant locations were resource potential, land use, distance to roads, terrain, distance to grid substations (GSS), urban centers and exclusionary areas (i.e., areas where forest and wildlife reservations, archaeological reservations, coastal conservation areas, urban centers, airports and roads).

- Land-use types selected for renewable energy development

• Siyambalanduwa 100 MW Solar Power Park

Initial development work of the Siyambalanduwa 100 MW solar power park, which is the first large-scale solar power park in the country, was carried out. All the necessary approvals for the project were obtained, and the Environmental Impact Assessment (EIA) was completed for the project site as well as for the transmission line pathway. Detailed discussions were carried out with the Forest Department, Divisional Secretariat – Siyambalanduwa, CEB and all the stakeholders in order to plan the future project development activities, and thus it is expected to go for the next phases of the project including the obtaining of lands with speedier interventions.



• Pooneryn Wind-Solar Hybrid Energy Park

Pooneryn area is one of the areas with the largest wind energy potentials in the country, also with a high solar resource potential. The land areas being scrublands are non-arable, and due to these most favourable conditions for renewable energy development, Pooneryn area has been selected for a large-scale wind-solar hybrid renewable energy project. The total estimated capacity of the project is 239 MW of wind & 150 MW of solar power, and the total project area is 1,170 ha. Preliminary surveying of the project site was completed by the Survey Department, and the preliminary activities related to the land acquisition process were initiated. Bird study, which is a main requirement for the wind project component, was carried out. Arrangements were made to carry out the Environmental & Social Impact Assessment (ESIA).

• Mannar Phase II 100 MW Wind Power Park

Initiatives were made to proceed with the balance wind power generation potential in Mannar, which is one of the best wind resource sites in the country, where the first 100 MW project has been developed by the CEB. Preliminary studies for identifying the existing further capacities available have shown that 150 MW wind power potential in Mannar Island and 290 MW potential in inland areas of Mannar district. So, initiatives were taken to develop another 100 MW of wind power in Mannar Island. Arrangements were made for a pre-feasibility study, ESIA, wind measuring campaign and land acquisition process for the project were thus initiated.

B. Demand Side Management (DSM) Programmes

An effort was made to elevate the energy efficiency improvement and conservation programme (EEI&C) from the prevalent voluntary approach to a focused mandatory approach. As the first step in this direction, a regulation was drafted to elicit information related to energy performance of certain end user groups. This regulation will enable the end user groups to understand their level of energy performance against the rest of the end users in the category, prompting them to increase their energy performance.

The legislation is expected to be implemented in the year 2021, and quickly lead to a mandatory reporting regime of energy indicators and output levels of a given end user. As the next step, the under performing end users will be required to undertake a comprehensive energy audit of their respective facilities and arrive at a plan of improvement. In essence, this will result in a forced implementation of EEI&C regime in the country.

• Energy Efficiency Improvement & Conservation

Objective: to directly involve in energy management programmes towards achieving national energy efficiency targets.

In the area of energy conservation, programmes have been implemented focusing Commercial, Industrial and Domestic sectors under the following three categories.

- Regulatory interventions
- Strengthening the energy efficiency services
- Training and awareness.

Programmes implemented in the year 2020 shown in the following sections.

1. Establishment of Energy Management Systems

SLSEA facilitates the energy conservation in commercial and industrial sectors through long term programmes such as Energy Manager programme, Energy Auditor programme, establishing energy consumption benchmarks etc. At the moment, 226 Energy Managers & 22 Energy Auditors have been registered with SLSEA. Apart from that, district wise workshops for energy management officers on energy conservation and renewable energy have been continued from 2018. In line with that, a workshop was conducted covering Matara, Galle & Hambantota (100 participants) districts in 2020. Applications were called for registering Training Providers for energy managers/ energy auditors and other energy management programmes. Also initiatives were taken to publish a regulation on energy benchmarking as a mandatory energy efficiency improvement programme.

2. Introducing Standards and Regulations

Different activities are being carried out by SLSEA to formulate proper regulatory interventions along with creating awareness to manage energy efficiency improvement in industrial, domestic and commercial sectors. Accordingly, Code of Practice for Energy Efficient Buildings 2020 is being finalized and opened for public comments. This code will be introduced for commercial buildings as a mandatory requirement with the objective of improving energy utilization efficiency in the commercial buildings sector. Apart from that, 'Guideline for Sustainable Energy Residences' which was published in English is being translated to Sinhala & Tamil languages. The progress of the Appliance Energy Labelling programme is as follows.

| Description | Progress |
|---|--|
| Minimum Energy Performance Standard for LED Panels | Preparation of the standard is in progress. |
| Energy Labelling programme for Ceiling Fans | Public awareness is conducted through mass media about energy label for ceiling fans of diameter of 1400 mm. It is proposed to extend the Energy Labeling programme for ceiling fans of other diameters and as the first step it is initiated for ceiling fans of 1200 mm diameter. |
| Energy Labelling programme for refrigerators | Draft standard is finalized for refrigerators and ready to publish as SL standard. |
| Energy Labelling programme for LED lamps | Gazette for the mandatory energy labeling of LED lamps is published. |
| Energy Labelling programme for TV, rice cooker and water pump | Preparing the Labeling Standards for TV, rice cooker and water pump was initiated. |

3. Advisory and Counselling Services

SLSEA assists industries, commercial and state sector institutes to solve their energy related issues by providing consulting services by answering queries, awareness programmes upon request etc. A well maintained instrument bank is available for hiring to use in energy auditing activities. Instrument utilization for 2020 is about 900 No of days. Procurement for purchasing ultrasonic flow meter, flue gas analyzer, thermal imaging camera, air flow meter and steam trap tester for the instrument bank is also initiated. Energy Services companies (ESCO) have been registered to provide particular services in carrying out energy audits and implementation of energy efficiency improvement projects and at the moment 50 ESCOs are being registered under SLSEA. Further, consultancies and energy audit services were provided to Government Analyst Department, Sugathadasa Sport Complex, Finance Commission, Disaster Management Department and SLIDA in 2020.



PERFORMANCE REVIEW

4. Energy Balance

The Sri Lanka Energy Balance is an analysis of the energy sector performance in Sri Lanka. SLSEA publishes the Energy Balance annually and the compilation & designing of Energy Balance of 2018 is in progress. Further to that, introducing a web based database to the National Energy Balance is initiated and the preparation of bidding documents for developing Energy Balance database is in progress.

5. Establishment of Pilot Projects

Tri-generation or Combined Cooling, Heat and Power (CCHP) refers to the simultaneous generation of electricity and useful heating and cooling from one source of energy. 80% of the energy in primary fuel can be utilized by tri-generation. This is one of the best methods available for maximum utilization of energy. In this context, SLSEA has decided to explore the possibilities of introducing tri-generation to industries. Study for the implementation of Tri-generation system at Biyagama Export Processing Zone was completed and a presentation was conducted regarding the feasibility study to BOI officials and short listed factories in Biyagama Export Processing Zone.

6. Operation Demand Side Management (ODSM) Programme

Progress of the ODSM programme which is conducted under following thrust areas is as follows.

| Thrust Area | Work Carried Out |
|--------------------------------|---|
| Efficient Air Conditioning | Specification and funding proposal for a AC test facility were prepared and submitted to several donor agencies. Proposal was sent to ERD approval. |
| Efficient Refrigerators | Bidding documents are being prepared for the procurement of refrigerant cylinders for the pilot study under the refrigerator replacement programme. |
| Efficient Chillers | TOR is being prepared for a chiller survey. |
| Efficient Fans | Data validation of the household appliance survey was completed and data migration to the Department of Census & Statistics is in progress. |
| Smart Homes | Booklet on Energy Efficient practices in the domestic sector is published. |
| Eliminating Incandescent Lamps | Phase 1 of the LED distribution programme is completed. |

KNOWLEDGE MANAGEMENT

• Energy Education Programme

Energy Club evaluation programme have been postponed due to the pandemic situation.

- Online teachers 'Knowledge Dissemination Programme' for the teacher-in charge of the Energy Clubs scheduled to be developed on the request of the Ministry of Education.
- Draft Activity Guide for the Training of Trainers has been completed.
- Procurement for the development of Visual Learning Material is being conducted

• Publishing Sanraksha

SLSEA publishes Sanraksha quarterly education magazine to disseminate novel knowledge to the students and public. Desktop publication has been completed for the third quarter publication, and the last two have been distributed.

• Pre-School teacher Training

- Training materials have been developed
- Training programme for the pre-school teachers have to be postponed due to a pandemic situation.

• Scouts Programme

Scouts Association and SLSEA have planned to distribute 100,000 leaflets through the scouts to aware domestic customers on energy management activities. Artwork of the leaflet has been completed and distribution activities postponed due to pandemic situation.

• Energy Labeling Promotion

Promotion of label for ceiling fans has been conducted jointly with all government media

• Printing of Reading Materials

Regular publications have been updated and it will be printed based on the future requirements.

• Media Strategic Plan

Terms of Reference for a comprehensive Media Strategic Plan was being developed

ACTION PLAN 2021

SUPPLY SIDE MANAGEMENT (SSM) PROGRAMMES

Renewable Energy Division

RE 01 - Resource Allocation

Renewable energy resource allocation for the prospective developers will be carried out along-with providing the necessary facilitation in the land matters and other required interventions.

RE 02 - Renewable Energy Project Monitoring

Monitoring the progress of project implementation will be carried out along-with the related assessments.

RE 03 - Renewable Energy Pilot projects

Renewable energy pilot projects will be carried out in order to create enabling environments for different new technologies. Piloting of floating solar power, hydrogen technology with wind power and hybrid of solar and biomass have been planned under this.

RE 04 - Renewable Energy Services

With the target of realizing 1000 MW rooftop solar power capacity in 2025, Sooryabala Sangramaya project will be carried out introducing the necessary interventions for strengthening the same. Necessary steps for ensuring quality & standards and system performance will be taken, and the capacity building programmes on solar rooftop system installation will be conducted. Project finance facilitation programmes will be carried out using ADB rooftop solar PV power generation project and the proposed Indian Credit Line facility.

RE 05 - Donor Funded Projects

ADB assisted Electricity Supply Reliability Improvement Project and the UNDP assisted Biomass Energy Development Project will be continued.

RE 06 - Hambantota Solar Park

Operation of the Hambantota solar power plant will be carried out along-with interventions for the necessary improvements enhancing the security system for wild elephants and the introduction of a water pressurized system. Establishing a training centre will also be carried out.

RE 07 - Indurana Mini Hydro Power Plant

Operation of Indurana mini-hydro power plant will be carried out.

Strategy Division

ST 01 - Renewable Energy Development Plan

Renewable energy resource development planning is carried out as a continuous process based on the Renewable Energy Resource Maps and Renewable Energy Resource Inventory, in collaboration with the Generation & Transmission Planning Division of the Ceylon Electricity Board.

ST 02 - Wind Resource Assessment

Island-wide wind resource assessment carried out using the national wind mast network in the past period has supported to establish large-scale and medium-scale wind power projects implemented by the CEB and the private sector. The measurement programme will be continued for support further mind data for the future projects.

ST 03 - Pooneryn Wind-Solar Hybrid Energy Park

Preliminary activities of the Pooneryn wind-solar hybrid energy park are being continued. Shorebird study and bat study, which is in the final stage, will be completed, and the Environmental & Social Impact Assessment, Geotechnical Study and Archaeological Impact Assessment have been planned. Land acquisition of process will also be carried out.

ST 04 - Siyambalanduwa 100 MW Solar Park

Initial project development activities of the Siyambalanduwa 100 MW solar park are in progress, where the Environmental Impact Assessment has been completed. Carrying out on-site measurements and land acquisition related activities have been planned, on completion of which the project will be ready for tendering.

ST 05 - Mannar phase II

The overall wind power potential in Mannar has been identified to be 375 MW, and the initial 100 MW has been developed by the CEB. The second phase of it with a capacity of 100 MW has been initiated, and pre-feasibility study and Environmental & Social Impact Assessment have been planned.



ACTION PLAN 2021

DEMAND SIDE MANAGEMENT (DSM) PROGRAMMES

Energy Management Division

EM 01- Establishment of Energy Management Systems

Establishment of energy consumption benchmarks will be carried out, introducing a data reporting software system. Regulatory infrastructure on this will be created by way of introducing the regulations on energy consumption benchmarks. Certification schemes for Energy Managers, Energy Auditors, Energy Services Companies (ESCOs) and training providers will be continued.

EM 02 - Enforcing the Code of Practice for Energy Efficient Buildings and Households

The Code of Practice for Energy Efficient Buildings will be published, and the capacity building programmes on the same will be carried out. Regulatory infrastructure will be introduced for making mandatory the code. Awareness creation on residential energy efficiency guidelines will be conducted.

EM 03 - Energy Labelling Programme for Appliances

Energy labeling programme will be continued and LED panels, refrigerators, air-conditioners, motors, water pumps, rice cookers, gas cookers, TV, computers, etc. have been included in the programme.

EM 04 - Energy Information

Collection and dissemination of energy data will be continued, and the Energy Balance 2020 will be published. Software systems will be developed for data collection, including the necessary systems for NDC/SDG data reporting. A consumer survey will be carried out on cooking energy patterns.

EM 05 - Operation Demand Side Management (ODSM) Programme

LED distribution programme will be continued with the objective of phasing out incandescent lamps from the system. A study will be carried out on suitable technologies for street lighting, and the regulations will be published. Programmes will be implemented on efficient chillers, efficient refrigerators and efficient lighting.

EM 06 - Advisory and Counselling Services

Industrial and commercial sectors will be facilitated for improving their energy systems by way of energy auditing, instrumentation support and energy efficiency consultancy services.

EM 07 - Rewarding of Achievements

In consideration of the importance of promoting energy efficiency improvement in residential buildings through the residential energy efficiency guideline, an energy efficient home award scheme will be introduced and included in the Sri Lanka National Energy Efficiency Award programme.

EM 08 - R & D/ Pilot Projects

Research & pilot projects on energy efficient technologies will be conducted.

KNOWLEDGE MANAGEMENT DIVISION

KM 01- Energy Education Programme

Energy education programme for school children and the pre-school levels, School Energy Club programme, Scout programme and pre-school teacher training programmes will be carried out.

KM 02- Communication Programme

Communication programmes on sustainable energy will be carried out for enhancing energy awareness in the society through different communication channels such as media, reading materials, promotional videos, exhibitions, etc.

KM 03 - Women empowerment Programme

Energy efficiency related computer applications will be developed specifically targeting women empowerment in the sustainable energy development process.

KM 04 - Activation of Indurana

Development activities in the Indurana hydro power training centre will be carried out, including education sector resource person training and the system establishment for fluid mechanics practicals for university students.

FINANCIAL STATEMENT



Income Statement

| For the year ended 31st December 2020 (All amounts in Sri Lanka Rupees) | Note | 2020 | 2019 Restated |
|--|------|--------------------|------------------|
| INCOME | | | |
| Operational Income | 3 | 294,715,582 | 280,933,012 |
| Non Operational Income | 4 | 41,367,716 | 85,770,181 |
| TOTAL INCOME | | 336,083,298 | 366,703,193 |
| EXPENDITURES | | | |
| PROJECT/ACTIVITY EXPENSES | | | |
| | 5 | | |
| Renewable Energy | 5.1 | 35,919,399 | 48,476,570 |
| Energy Management | 5.2 | 14,219,330 | 33,195,655 |
| Knowledge Management | 5.3 | 5,736,895 | 8,963,770 |
| Strategic Activities | 5.4 | 5,727,915 | 9,667,808 |
| | | 61,603,539 | 100,303,803 |
| RECURRENT EXPENSES | | | |
| | 6 | | |
| Salaries And Allowances | 6.1 | 108,185,111 | 92,202,463 |
| Travelling And Subsistence | 6.2 | 769,938 | 1,647,123 |
| Supplies | 6.3 | 4,648,745 | 3,976,402 |
| Maintenance Expenses | 6.4 | 8,359,168 | 10,288,766 |
| Contract Service | 6.5 | 54,835,600 | 56,708,875 |
| Depreciation Expenses | 6.6 | 46,326,457 | 44,125,670 |
| Other Recurrent Expenses | 6.7 | 11,166,182 | 11,115,186 |
| | | 234,291,201 | 220,064,485 |
| TOTAL EXPENDITURE | | 295,894,740 | 320,368,288 |
| SURPLUS/(DEFICIT) | | 40,188,558 | 46,334,905 |

FOR AND ON BEHALF OF THE SRI LANKA SUSTAINABLE ENERGY AUTHORITY.

Director (Finance)

Director General

Chairman

The Accounting policies on pages xx to xx and Notes on pages xx to xx form an integral part of these Financial Statements. The Board of Management is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Management and signed on their behalf.

Director Name

Signature

1. A K Gunasekara

2.

Statement of Financial Position

| As at 31st December 2020 (All amounts in Sri Lanka Rupees) | Note | 2020 | 2019 Restated |
|---|------|----------------------|----------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, Plant and Equipment | 10 | | |
| Freehold | 10.1 | 474,698,637 | 505,929,113 |
| Leasehold | 10.2 | 37,449,436 | 38,977,984 |
| Intangible Assets | 11 | 2,472,914 | 2,285,407 |
| Work in Progress | 12 | 71,726,510 | 70,759,244 |
| Investments | 13 | 111,803,519 | 102,332,758 |
| TOTAL NON-CURRENT ASSETS | | 698,151,016 | 720,284,505 |
| CURRENT ASSETS | | | |
| Receivables | 14 | 23,312,323 | 29,747,743 |
| Other Current Assets | 15 | 40,449,258 | 33,993,375 |
| Cash and Cash Equivalents | 16 | 458,733,159 | 437,313,627 |
| TOTAL CURRENT ASSETS | | 522,494,740 | 501,054,745 |
| TOTAL ASSETS | | 1,220,645,756 | 1,221,339,250 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Accumulated Fund | 17 | 22,100,336 | 22,100,336 |
| Net Surplus/Deficit | | 198,550,939 | 181,091,009 |
| Deferred Grant | 18 | 338,856,524 | 377,274,934 |
| Sri Lanka Sustainable Energy Fund | 20 | 385,061,629 | 370,902,975 |
| Sustainable Guarantee Fund | | 115,895,545 | 107,419,486 |
| Revaluation Reserve | | 101,217,000 | 101,217,000 |
| TOTAL EQUITY | | 1,161,681,973 | 1,160,005,740 |
| NON CURRENT LIABILITIES | | | |
| Gratuity Provision | | 34,010,857 | 24,427,119 |
| TOTAL NON CURRENT LIABILITIES | | 34,010,857 | 24,427,119 |
| CURRENT LIABILITIES | | | |
| Other Payables | 19 | 19,903,441 | 31,856,906 |
| Net Deposit on Land Acquisition | | 5,049,485 | 5,049,485 |
| TOTAL CURRENT LIABILITIES | | 24,952,926 | 36,906,391 |
| TOTAL EQUITY AND LIABILITIES | | 1,220,645,756 | 1,221,339,250 |

The Accounting policies and notes appearing pages xx to xx form an integral part of the financial statements.



Statement of Changes in Equity

Year ended 31st December 2020
(All amounts in Sri Lanka Rupees)

| Description | Accumulated Fund | Net Surplus / Deficit | Deferred Grant | Revaluation Reserve | Sri Lanka Sustainable Energy Fund | Sustainable Guarantee Fund | Total |
|--|------------------|-----------------------|----------------|---------------------|-----------------------------------|----------------------------|---------------|
| Balance as at 31.12.2018 | 22,100,336 | 189,150,948 | 423,846,967 | 101,217,000 | 335,605,770 | 98,275,578 | 1,170,196,599 |
| Prior Year Adjustments | | (9,953,731) | | | | | (9,953,731) |
| Restated Balance as at 2019.01.01 | 22,100,336 | 179,197,217 | 423,846,967 | 101,217,000 | 335,605,770 | 98,275,578 | 1,160,242,868 |
| Increase/ (Decrease) for the Year 2019 | | 46,334,905 | (46,572,033) | | | | (237,128) |
| Transferred to Guarantee Fund | | (9,143,908) | | | | 9,143,908 | - |
| Transferred to Energy Fund - income | | (44,628,149) | | | 44,628,149 | | - |
| Transferred to Energy Fund - Project expenditure | | 9,330,944 | | | (9,330,944) | | - |
| Land Revaluation | | | | | | | |
| Balance as at 31.12.2019 | 22,100,336 | 181,091,009 | 377,274,934 | 101,217,000 | 370,902,975 | 107,419,486 | 1,160,005,740 |
| Prior Year adjustment | | (93,915) | | | | | (93,915) |
| Increase/ (Decrease) for the Year 2020 | | 40,188,558 | (38,418,410) | | | | 1,770,148 |
| Transferred to Guarantee Fund | | (8,476,059) | | | | 8,476,059 | - |
| Transferred to Energy Fund - income | | (19,817,444) | | | 19,817,444 | | - |
| Transferred to Energy Fund - Project expenditure | | 5,658,790 | | | (5,658,790) | | - |
| Land Revaluation | | | | | | | |
| Balance as at 31.12.2020 | 22,100,336 | 198,550,939 | 338,856,524 | 101,217,000 | 385,061,629 | 115,895,545 | 1,161,681,973 |

The Accounting policies and notes appearing pages xx to xx form an integral part of the financial statements.

Statement of Cash Flows

| For the year ended 31st December 2020 (All amounts in Sri Lanka Rupees) | Note | 2020 | 2019 (Restated) |
|--|------|--------------------|---------------------|
| Cash Flows from Operating Activities | | | |
| Surplus/ (Deficit) for the Year | | 40,188,558 | 46,334,905 |
| Adjustment for: | | | |
| Loss and Damage | | - | - |
| Interest Income | 3, 8 | (22,439,783) | (21,829,607) |
| Amortised Grant (for Funds Received) | 7 | (38,418,410) | (46,572,033) |
| Transfers From Energy Fund | | - | - |
| Gratuity Provision | | 9,917,344 | 2,035,590 |
| Vehicle Donation | | (7,800,000) | - |
| Profit from Disposal of Fixed Assets | | - | (12,359,442) |
| Depreciation | 5.6 | 46,326,457 | 44,125,670 |
| Operating Profit / (Loss) before Working Capital Changes | | 27,774,166 | 11,735,083 |
| (Increase)/Decrease in Other Current Assets | | (1,015,167) | (22,482,644) |
| Increase/ (Decrease) in Current Liabilities | | (11,953,465) | 12,676,245 |
| Cash Flow generated Operating Activities | | 14,805,534 | 1,928,684 |
| Gratuity Paid | | (333,606) | (1,516,201) |
| Net Cash Flows Generated from Operating Activities | | 14,471,928 | 412,483 |
| Cash Flows from/(Used in) Investing Activities | | | |
| Purchase of Property, Plant and Equipment | 9.1 | (3,928,516) | (13,650,053) |
| Intangible Assets | | (2,026,415) | (600,400) |
| Work in Progress | 11 | (967,266) | (26,702,037) |
| Investments in Fixed Deposits and Treasury Bills | 12 | (9,470,761) | (8,745,716) |
| Interest Income | 3, 8 | 23,434,485 | 21,431,414 |
| Disposal of Fixed Assets | | - | 12,359,442 |
| Loans Disbursed to Developers | | - | - |
| Net Cash Flow from/(Used in) Investing Activities | | 7,041,527 | (15,907,350) |
| Cash Flows from/(Used in) Financing Activities | | | |
| Deferred Grant | 18 | - | - |
| Sri Lanka Sustainable Energy Fund | | - | - |
| Accumulated Fund | | (93,923) | - |
| Sustainable Guarantee Fund | | - | - |
| Loans Repayable to Foreign Donors | | - | - |
| Loans from ADB (L 2892 SRI) | 13 | - | - |
| Disbursement of Loan ADB (L 2733 SRI) | 13 | - | - |
| Net Cash Flow from/(Used in) Financing Activities | | (93,923) | - |
| Net Increase/(Decrease) in Cash and Cash Equivalents | | 21,419,532 | (15,494,867) |
| Cash and Cash Equivalents at Beginning of the Year | 16 | 437,313,627 | 452,808,494 |
| Cash and Cash Equivalents at End of the Year | | 458,733,159 | 437,313,627 |

The Accounting policies and notes appearing pages xx to xx form an integral part of the financial statements.



Notes to the Financial Statements

1. Corporate Information

1.1 General

Sri Lanka Sustainable Energy Authority (SLSEA) was established on 1st of October 2007. It is located at No 72, Ananda Coomaraswamy Mawatha in Colombo 07.

Energy Conservation Fund (ECF) Act No.02 of 1985 was repealed by Sri Lanka Sustainable Energy Authority Act No.35 of 2007. All the assets and liabilities of ECF as at 30th September 2007 were automatically transferred to the accounts of SLSEA from 1st of October 2007.

1.2 Principal Activities of Authority

The principal activities of SLSEA are developing renewable energy resources including declaring energy development areas, implementing energy efficiency and conservation measures, conducting programmes to promote energy security, reliability and cost effectiveness in energy delivery and carrying out information management of the energy supply and demand.

1.3 Funds of the Authority

As per the Sri Lanka Sustainable Energy Authority Act, the SLSEA is required to maintain and operate 3 funds. They are as follows:

1.3.1 Fund of the Authority

This fund is maintained to deposit initial capital, permit fees, loans, lease rentals and other receipts approved by Parliament. All sums of money to defray expenditure incurred by the authority in exercise, discharge & performance of its powers, functions and duties as per the Act, are paid out of this fund.

1.3.2 Sri Lanka Sustainable Energy Fund

This fund is maintained to deposit initial grant from consolidated fund, proceeds of cess, royalties, fees for professional services, money from lease rentals, application fees and fees for managing carbon assets.

Subsidies for renewable energy conversion plants, subsidies for promoting energy efficient appliances & technologies, subsidies for fuel switching, expenses of awareness programmes, incentives for encouraging energy conservation measures are payable out of this fund.

1.3.3 Sustainable Guarantee Fund

The purpose of this fund is to provide guarantees on behalf of investors who apply for loans to carry out projects relating to energy efficiency. As per the act there shall be credited to this fund an initial capital from the consolidated fund, an annual premium and interests for guarantees offered and funds received from the Fund of Authority.

1.4 Number of Employees

Number of employees as at 31st December 2020 – 101

2.1 Summary of Significant Accounting Policies

2.1.1 Basis of Preparation and Statement of Compliance

The Balance Sheet, Income Statement, Statement of changes in Equity and Cash flow statements of SLSEA as at 31st December 2020 together with accounting policies and notes have been prepared in compliance with the Sri Lanka Public Sector Accounting Standards.

The financial statements of the SLSEA are presented in Sri Lankan Rupees. The financial statements are prepared on accrual basis under the historical cost convention. Where appropriate the accounting policies are disclosed in succeeding notes.

2.1.2 Comparative Figures

Comparative figures have been adjusted to conform to the changes in presentation in the current Financial Year. The comparative figures for year 2019 have been restated.

2.2.1 Accounting for Government Grants and Disclosure of Government Assistance

Government Grants are divided into two categories as capital grant and recurrent grant. Recurrent grant is used to meet the reoccurring expenses such as salaries of the staff, building rent, etc. Capital grant is used to meet programme (activities) expenses and purchase of fixed assets. As the activity/programme expenses comprise recurrent and capital expenses, they are incurred from the capital grant.

Government Capital grant used in purchase of fixed assets are considered as income for the year.

Grants related to activities/programme expenditure are presented as a credit in the income statement, under the heading capital grant for programmes/activity expenses.

2.2.2 Accounting for Foreign Aid

The SLSEA carries out many foreign aid projects. Most of the assistance is received from the ADB and UNDP in the form of loans and grants. However, some of the payments to supplies and loans are made directly by the CBSL and the ADB on the recommendations made by SLSEA. They have been accounted for in the financial statements.

2.2.3 Accounting for Long-term Investments

Investments are made in Govt. Treasury bills and Fixed Deposits at National Savings Bank and stated on cost basis. Interest receivable from investments in fixed deposits and treasury bills at the end of the year is credited to the respective fund.

2.2.4 Revenue Recognition

Revenue represents Energy Permit fees, sale of electricity, training course fees, income from exhibitions, hiring of instruments and other income.

Part of the interest from Sustainable Guarantee Fund has been treated as income, while part of it has been re-invested. Part has been utilized to meet the cost of maintaining/earning the income to the fund.

2.2.5 Contingent Liabilities and Contingent Assets

As per the cabinet decision dated 31 March 2008, SLSEA has to pay the Ceylon Electricity Board an estimated Rs. 897 million for the purchase of electricity from non-conventional renewable energy producers. Currently, SLSEA has no means of making this payment, unless funds are granted by the Treasury or earnings through cess, royalty, etc. are received, which is subject to the approval of the General Treasury. Therefore, this is disclosed only as a contingent liability.

Further, SLSEA sells the electricity generated from the Hambantota solar power plant to the CEB on monthly basis. However, the payment for the production sold during the last few months of 2020 was paid only in 2021.

2.3 Property, Plant and Equipment

2.3.1 Cost and Valuation

Fixed Assets is stated at cost less accumulated depreciation. The provision of depreciation for fixed assets is calculated by using straight line method. Power purchase agreement with CEB for Hambantota solar power plant will be expired in 2031. Therefore, revalued fixed assets in Hambantota solar power plant will be depreciated within the remaining 12 years.

Hambantota solar power plant was revalued in 2018.



Notes to the Financial Statements

2.3.2 Depreciation

Depreciation rates of fixed assets are based on the estimated life span of the assets and could be subject to revision. The current rates are given below.

| Item | Rate of Depreciation |
|--|----------------------|
| Furniture & office equipment | 25% |
| Motor vehicles | 20% |
| Photocopiers | 25% |
| Computers | 33.33% |
| Electrical goods | 25% |
| Library books | 20% |
| Energy instruments | 33.33% |
| Exhibition equipment | 25% |
| Wind towers | 20% |
| Building & structures | 5% |
| Refrigerator testing laboratory | 20% |
| Solar Power / Mini Hydro Projects | |
| A. Solar panels | 8.33% |
| B. Steel structures | 8.33% |
| C. Buildings | 5% |
| D. Switch gears | 8.33% |
| E. Inverters | 8.33% |
| F. Transformers | 8.33% |
| G. Power electronics | 8.33% |
| H. Sanitary & plumbing | 8.33% |
| I. Cables | 8.33% |
| J. Furniture fittings & office equipment | 25% |
| K. Tools | 8.33% |
| L. Machinery | 20% |
| M. Other | 20% |

2.3.3 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, these assets are stated in the Statement of Financial Position at cost, less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any.

Software 5 Years

2.3.4 Fully Depreciated assets still in use as at 31st December 2020

| | |
|--|--------------|
| Furniture & Fittings | 18,720,462/- |
| Motor Vehicles | 51,186,495/- |
| Photocopy Machines | 2,994,191/- |
| Computer | 34,810,610/- |
| Electrical | 429,197/- |
| Library Books | 1,438,352/- |
| Energy Instrument | 91,583,387/- |
| Wind Towers | 47,238,802/- |
| Refrigerator Testing Lab | 42,165,337/- |
| Solar Power/Mini Hydro Projects | |
| Furniture & Fittings | 3,014,514/- |
| Machinery | 4,001,375/- |
| Other | 60,039,664/- |
| Exhibition Equipment | 354,853/- |
| UNDP Project Equipment | 19,500/- |

2.4 Liabilities and Provisions

2.4.1 Gratuity

An amount equal to a half-month's salary for each year of employment based in the salary of the last month of the financial year is allocated for gratuity for all entitled employees.

2.4.2 EPF & ETF

Employees are entitled to contribute to EPF & ETF according to the respective rules & regulations. Contributions by SLSEA are made to EPF & ETF as 12% and 3% respectively.

2.4.3 Indurana Land

The title deed for the Indurana land (2 rood & 32.32 perches) donated by M.P. Harshana Rajakaruna for the Sarathchandra Rajakaruna Memorial International Centre for Hydropower Promotion has not been valued yet. Hence it has not been included as an asset in the financial statements.

2.4.4 Approval of the Board

The financial statements for the year ended 31st December 2020 were authorized by the Board of Management of the Authority on 20th May 2021.

**FOR THE YEAR ENDED 31ST DECEMBER 2020**

(All amounts in Sri Lanka Rupees)

NOTE 03 - OPERATIONAL INCOME

| | Note | 2020 | 2019 Restated |
|--|------|--------------------|--------------------|
| Treasury Income (Capital) | 7 | 75,904,009 | 65,600,000 |
| Amortised Differed Grant | 8 | 38,418,410 | 46,572,033 |
| Treasury Income (Recurrent) | | 113,112,314 | 103,688,168 |
| FARDF (17) | | - | - |
| Power Generation - Hambantota | | 31,001,480 | 21,915,211 |
| Power Generation - Indurana | | 1,694,889 | 1,846,645 |
| Energy Manager Training Programme Income | | 55,750 | 25,000 |
| Energy Management Guide line | | 500 | - |
| Solar Atlas Income | | 25,000 | 35,000 |
| Wind Data Income | | 2,000,000 | - |
| Energy Audit Income | | - | 88,000 |
| Energy Permit Income | | 26,435,330 | 24,818,830 |
| Solar Registration Fee | | 6,067,900 | 16,190,700 |
| Solar Equipment Registration Fee | | - | 153,425 |
| Solar Training Programme | | - | - |
| Total | | 294,715,582 | 280,933,012 |

NOTE 04 - NON OPERATIONAL INCOME

| | Note | 2020 | 2019 Restated |
|--------------------------------|------|-------------------|-------------------|
| UNDP Projects (NAMA) | | 3,782,513 | 4,521,803 |
| Tender Fee | | 30,500 | 64,000 |
| Supplier's Registration fee | | 192,250 | 235,250 |
| Distress Loan Interest | | 336,204 | 553,477 |
| Other Income | | 930,910 | 295,908 |
| Special Advance Interest | | 1,836 | 4,244 |
| Vidulka Stall Registration Fee | | - | 2,300,000 |
| UNDP Projects (Biomass) | | - | 11,664,000 |
| Income from Energy Fund | 9 | 19,817,444 | 44,628,149 |
| Interest Income | | 8,476,059 | 9,143,908 |
| Disposal of Fixed Assets | | - | 12,359,442 |
| Grant Vehicle | | 7,800,000 | - |
| Total | | 41,367,716 | 85,770,181 |



Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2020

(All amounts in Sri Lanka Rupees)

NOTE 05 - PROJECT EXPENSES

NOTE 05 - 1 RENEWABLE ENERGY

| | 2020 | 2019 Restated |
|---|-------------------|-------------------|
| Resource Allocation and Development | 717,075 | 3,802,791 |
| Progress Monitoring | 245,375 | 371,484 |
| Technology Development and Research | - | 1,435,479 |
| Donor Funded Projects UNDP Biomass Project | - | 9,068,613 |
| Donor Funded Project - ADB (L 2892 SRI) | - | 47,820 |
| NAMA Project | 102,805 | 16,572,380 |
| Operation of Hambanthota Renewable Energy Site | 9,352,292 | 8,684,008 |
| Operation of Indurana Site | 2,653,900 | 580,379 |
| Supporting Electricity Supply Reliability Improvement Project | 5,380 | 60,697 |
| Soorya Bala Sangramaya | 22,842,572 | 7,852,919 |
| Total | 35,919,399 | 48,476,570 |

NOTE 05 - 2 ENERGY MANAGEMENT

| | 2020 | 2019 Restated |
|--------------------------------|-------------------|-------------------|
| Energy Management Cells | 269,583 | 1,520,776 |
| Standards and Regulations | 2,350,895 | 1,903,381 |
| Advisory and Counseling | 1,994,889 | 61,065 |
| Rewarding and Achievements | 529,962 | 1,865 |
| Sector Specific Programmes | 206,025 | 389,450 |
| Research and Development | - | 1,911,600 |
| Energy Audit | 15,839 | 44,797 |
| Demand Side Management | 8,852,137 | 27,345,571 |
| Establishment of Pilot Project | - | 17,150 |
| Total | 14,219,330 | 33,195,655 |

NOTE 05 - 3 KNOWLEDGE MANAGEMENT

| | 2020 | 2019 Restated |
|-----------------------------|------------------|------------------|
| Energy Education Programmes | 416,301 | 1,240,828 |
| Promotion Programmes | 5,320,594 | 6,148,110 |
| Vidulka | - | 1,574,832 |
| Total | 5,736,895 | 8,963,770 |

**NOTE 05 - 4 STRATEGIC ACTIVITIES**

| | 2020 | 2019 Restated |
|-----------------------------------|------------------|------------------|
| Implementation Solar R & D Center | 44,145 | 18,220 |
| Technology Development | 1,450,603 | 1,908,997 |
| Pooneryn Energy Park | 3,360,805 | 235,909 |
| Solar Energy Park | 396,000 | 6,539,920 |
| Wind Power Development | 476,362 | 964,762 |
| Total | 5,727,915 | 9,667,808 |

NOTE 06 - RECURRENT EXPENSES**NOTE 06 - 1 SALARIES AND ALLOWANCES**

| | 2020 | 2019 Restated |
|--------------------------|--------------------|-------------------|
| Salaries for Staff | 63,368,727 | 52,901,697 |
| Cost of Living Allowance | 9,034,740 | 8,381,360 |
| Adjustment Allowance | - | 417,633 |
| E.P.F. 12% | 9,178,492 | 7,969,448 |
| E.T.F. 3 % | 2,294,624 | 1,992,362 |
| Overtime and Holiday Pay | 6,155,547 | 8,129,782 |
| Own Vehicle Utilisation | 1,350,000 | 1,801,667 |
| Fuel Allowance | 1,997,597 | 2,070,024 |
| Professional Allowance | 4,413,540 | 5,090,400 |
| NAITA Salary | 474,500 | 1,412,500 |
| Gratuity Expense | 9,917,344 | 2,035,590 |
| Total | 108,185,111 | 92,202,463 |

NOTE 06 - 2 TRAVELLING AND SUBSISTANCE

| | 2020 | 2019 Restated |
|-----------------------|----------------|------------------|
| Travelling - Domestic | 708,413 | 1,231,131 |
| Travelling - Foreign | 61,525 | 415,992 |
| Total | 769,938 | 1,647,123 |

NOTE 06 - 3 SUPPLIES

| | 2020 | 2019 Restated |
|---|------------------|------------------|
| Printing, Stationery and Office Requisites | 1,251,996 | 763,980 |
| Fuel and Lubricants | 3,287,329 | 3,105,432 |
| Other - News Papers and Miscellaneous Service | 109,420 | 106,990 |
| Total | 4,648,745 | 3,976,402 |



Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2020

(All amounts in Sri Lanka Rupees)

NOTE 06 - 4 MAINTENANCE

| | 2020 | 2019 Restated |
|--------------------------------------|------------------|-------------------|
| Vehicles, Insurance and License Fees | 7,814,316 | 9,445,109 |
| Plant Machinery | 342,171 | 49,950 |
| Office Equipment | 23,633 | 785,933 |
| Building and Structure | 179,048 | 7,774 |
| Total | 8,359,168 | 10,288,766 |

NOTE 06 - 5 CONTRACT SERVICES

| | 2020 | 2019 Restated |
|--------------------------------------|-------------------|-------------------|
| Office Rents and Hire Charges | 50,752,980 | 50,199,531 |
| Postal and Telecommunication Charges | 3,173,271 | 5,276,668 |
| Transport | 159,349 | 434,076 |
| Audit Fees | 750,000 | 798,600 |
| Total | 54,835,600 | 56,708,875 |

NOTE 06 - 6 DEPRECIATION, IMPAIRMENT AND AMORTISATION

| | 2020 | 2019 Restated |
|-------------------------------------|-------------------|-------------------|
| Furniture and Office Equipment | 683,361 | 689,991 |
| Motor Vehicles | 771,749 | 1,169,946 |
| Photocopier | 232,688 | 453,938 |
| Computers | 1,696,887 | 1,158,906 |
| Electrical Goods | 4,442 | 4,442 |
| Library Book | 197,000 | 197,000 |
| Energy Instruments | 1,803,930 | 1,845,700 |
| Wind Towers and Instruments | 1,708,811 | 1,029,340 |
| Hambantota and Indurana Energy Park | 34,778,528 | 34,160,832 |
| Fixes Assets for UNDP Projects | 104,465 | 104,860 |
| Fan Testing Lab | 977,139 | |
| Amortisation of Lease Hold Land | 1,528,548 | 1,528,548 |
| Intangible Assets Amortisation | 1,838,909 | 1,782,167 |
| Total | 46,326,457 | 44,125,670 |

**NOTE 06 - 7 OTHER RECURRENT EXPENSES**

| | 2020 | 2019 Restated |
|---|-------------------|-------------------|
| Office and Miscellaneous Expenses | 5,844,658 | 1,117,548 |
| Paper Advertisements | 464,454 | 184,275 |
| Insurance | 2,539,340 | 2,445,673 |
| Translation Fees | 3,783 | 206,981 |
| Allowances for Board Members | 793,970 | 1,349,218 |
| Refreshment Charges | 497,199 | 489,633 |
| Local/Foreign Training Programmes | 974,994 | 3,467,135 |
| Bank Charges | 47,784 | 80,896 |
| Tax expenses (Unclaimed VAT, NBT & WHT) | - | 1,773,827 |
| Total | 11,166,182 | 11,115,186 |

NOTE 07 - TREASURY INCOME (CAPITAL)

| | 2020 | 2019 Restated |
|--------------------------------------|-------------------|-------------------|
| Capital Grant Received from Treasury | 75,904,009 | 65,600,000 |
| Total | 75,904,009 | 65,600,000 |

NOTE 08 - AMORTISED DEFERRED GRANT

| | 2020 | 2019 Restated |
|-------------------------------|-------------------|-------------------|
| Depreciation for Current Year | 38,418,410 | 46,572,033 |
| Total | 38,418,410 | 46,572,033 |

NOTE 09 - INCOME FROM ENERGY FUND

| | 2020 | 2019 Restated |
|------------------------------|-------------------|-------------------|
| Energy Management Income | 583,720 | 1,723,450 |
| From Renewable Energy Income | 5,270,000 | 30,219,000 |
| Net Interest | 13,963,724 | 12,685,699 |
| Total | 19,817,444 | 44,628,149 |



Notes to the Financial Statements

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

AS AT 31ST DECEMBER 2020

NOTE 10 - 1 FREE HOLD ASSETS

| Description | Restated Balance as at 01.01.2020 | Acquisition | Revaluation | Disposal | Balance as at 31.12.2020 |
|---|---|-------------------|-------------|----------|--------------------------------|
| Land - Hambanthota | 101,217,000 | - | - | - | 101,217,000 |
| Furniture and Office Equipment | 21,334,865 | 402,589 | - | - | 21,737,454 |
| Motor Vehicles | 51,186,495 | 7,800,000 | - | - | 58,986,495 |
| Photocopier | 4,809,941 | - | - | - | 4,809,941 |
| Computers | 38,859,909 | 274,600 | - | - | 39,134,509 |
| Electrical Goods | 446,964 | - | - | - | 446,964 |
| Library Book | 1,438,352 | - | - | - | 1,438,352 |
| Energy Instruments | 96,995,177 | 2,057,250 | - | - | 99,052,427 |
| Wind Towers and Instruments | 65,961,089 | 1 | - | - | 65,961,090 |
| Refrigerator Testing Laboratory | 42,165,337 | - | - | - | 42,165,337 |
| Fan Testing Lab | 4,885,693 | - | - | - | 4,885,693 |
| Solar and Mini Hydro Projects | | | | | |
| A. Solar Panels | 79,329,510 | - | - | - | 79,329,510 |
| B. Steel Structure | 57,650,000 | - | - | - | 57,650,000 |
| C. Building | 131,017,606 | - | - | - | 131,017,606 |
| D. Switch Gear | 10,007,800 | - | - | - | 10,007,800 |
| E. Inverters | 61,054,625 | - | - | - | 61,054,625 |
| F. Transformers | 4,700,000 | - | - | - | 4,700,000 |
| G. Power Electronics | 31,619,040 | - | - | - | 31,619,040 |
| I. Sanitary and Plumbing | 82,881,814 | - | - | - | 82,881,814 |
| J. Cables | 30,000,000 | - | - | - | 30,000,000 |
| K. Furniture Fittings and Office Equip. | 3,057,984 | 1,092,760 | - | - | 4,150,744 |
| L. Tools | 5,700,000 | - | - | - | 5,700,000 |
| M. Machinery | 9,240,841 | 43,317 | - | - | 9,284,158 |
| H. Other | 60,045,364 | 58,000 | - | - | 60,103,364 |
| Exhibition Equipments | 354,853 | - | - | - | 354,853 |
| Fixes Assets for UNDP Projects | 524,300 | - | - | - | 524,300 |
| Total | 996,484,559 | 11,728,517 | - | - | 1,008,213,076 |

**DEPRECIATION ACCOUNT**

| Description | Restated Balance as at 01.01.2020 | Depreciations | Disposal | Accumulated Depreciation as at 31.12.2020 | Net Book Value as at 31.12.2020 |
|---|---|-------------------|----------|--|---------------------------------------|
| Land - Hambanthota | - | - | - | - | 101,217,000 |
| Furniture and Office Equipment | 19,434,920 | 683,360 | | 20,118,280 | 1,619,174 |
| Motor Vehicles | 51,013,104 | 771,748 | | 51,784,852 | 7,201,643 |
| Photocopier | 4,400,477 | 232,687 | | 4,633,164 | 176,777 |
| Computers | 35,192,146 | 1,696,886 | | 36,889,032 | 2,245,477 |
| Electrical Goods | 438,081 | 4,442 | | 442,523 | 4,441 |
| Library Book | 1,241,352 | 197,000 | | 1,438,352 | - |
| Energy Instruments | 93,231,095 | 1,803,930 | | 95,035,025 | 4,017,402 |
| Wind Towers and Instruments | 60,848,440 | 1,708,811 | | 62,557,251 | 3,403,839 |
| Refrigerator Testing Laboratory | 41,587,728 | - | | 41,587,728 | 577,609 |
| Fan Testing Lab | 1,472,400 | 977,140 | | 2,449,540 | 2,436,153 |
| Solar & Mini Hydro projects | | | | | |
| A. Solar Panels | 6,610,793 | 6,610,792 | | 13,221,585 | 66,107,925 |
| B. Steel Structure | 4,804,167 | 4,804,167 | | 9,608,334 | 48,041,666 |
| C. Building | 54,112,098 | 6,550,880 | | 60,662,978 | 70,354,628 |
| D. Switch Gear | 834,014 | 833,983 | | 1,667,997 | 8,339,803 |
| E. Inverters | 5,087,886 | 5,087,886 | | 10,175,772 | 50,878,853 |
| F. Transformers | 391,667 | 391,667 | | 783,334 | 3,916,666 |
| G. Power Electronics | 31,619,040 | - | | 31,619,040 | - |
| I. Sanitary and Plumbing | 6,906,818 | 6,906,818 | | 13,813,636 | 69,068,178 |
| J. Cables | 2,500,000 | 2,500,000 | | 5,000,000 | 25,000,000 |
| K. Furniture Fittings and Office Equip. | 3,025,777 | 32,176 | | 3,057,953 | 1,092,791 |
| L. Tools | 475,000 | - | | 475,000 | 5,225,000 |
| M. Machinery | 4,588,728 | 1,055,678 | | 5,644,406 | 3,639,752 |
| H. Other | 60,040,539 | 4,477 | | 60,045,016 | 58,348 |
| Exhibition Equipments | 354,853 | - | | 354,853 | - |
| Fixes Assets for UNDP Projects | 344,323 | 104,465 | | 448,788 | 75,512 |
| Total | 490,555,446 | 42,958,993 | - | 533,514,439 | 474,698,637 |

NOTE 10 - 2 LEASE HOLD ASSETS

| Description | Balance as at 01.01.2020 | Acquisition | Amortisation | Balance as at 31.12.2020 |
|---------------------|-----------------------------|-------------|------------------|-----------------------------|
| Land - Battaramulla | 38,977,984 | - | 1,528,548 | 37,449,436 |
| Total | 38,977,984 | - | 1,528,548 | 37,449,436 |

NOTE 11 - INTANGIBLE ASSETS

| Description | Balance as at 01.01.2020 | Acquisition | Amortisation | Balance as at 31.12.2020 |
|----------------------|-----------------------------|------------------|------------------|-----------------------------|
| Computer Software | 2,285,407 | 2,026,415 | 1,838,909 | 2,472,914 |
| Data and Information | - | - | - | - |
| Total | 2,285,407 | 2,026,415 | 1,838,909 | 2,472,914 |



Notes to the Financial Statements

NOTE 12 - WORKING IN PROGRESS

| | 2020 | 2019 Restated |
|---|-------------------|-------------------|
| Centre of Excellence in Sustainable Energy (SLSEA) | 23,290,653 | 23,290,653 |
| Electric Prototype Vehicle | 7,956,800 | 7,956,800 |
| Pooneryn Project | 23,726,194 | 23,726,194 |
| Hambanthota Solar Park Training Centre Construction | 1,540,962 | - |
| Indurana Mini Hydro | 15,211,901 | 15,785,597 |
| Total | 71,726,510 | 70,759,244 |

NOTE 13 - INVESTMENT

Fixed Deposits (in NSB, Borella)

| Deposit Reg. No. | Date of Maturity | Rate of investment | Net Interest for 2020 | Deposit as at 31.12.2020 | Deposit as at 01.01.2020 |
|------------------|------------------|--------------------|-----------------------|--------------------------|--------------------------|
| 2/0061/11/33829 | 9/21/21 | 5.50% | 143,136 | 1,762,902 | 1,605,119 |
| 2/0061/11/33861 | 9/21/21 | 5.50% | 143,136 | 1,762,902 | 1,605,119 |
| 2/0061/11/33853 | 9/21/21 | 5.50% | 143,136 | 1,762,902 | 1,605,119 |
| 2/0061/11/33888 | 9/21/21 | 5.50% | 138,199 | 1,762,902 | 1,605,119 |
| 2/0061/11/33772 | 9/21/21 | 5.50% | 143,136 | 1,762,902 | 1,605,119 |
| 2/0061/11/33837 | 9/21/21 | 5.50% | 143,136 | 1,762,902 | 1,605,119 |
| 2/0061/11/33845 | 9/21/21 | 5.50% | 143,136 | 1,762,902 | 1,605,119 |
| 2/0061/11/33756 | 9/21/21 | 5.50% | 143,136 | 1,762,902 | 1,605,119 |
| 2/0061/11/33764 | 9/21/21 | 5.50% | 143,135 | 1,762,902 | 1,605,119 |
| 2/0061/11/33802 | 9/21/21 | 5.50% | 143,135 | 1,762,902 | 1,605,119 |
| 2/0061/11/33713 | 9/21/21 | 5.50% | 143,135 | 1,762,902 | 1,605,119 |
| 2/0061/11/33896 | 9/21/21 | 5.50% | 143,135 | 1,762,902 | 1,605,119 |
| 2/0061/11/33799 | 9/21/21 | 5.50% | 143,135 | 1,762,902 | 1,605,119 |
| 2/0061/11/33870 | 9/25/21 | 5.50% | 53,893 | 661,086 | 601,919 |
| 2/0061/09/60845 | 10/20/21 | 5.50% | 54,918 | 657,083 | 598,273 |
| 2/0061/11/34051 | 9/30/21 | 5.50% | 348,398 | 4,252,197 | 3,871,617 |
| 2/0061/09/49981 | 5/2/21 | 8.50% | 1,245,364 | 13,061,250 | 11,820,136 |
| Total | | | 3,558,399 | 41,549,342 | 37,758,488 |

TREASURY BILLS - (In People's Bank, Head Quarters)

| Deposit Reg. No. | Date of Maturity | Rate of Investment | Net Interest for 2020 | Deposit as at 31.12.2020 | Deposit as at 01.01.2020 |
|-------------------------|------------------|--------------------|-----------------------|--------------------------|--------------------------|
| LKB00523C152 | 15/01/2021 | 8.35% | 1,851,933 | 21,977,070 | 19,893,930 |
| LKB00323A151 | 09/07/2021 | 5.1% | 3,065,727 | 48,277,107 | 44,680,340 |
| Total | | | 4,917,660 | 70,254,177 | 64,574,270 |
| TOTAL INVESTMENT | | | | 111,803,519 | 102,332,758 |

NOTE 14 - RECEIVABLES

| | 2020 | 2019 (Restated) |
|---|-------------------|--------------------|
| Interest Receivable on Fixed Deposits | 1,163,653 | 1,396,109 |
| Interest Receivable on Treasury Bills | 2,928,372 | 3,690,620 |
| Ceylon Electricity Board - RCL Rent | 8,033,271 | 8,033,271 |
| Power Generation - Hambanthota/Indurana | 10,814,850 | 15,415,745 |
| Receivable from Employees | 209,689 | 213,589 |
| Employee Receivable - Telephone | 4,520 | 4,520 |
| Trade - Receivable (EF) | - | 869,921 |
| Local Training Programme (Suspense) | 116,000 | 82,000 |
| Aitken Spence Travel | 6,309 | 6,309 |
| Heritage Ahungalla | 35,659 | 35,659 |
| Total | 23,312,323 | 29,747,743 |

NOTE 15 - OTHER CURRENT ASSETS

| | Note | 2020 | 2019 (Restated) |
|---|---------|-------------------|--------------------|
| REFUNDABLE DEPOSIT | | | |
| Water Board | | 2,500 | 2,500 |
| Medical Insurance | | 500 | 500 |
| Fuel, Etc. | | 186,500 | 186,500 |
| Hambantota - CEB | | 52,000 | 52,000 |
| Indurana - CEB | | 62,500 | 62,500 |
| Sooriyawewa - CEB | | 1,500 | 1,500 |
| Telephone | | 8,776 | 8,776 |
| Hambantota Hostel Rent | | 132,000 | 132,000 |
| Spring Water Pvt Ltd | | 3,500 | 3,500 |
| American Premium Water | | 23,000 | 23,000 |
| Mobitel | | 2,000 | 2,000 |
| W.D.G.S Onil - ODSM | | - | 2,100,000 |
| BMICH | | 439,902 | 520,233 |
| Vidulka Exhibition | | 25,000 | 25,000 |
| ADVANCE | | | |
| Advances for Programmes, etc. | | 405,622 | 470,070 |
| Divisional Secretariat - Ruwanwella | | 6,341,674 | - |
| Provincial Education Dept, Eastern | | 911,329 | 911,329 |
| Provincial Education Dept, Northern | | 790,191 | 790,191 |
| Provincial Education Dept, North Western | | - | 400,800 |
| Provincial Education Dept, Southern | | 1,544,949 | 1,544,949 |
| Secretary - Ministry of Education Uva /North Western Pro-NAMA | | 1,391,750 | 1,391,750 |
| Chief Secretary Southern / Eastern Province - NAMA | | 2,880,050 | 2,880,050 |
| Advance-Secretary Ministry of Road Development (Central Pro.) - NAMA Pro. | | 2,231,265 | 2,231,265 |
| Other | Note 22 | 7,818,029 | 6,785,378 |
| Total | | 25,254,537 | 20,525,791 |



Notes to the Financial Statements

| | 2020 | 2019 (Restated) |
|-----------------------------------|-------------------|--------------------|
| REVOLVING FUND | | |
| Distress Loan | 15,085,854 | 13,100,565 |
| Special Advance | 51,385 | 5,385 |
| Festival Advance | 24,489 | 41,989 |
| Flood Loan | 32,993 | 319,645 |
| | 15,194,721 | 13,467,584 |
| TOTAL OTHER CURRENT ASSETS | 40,449,258 | 33,993,375 |

NOTE 16 - CASH AND CASH EQUIVALENT

| | 2020 | 2019 (Restated) |
|---|--------------------|--------------------|
| NSB Savings Account - 100610493406 | 187,046,758 | 180,115,763 |
| Peoples Current Account - 078100188503576 | 7,492,484 | 4,227,731 |
| Peoples Current Account - 078100278503576 | 4,620,072 | 4,620,072 |
| BOC Current Account - 8002630 | 1,069,504 | 2,697,932 |
| BOC Current Account - 74944408 | 54,842,958 | 48,209,002 |
| BOC Savings Account - 75803419 | 198,149,579 | 185,208,026 |
| BOC Current Account - 80595356 | 5,511,804 | 12,235,101 |
| Total | 458,733,159 | 437,313,627 |

NOTE 17 - ACCUMULATED FUND

Accumulated Fund of Energy Conservation Fund (ECF) as at 30 September 2007 transferred to Sri Lanka Sustainable Energy Authority (SLSEA) on 1 October 2007. It consists the following :

| | 2020 | 2019 (Restated) |
|--|-------------------|--------------------|
| Accumulated Fund as at 30 September 2007 | 7,076,392 | 7,076,392 |
| Initial Capital | 5,000,000 | 5,000,000 |
| Capital Grant - Ministry of Power and Energy | 5,761,145 | 5,761,145 |
| Capital Grant from UNDP | 3,612,560 | 3,612,560 |
| Donor Grant from Food and Agriculture Organisation | 650,239 | 650,239 |
| Total | 22,100,336 | 22,100,336 |

NOTE 18 - DEFERRED GRANT

| | 2020 | 2019 (Restated) |
|--|--------------------|--------------------|
| Capital Grant 2008 | 33,770,435 | 33,770,435 |
| Capital Grant 2009 | 11,955,533 | 11,955,533 |
| Foreign Grant 2009 - Japanese | 24,165,380 | 24,165,380 |
| Capital Grant 2010 - Hambantota Solar Park | 46,693,991 | 46,693,991 |
| - Unamortised Capital Grant | 10,646,819 | 10,646,819 |
| Foreign Grant 2010 - Japanese | 11,419,569 | 11,419,569 |
| Capital Grant 2011 - Indurana Mini Hydro Project | 15,523,945 | 15,523,945 |
| - Unamortised Capital Grant | 68,798,341 | 68,798,341 |
| Foreign Grant 2011 - Japanese | 1,155,016,402 | 1,155,016,402 |
| - Korean | 191,097,075 | 191,097,075 |
| Differed grant 2012 - ADB | 15,082,346 | 15,082,346 |
| Capital Grant 2012 | 23,581,236 | 23,581,236 |
| Differed grant 2013 - ADB | 43,416,071 | 43,416,071 |
| Differed Grant 2013 - KOICA | 35,662 | 35,662 |
| Capital Grant 2013 - FARDF | 41,873,961 | 41,873,961 |
| Capital Grant 2014 | 20,487,827 | 20,487,827 |
| Capital Grant 2015 | 14,655,015 | 14,655,015 |
| Capital Grant 2016 | 17,855,251 | 17,855,251 |
| Capital Grant 2017 | 19,806,619 | 19,806,619 |
| Less: | | |
| - Deferred Revenue Previous Years | (1,388,606,544) | (1,342,034,511) |
| - Deferred Revenue for The Year | (38,418,410) | (46,572,033) |
| - Deferred Revenue for Disposal of Inverter | | |
| Total | 338,856,524 | 377,274,934 |



Notes to the Financial Statements

(All amounts in Sri Lanka Rupees)

NOTE 19 - OTHER PAYABLE

| | 2020 | 2019 (Restated) |
|---|-------------------|--------------------|
| Payable to Fund of The Authority from Energy Fund | | - |
| Switch Asia Control Account | 4,548,176 | 4,548,176 |
| Ministry of Power and Energy | 500 | 500 |
| Accrued Expenses | 3,893,540 | 10,827,979 |
| Unpresented Cheques | 1,260,442 | 1,260,442 |
| Renewable Energy Solar Registration Fees | 295,860 | 295,860 |
| Ministry of Mahaweli Development and Environment | 470,000 | 470,000 |
| EPF Payable | 1,259,912 | - |
| ETF Payable | 188,987 | - |
| Audit Fees | 1,416,166 | 2,274,976 |
| VAT Payable | - | - |
| WHT Tax Payable | 379,602 | 379,602 |
| PAYEE Tax Payable | 220 | |
| Stamp Duty payable | - | 7,675 |
| Jeewa Shakthi Associates - Survey Fee | 252,875 | 252,875 |
| Bid Document | 335,500 | 20,000 |
| Others | 370 | 370 |
| Other Deduction Payable | 47,323 | 47,323 |
| Online Deposit account | 730,933 | |
| CREDITORS | | |
| Renewable Energy - E Net Solutions (Private) Ltd. | 1,667,500 | 1,667,500 |
| Acquisition of Energy Instruments | 326,025 | 326,025 |
| Retention | 2,066,659 | 2,249,488 |
| Narahenpita Jathika Pola | 99,405 | 99,405 |
| Kondasinghe Constructions | - | 6,465,264 |
| SUNDRY CREDITORS | | |
| Sri Lanka Custom | 310,748 | 310,748 |
| Welfare Society SLSEA | 442 | 442 |
| REFUNDABLE DEPOSIT | | |
| E-Net solutions (Pvt) Ltd | 10,000 | 10,000 |
| ENL Consultant | 150,000 | 150,000 |
| Zigma Technologies | 10,000 | 10,000 |
| Rainco Renewable Energy Co. (Pvt.) Ltd | 30,000 | 30,000 |
| Vidulka Exhibition | 9,256 | 9,256 |
| Ceylon Petroleum Corp | 54,000 | 54,000 |
| Refundable Deposit - Vehicle | 14,000 | 14,000 |
| ATA International | 50,000 | 50,000 |
| Vidulka Symposium - Entertainment Ltd | 25,000 | 25,000 |
| Total | 19,903,441 | 31,856,906 |

**NOTE 20 - SRI LANKA ENERGY FUND**

| | Note | 2020 | 2019 |
|---|------|--------------------|--------------------|
| Statement of Financial Position as at 31.12.2020 | | | |
| Non current Assets | | - | - |
| Current Assets | | | |
| SLSEA Current Account (FOA) - Energy Plus Building | | 48,678,878 | 48,678,878 |
| Cash & Cash Equivalent | | | |
| NSB Savings Account | | 187,046,758 | 180,115,763 |
| BOC Savings Account | | 198,149,579 | 185,208,026 |
| | | 433,875,215 | 414,002,667 |
| Accumulated Fund | | 370,902,975 | 335,605,770 |
| Surplus / Deficit for the year | | 14,158,654 | 35,297,205 |
| Total Accumulated Fund | | 385,061,629 | 370,902,975 |
| Current Liabilities | | | |
| SLSEA Current Account (FOA) | | 48,783,882 | 43,099,692 |
| VAT Payable | | - | - |
| Total | | 433,845,511 | 414,002,667 |
| Income | | | |
| Income - Energy Fund | 9 | 19,817,444 | 44,628,149 |
| Expenses | | | |
| Resource Allocation & Sevelopment | | | |
| Provincial Energy Programmes | | | |
| Renewable Energy Service Programme | | | 7,276,625 |
| Indurana SRM Training Centre | | 5,657,927 | |
| Solar Project | | | |
| Energy Education Programme | | | |
| Bank Charges | | 863 | |
| Promotion Programme | | | 2,054,319 |
| | | 5,658,790 | 9,330,944 |
| Surplus/Deficit | | 14,158,654 | 35,297,205 |

NOTE 21 - SRI LANKA SUSTAINABLE GUARANTEE FUND

| | 2020 | 2019 |
|----------------------------------|------------------|------------------|
| Income | | |
| Interest Income - Fixed Deposit | 3,558,399 | 3,405,343 |
| Interest Income - Treasury Bills | 4,917,660 | 5,738,565 |
| Total Income | 8,476,059 | 9,143,908 |
| Less: | | |
| Expenses | - | - |
| Total Expenses | - | - |
| Net Surplus/Defecit | 8,476,059 | 9,143,908 |



Notes to the Financial Statements

NOTE 22

| | 2020 | 2019 |
|---|------------------|------------------|
| Advance - The National Hospital Sri Lanka | - | |
| Advance - Co-Energy (pvt) Ltd | 2,128,894 | 2,128,894 |
| Receivable/Advance - (Other) | 855,264 | 892,417 |
| Advance - District Secretary Hambantota | 23,993 | 23,993 |
| Advance - Department of Animal Husbandry | 26,777 | 26,777 |
| Advance - Co-Energy (pvt) Ltd | 521,735 | 521,735 |
| Advance - District Secretary Kegalle | 10,712 | 10,712 |
| Advance-The University of Colombo | 2,790,700 | 2,790,700 |
| Advance - ISB North Western Province | 390,150 | 390,150 |
| Advance - Indi creation | 222,500 | |
| Advance - Alpha Industrial Pvt Ltd | 330,264 | |
| Advance - D.R. Industries Pvt Ltd | 478,040 | |
| ADB - Exterm WEB | 39,000 | |
| | 7,818,029 | 6,785,378 |

**AUDIT REPORT
FROM NATIONAL
AUDIT OFFICE**



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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

2018/28

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

2020 මාර්තු 03 දින

Chairman,

Sri Lanka Sustainable Energy Authority

Report of the Auditor General on the Financial Statements and other legal and regulatory requirements of the Sri Lanka Sustainable Energy Authority for the year ended 31 December 2020 in terms of Section 12 of National Audit Act No. 19 of 2018.

The aforementioned report and the audited Financial Statements are submitted herewith.

W. P. C. Wikramaratne,

Auditor General.

- Copies:
1. Secretary, Ministry of Power and Renewable Energy - for information
 2. Secretary, Ministry of Finance - for information



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NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

2018/28

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

2020 මාර්තු 03 දින

Chairman,

Sri Lanka Sustainable Energy Authority

Report of the Auditor General on the Financial Statements and other legal and regulatory requirements of the Sri Lanka Sustainable Energy Authority for the year ended 31 December 2020 in terms of Section 12 of National Audit Act No. 19 of 2018.

1. Financial Statements

1.1 Qualified Opinion

The audit of the Financial Statements of the Sri Lanka Sustainable Energy Authority (SLSEA) for the year ended 31 December 2020 comprising the Statement of Financial Position as of 31 December 2020 and the statement of income, statements of changes in equity and statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. My report comprising of my comments and observations will be issued to the Parliament in due course in terms of Section 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described under the 'Qualified Opinion' section of this report, the accompanying financial statements give a true and fair view of the financial position of the Sri Lanka Sustainable Energy Authority as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.



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1.2 Basis for Qualified Opinion

- A. Even though 6 linear items amounting to Rs. 1,221,120,648 in the Audited Financial Statements and 3 linear items in the Income Statement amounting to Rs. 293,185,927 have been revised by Rs. 24,461,699 and Rs. 2,838,673 respectively due to restating the erroneous amounts stated in the previous period, the nature of the misstatement, the amount to be corrected in relation to each linear item, the amount corrected in the beginning of the previous period and if the retrospective restatement was not practically possible, the reasons for the same need to be disclosed by a Note to the accounts, such action has not been performed.
- B. Even though adjustments have been made in the Value Added Tax (VAT) Account and the Value Added Tax Payable Account by Rs. 8,299,107 and Rs. 3,091,028 respectively for the previous years, when retrospectively correcting the errors in terms of the requirement of LKAS-3, the comparative linear items for the previous year have not been revised nor the related disclosures have been made. Further, the related source documents have not been submitted with the Journal Voucher.
- C. The Fan Testing Lab equipment with a value of Rs. 4,885,693 that have been procured, fixed and implemented in 2018, and Wind Tower equipment with a value of Rs. 12,816,562, received in 2015 have been identified as assets for the year under review and accounted and the depreciated amount of such equipment in the previous year is Rs. 3,540,450. However, when retrospectively correcting the error, the comparative depreciated item for the previous year has not been corrected as per the requirement of LKAS-3. Furthermore, the required information has not been disclosed in terms of LKAS-3.
- D. The useful life of Non current fixed assets shall be reviewed annually in terms of LKAS-7 and if the expected conditions deviate from the estimates, such deviations shall be revised in terms of the requirement of LKAS-3. However, in the year under review, the useful lives of 14 types of assets amounting to Rs. 357,996,793 as at 31st December 2020 have not been revised and adjusted in the Financial Statements.



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- E. The value of an asset shall be measured at the fair value as at the date of its acquisition when such an asset is acquired through a non-interchangeable transaction in terms of the requirement of LKAS-7. However, the land in Indurana which had been acquired in the form of a donation in the year 2017 for Sarachchandra Rajakaruna Memorial International Center has not been valued and accounted as of the date of this Report.
- F. Even though a comparison of the values mentioned in the budget document, which arise when implementing the budget document and the actual values need to be included in the Financial Statements in terms of LKAS-15, the Authority had not complied this requirement.
- G. Even though there were 18 active lawsuits against the Authority until the end of the year under review, the contingent liabilities that may arise due to such activities had not been disclosed in the Financial Statement.
- H. The allocation of gratuity as at 31st December 2020 and the payment of such benefits for the year 2020 shall amount to Rs. 32,678,558 and Rs. 8,391,212 respectively, the balance of gratuity allocation as at 31 December 2020 and the value of the gratuity payments during the year under review had been overstated as Rs. 1,332,299 as the said amounts had been accounted as Rs. 34,010,857 and Rs. 9,723,511 respectively.
- I. A difference of Rs. 55.96 million was observed between the amounts mentioned in the Financial Statement in relation to 03 topics included in the Financial Statements for the year under review and the descriptive documents presented in relation to such amounts. However, such changes had not been examined and adjusted in the Financial Statements.

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

 AUDIT REPORT FROM
 NATIONAL AUDIT

 FINANCIAL
 STATEMENTS

 MANAGEMENT DISCUSSION
 AND ANALYSIS

 CORPORATE
 GOVERNANCE

 ABOUT
 US



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1.3 Other Disclosures in the Annual Report of the Authority for the Year 2020

'Other Information' means the information that is included in the 2020 Annual Report of the Authority and is expected to be submitted to me after the reporting date of this Audit Report but not included in the Financial Statements and my Audit Report on the same. The management is responsible for this other information.

My opinion on the Financial Statements does not cover the other information. Nor do I provide an assurance or express an opinion on the same, whatsoever.

My responsibility in auditing the Financial Statements is to read the other information identified above as and when available and consider whether such information is materially inconsistent with the Financial Statements or my knowledge obtained in during my audit or by any other means.

If I conclude when reading the 2020 Annual Report of the Authority that it contains material misstatements, such matters shall be communicated with the regulatory bodies for corrective actions. If there are misstatements that cannot be corrected any further, such matters will be tabled in the Parliament by me as per Section 154(6) of the Democratic Socialist Republic of Sri Lanka.

1.4 Responsibilities of Management and Administration Parties on the Financial Statements

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

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

The administration authorities are responsible for overseeing the Authority's financial reporting process. As per Section 16(1) of the National Audit Act No. 19 of 2018, the Authority is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared by the Authority.



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1.5 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes my opinion. Assurance on fairness is a high level of assurance but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when such exists. Misstatements that can arise from fraud or error are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I have exercised professional judgment and maintained professional skepticism in accordance with Sri Lanka Accounting Standards in carrying out the audit. Further,

- Identifying and assessing the risks of material misstatement of the financial statements, incurred due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Even though an understanding of internal control relevant to the audit was obtained in order to design audit procedures that are appropriate in the circumstances, there is no intention to express an opinion on the effectiveness of the Authority's internal control.
- Appropriateness of accounting policies, fairness of accounting estimates and related disclosures made by the management were evaluated.
- Conclusion was drawn on the appropriateness of the use of the basis of going concern of the Authority for accounting based on the audit evidence obtained. If I determine that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements, or if such disclosures are inadequate, to modify my opinion. However, future events or conditions may cause the Authority to cease its continuous functioning.
- Overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation were evaluated.
- I communicate with the administration authorities regarding, among other matters, significant audit findings, including any significant deficiencies in internal control identified during my audit.

2. Report of other Legal and Regulatory Requirements

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

- 2.1.1** I have obtained all the information and explanation required for the audit and as far as it appears from my examination, proper accounting records have been kept by the Authority as per the requirement of section 12 (a) of the National Audit Act. No. 19 of 2018.
- 2.1.2** The financial statements presented are consistent with the preceding year as per the requirement of section 6 (l) (d) (iii) of the National Audit Act, No. 19 of 2018.



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2.1.3 The financial statements presented include all the recommendations made by me in the previous year as per the requirement of section 6 (l) (d) (iv) of the National Audit Act, No. 19 of 2018.

2.2 Based on the procedures performed and evidence obtained nothing has come to my attention, substantial to make any of the following declarations:

2.2.1 to state that any member of the Board of Management has any direct or indirect interest in any contract entered into by the Authority which is out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act. No. 19 of 2018.

2.2.2 to state that the Authority has not complied with any applicable written law, or general and special directions issued by the Board of Management as per the requirement of section 12 (f) of the National Audit Act. No. 19 of 2018 except for;

| Reference to Law/Direction | Description |
|--|--|
| A). Financial Regulations of the Government of the Democratic Socialist Republic of Sri Lanka | |
| (i). Financial Regulation 396 (d) | Even though action should be taken with regard to unrepresented cheques for more than six months from the date of issue as per FR 396 (d), the Authority had not taken such action regarding 60 cheques written from 2014 to 2020 with a total value of Rs. 6,781,378 out of unrepresented cheques amounting to Rs. 30,632,380 as at 31 December 2020. |
| (ii). Financial Regulation 880 (i) | None of the officers of the Sustainable Energy Authority who ought to give security in accordance with the Public Officers (Security) Ordinance (Cap. 612) had done accordingly. |



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| Reference to Law/Direction | Description |
|---|--|
| B). Establishment Code of the Democratic Socialist Republic of Sri Lanka (i). Clause 15:1(ix) of Chapter II | Recruiting Authority, Administrative Authority and Head of the Institution are responsible for conducting Efficiency Bar Examinations on time. Further, as per Clause 15.1(ii), when determining salary scales, the First Efficiency Bar Examination must be passed before achieving the 04th salary step and this is intended at determining if an officer is eligible to receive the next salary increments pertaining to his/her position. However, the Authority had not conducted such Efficiency Bar examinations and salary increments had been provided to the officers. |
| C). Public Administration Circulars (ii). Public Administration Circular No. 05/2008 dated 06 February 2008 | Even though all public institutions should introduce a "Citizens' / Clients' Charter", the Authority had not taken action on the same as at the date of this Report. |
| (iii). Clause 3.0 of Public Administration Circular No. 30/2016 dated 29 December 2016 | Even though the consumption of fuel must be re-tested after a period of 12 months from each fuel test or after running a distance of 25,000km or after carrying out a major repair to the engine, whichever occurs first, a fuel test had not been performed in relation to the vehicles owned by the Authority complying with the said requirement. |
| (iv). Public Administration Circular No. 02/2018 dated 24 January 2018 | Even though it is required to prepare a Human Resource Development Plan in order to fill the gap between the existing competencies and the competencies to be gained by all the members of staff based on Form 02 attached to the Circular, the Authority had not complied with the said requirement. |



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| Reference to Law/Direction | Description |
|--|---|
| D). National Budget Circular No. 02/2017 dated 25 July 2017 | <ul style="list-style-type: none"> • Issuing internal circulars or guidelines on implementing Sustainable Development Goals and providing training opportunities to interested parties had not been implemented during the year 2020. • Further, mechanisms for allocating physical resources and the staff and for regulating the said process had not been identified. |
| F). Public Finance Circular No. 01/2020 dated 28 August 2020 | Even though the Board of Survey Report for 2020 should be submitted to Auditor General before 31 March 2021, the Board of Survey Report of the Authority for 2020 had not been submitted for audit. |
| G). Treasury Circular No. 842 dated 19 December 1978 | The fixed Assets Register for fixed assets with a net value of Rs. 512,148,073 had not been maintained properly. |
| H). Clause 6.5.1. of Public Enterprises Circular No. PED/12 dated 02 June 2003 | Even though the financial statements should be submitted for audit within 60 days after the accounting year, the financial statements of the Authority were submitted for audit on 21 October 2021, with a delay of 293 days. |
| I). Clause 8.3 of Management Audit Circular No. DMA/01 - 2019 dated 12 January 2019 | The Authority had not prepared and submitted vehicle cost reports for 2020 to the Department of Management Audit. |
| J). Section 5.4.8 of Procurement Manual | Even though a performance guarantee shall be provided by a performance guarantee issued from an acceptable agency, and valid till twenty-eight (28) days beyond the intended completion date, Authority had not submitted evidence to audit to prove that a performance guarantee had been obtained in relation to the toilet complex bearing a cost of Rs. 6,409,745, constructed in the National Renewable Energy Park. |
| K). Supplement 13 to the Procurement Manual dated 03 October 2007 | Even though action should be taken in relation to public contracts with a cost exceeding Rs. 5 million in terms of Clauses 8, 9 and 12 of Public Contracts Act No. 03 of 1987, the Authority had not taken action in relation to the above-mentioned contract. |



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2.2.3 Whether the Authority has complied with the powers, functions and activities of the Authority, except the below observations as per the requirement of Section 12(g) of National Audit Act No. 19 of 2018.

- a) As per Section 47(1) of Sri Lanka Sustainable Energy Authority Act No. 35 of 2007, a sustainable energy grantee fund had been established for investors who apply for loans to carry out projects related to energy efficiency. Authority had invested the said fund in Treasury bills and deposit and the total value of such investments as at 31 December 2020 was recorded as Rs. 111,803,519. However, it was observed that the Authority had not yet implemented the actions required to achieve the objectives of establishing the sustainable energy grantee fund.
- b) Further, in violation of Clause 46(3) of the aforementioned Act, the Authority had paid Rs. 48,678,878 from the Sustainable Energy Fund from 2014 to 2015 to obtain a land in Battaramulla on lease.
- c) As per Clause 42(1) of the Act, the Board shall be required to submit annually to the Minister, a report on the performance of the energy sector in Sri Lanka during the preceding year and the Minister shall table the said report in Parliament for its consideration. However, the Authority had not complied with the said requirement.
- d) As per Clause 19(1) of the Act, a developer shall, for the period during which the permit issued is in operation, be liable to pay annually to the Authority as a royalty on renewable energy resources being utilized for the project, such charge as shall be determined by the Minister in consultation with the Minister in charge of the subject of Finance. However, the Authority had not taken action so far to collect the said royalty charge though it has been 14 years since its establishment.

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2.2.4 Whether the Authority had procured and utilized resources economically, efficiently and effectively within the time frames and in compliance with the applicable laws, except the following observations as per the requirement of Clause 12(h) of National Audit Act No. 19 of 2018.

- a) The Authority has purchased 08 mobile phones with a value of Rs. 126,000 on 16 December 2020 for the purpose of installing a monitoring operating system for monitoring its vehicles. However, the said system had not been installed even by 18 January 2022, the date of audit.
- b) Rs. 385,196,337 belonging to Sri Lanka Sustainable Energy Authority had been retained in 02 bank savings accounts while Rs' 73,536,822 belonging to the Authority had been retained in 05 current accounts, exceeding the working capital requirement without an effective investment as at 31 December 2020.

2.3 Other Matters

- a) There were 61 vacancies at Sri Lanka Sustainable Energy Authority as of 31 December 2020 including 27 vacancies in senior staff-grade positions, 01 secondary level vacancy, 22 tertiary level vacancies, and 11 primary level vacancies at the end of the year under review as the Authority had failed to maintain an actually required number of staff members and to perform a timely review of the number of staff members.
- b) Even though the Authority had prepared an Action Plan for the year under review, the activities expected to be performed by various units of the Authority and the basic financial and physical targets to be achieved were not covered in the said plan,
- c) Rs. 5,049,485 which had been obtained from 20 investors as deposits in relation to acquiring lands for small hydro power generator projects from 2009 to 2016 had been stated under Non Current Liabilities in Financial Statements as an amount payable since 2017. However, the action required to complete the task of acquiring such lands had not been performed.
- d) Rs. 8,406,407 and Rs. 38,041 stated under Amounts Receivable had been carried forward for 01 to 04 years and for 01 to 05 years respectively. However, the Authority had not taken any action until the end of the year under review to recover such amounts or any other suitable measures in that regard.
- e) Rs. 11,823,521 stated under Advances Receivable had been continuously carried forward since no action had been taken to recover such amount for a period of 01 to 04 years.
- f) Rs. 2,445,149 stated in the accounts as other payments and creditors had been carried forward for a period of 01 to 04 years. Further, Rs. 6,753,677 and Rs. 2,756,376 stated as Deposits and Miscellaneous Creditors had been carried forward for a period of over 05 years. However, the Authority had not taken action to recover such amounts until the end of the year under review.

W. P. C. Wikramaratne

Auditor General

Audit Reply

2023.01.17
 Auditor General,
 National Audit Office,
 306/72, Polduwa Road,
 Battaramulla.

Auditor General's Report on the Financial Statements and other Legal and Regulatory Requirements of Sri Lanka Sustainable Energy Authority for the Year ended on 31 December 2020, as per Section 12 of the National Audit Act No. 19 of 2018.

In relation to the aforementioned matter, the responses to the Auditor General's Report dated 23.06.2022 are mentioned below.

1.2. Qualified Opinion

1.2.1 Non-Compliance with Sri Lanka Accounting Standards

- (a) Changes to the linear items stated in the Audit Report have arisen due to the Journal Notes adjusted for the accounting errors and changes in estimates identified in the year 2020 for the Audited Financial Statements for 2019.

As per LKAS-3 - "Accounting Policies, Changes in Accounting Estimates and Errors", the accounting errors/changes in estimates for the year under review have been retrospectively corrected and attached hereto as an accounting note. Explanations and disclosures related to the same note have also been stated.

- (b) Changes in the balances of accounts receivable and accounts payable in relation to 2019, which are revised in 2020, are mentioned below.

the below-mentioned accounts receivable which were recognized in 2020 need to be adjusted against the revenue in 2019, the related journal notes have been accounted for correctly Changes in such balances are given below.

| Description | Revised Amount |
|---|----------------------|
| Accounts Receivable | |
| Power Generation of Hambanthota | 354,967.00 (Less) |
| Trade Receivable EF | 135,629.00 (Less) |
| VAT Receivable | 13,176,658.00 (Less) |
| Total Adjustment (for the previous year) | 13,667,254.00 |
| Accounts Payable | |
| VAT Payable | 1,922,152.00 (Less) |
| Other expenses | 27,712.00 (Less) |
| Total Adjustment | 1,949,864.00 |



Audit Reply

The journal notes related to correcting the identified errors based on the above-mentioned adjustments are stated below.

| | Description | Debit | Credit |
|-----|---|---------------|---------------|
| (1) | Retained Profit Power Generation - Hambanthota | 354,967.00 | 354,967.00 |
| (2) | Retained Profit Account receivable - EF | 135,629.00 | 135,629.00 |
| (3) | Retained VAT Receivable | 13,176,658.00 | 13,176,658.00 |
| (4) | VAT Payable Retained Profit | 1,922,152.00 | 1,922,152.00 |
| (5) | Other expenses Retained Profit | 27,712.00 | 27,712.00 |

The impacts on the Financial Statements have been corrected retrospectively and attached hereto as an accounting note along with respective explanations and disclosures.

- (c) Recognition of the "Fan Performance Testing Facility" purchased in 2018 into accounting books and the adjustments related to respective years is given below in order to correct the same by writing it off as an asset.

| | Description | Debit | Credit |
|-----|---|--------------|--------------|
| (1) | Recognition of the asset and writing it off as an expense to correct. | | |
| | - Asset Account | | |
| | - Retained Profit (for 2018) | 4,885,693.26 | 4,885,693.26 |
| (2) | Recognition of the depreciation for the year and writing it off in the accounting books | | |
| | - Retained Profit - 2018 | | |
| | - Accumulated Fund | 495,261.99 | 495,261.99 |
| (3) | - Retained Profit - 2019- | 977,138.52 | 977,138.52 |

Grants received by Sri Lanka Sustainable Energy Authority that should be recognized under 'Foreign Grants' as an asset in 2015 have not been recognised in the revenue for the year and the paying of VAT for the same has been stated as a work-in-progress.

As it is erroneous to recognize the aforementioned grants as a revenue and not recognizing the same as an asset at the time of its usability, the corrections to the journal notes are mentioned below.

| | Description | Debit | Credit |
|-----|--|---------------|---------------|
| (1) | Asset Account | 12,816,562.21 | |
| | Work in Progress | | |
| | Retained earnings | | 2,299,935.00 |
| | | | 10,516,627.21 |
| (2) | Retained Profit | 9,930,202.00 | 9,930,202.00 |
| | Accumulated Depreciation Fund (For 2015 – 2018) | | |
| (3) | Retained Profit | | |
| | Accumulated Depreciation Fund (For 2019) | 2,563,312.40 | 2,563,312.40 |



(d) Non adherence to SLPSAS

As per the SLPSAS-7, the effective lifetime of non-current assets should be reviewed annually.

As per the SLPSAS-3, estimates - and if there are any changes -, those should be adjusted accordingly.

The value of non-current assets of the SLSEA is at a higher level and such assets are located at the headquarters, Hambanthota Solar Power Plant and Indurana Hydropower Plant. Even though it was identified that action shall be taken as per the above standards regarding the assets of previous years by revaluating, there were difficulties in obtaining the service of a valuation party due to the prevailed situations in the country including recurrent lockdowns, calling employees on roster basis and preventing from calling employees living in distance areas to work. Hence, it is expected to revalue the assets for the preceding year and make the correct adjustments to accounts by recognizing the fair value of non-current assets.

(e) Even though it is necessary to value the Indurana Land which was granted in 2017 and properly account by recognizing the fair value, it is mandatory to value lands belonging to the public sector only by the Government Valuation Department.

Despite the request letters submitted to the same Department seeking their assistance in performing this valuation, it was not possible to obtain their support in 2020 and 2021 due to the Covid-19 pandemic. Hence, a request letter was again submitted to perform the aforementioned valuation in 2022.

It is expected to take necessary action and obtain the support of the Government Valuation Department.

(f) Comparisons between the budgeted financial provisions and actual expenses and present the related adjustments in the next financial statements.

(g) As per the Sri Lanka Accounting Standards, legal actions related to the Authority and transactions with external parties shall be disclosed in the Financial Statement. However, as the SLSEA has been unable to disclose such information pertaining to the year 2020, action will be taken to perform the disclosures in the financial statement for the preceding year together with the Legal Division and draw related accurate and reasonable conclusions accordingly.

(h) Provisions for employee benefints as at 31 December 2020 shall be calculated for the year under review as per the act. According to the methods employed in the same calculations in the previous years. the provisions have been allocated based on the date of calculation (It comes to my attention that attention has not been drawn to this matter in calculations performed in the previous years).

It was agreed with the Audit members to correct these accounting incomplicences identified with regard to the Audit performed for 2020 in the year 2021.



Audit Reply

- (i) Auditor General has observed a disparity of Rs. 55.69 million between financial statements and balance check in relation to 03 items in the accounts as follows:

Even though the balance of the Sustainable Energy Fund has been stated in the financial statements as Rs. 107,419,486/-, it has been stated as Rs. 196,275,578/- in the balance check as at 31/12/21.

The Authority introduced a computerized accounting system in 2019. As the interest income from the investments in the Fund has been credited to the revenue account, the interest income has been incorporated into the accumulated income. However, the information presented in the financial statements is accurate as it has been added to the security fund when preparing financial statements. Further, corrective action was also taken to include balance checks in the computerized data system.

Even though the deferred income has been stated as Rs. 1,388,606,544/- in the financial statements, the Auditor General has observed a difference of Rs. 46,572,033/- as it has been stated as Rs. 1,342,034,511/- in the balance check.

It has been incorporated into the accumulated income as the same amount has been credited to the deferred income in the computerized accounting system. However, the information disclosed in the financial statements is accurate as the figures have been stated correctly though it has been inaccurately in the balance check. Further, corrective measures were taken in to enter accurate computerized data in relation to correcting the notes in the balance check.

The Auditor General has observed a difference of Rs. 247,007/- between the balances of the accumulated account and accumulated expenses in the balance check, which is the balance of the accumulated clearance expenses account. Accumulated Clearance Account balance has been added to the accumulated expenses account balance in the balance check and disclosed in the financial statements.

2. Report on Compliance with Other Legal and Regulatory Requirements

- (a)
- (i) As per Financial Regulations (FR) 396(c), the related balances have been verified and the values of expired cheques have been re-recognized as an income.
- (ii) Action will be taken to obtain securities as per the financial regulations.
- (b) Efficiency bar examinations could not be held due to the lack of an approved recruitment scheme for the SLSEA until 24 August 2020. However, Once the recruitment was approved on the above date, it was informed to the Sri Lanka Institute of Development Administration (SLIDA) and necessary action is being taken to conduct efficiency bar examinations.
- (c)
- (i) Sri Lanka Sustainable Energy Authority prepared Citizens' / Clients' Charter and published in 2022. Accordingly, provision of the quality services to citizens and other parties by the Authority will be further ensured.
- (ii) the fuel check for the motor vehicles belonging to the Authority could not be performed as planned in the year 2020 due to the Covid-19 pandemic. However, the same check was performed properly in 2021.
- (iii) The Human Resources Development Plan of the SLSEA has been prepared and submitted to the Management Board for approval.

(d)

- Even though implementing the programmes of Sri Lanka Sustainable Energy Authority was a greatly challenged by the pandemic situation in 2020 both globally and locally, it was possible to implement most of the activities included in the action plan during the same year.
- An Action Plan had been which was needed in implementing programmes of the Authority to achieve Sustainable Development Goals in 2020 and the related programmes were implemented accordingly. However, the Authority has introduced Ker Performance Indicators for the same purpose at present.

(e) Availability Survey Report of Essential Goods pertaining to 2020 has been prepared properly and will be submitted to the Audit Management Committee for approval.

The business premises of the Authority had to be relocated to a new place in April 2021. Hence, presenting of the report was delayed do to this action as well as the inability to perform calculations and assesments related to such goods due to the Covid-19 pandemic.

(f) Sri Lanka Sustainable Energy Authority was established in 2007 but an inventory of fized assets has not been maintained pertaining to items belonged to the Authority at that time and previous years (before 2014). As the value of non-current assets (book value) is a higher amount, it is expected to perform a revaluation as per LKAS 6 and 7. The fized asset inventory will be properly updated by timely identifying the values related to previous data.

(g) Even though the financial statements for the year under review shall be presented within 60 days (as at 28 February 2020) as per applicable circulars, the financial statements were prepared as at March 2020 and obtained the approval of the Audit and Management Committee and submitted for the approval of the Management Board in April.

However, the Aduit authorities recommended to submit all the financial statements including the Income Statement, Statement of Financial Position, Statement of the Changes to Equity to the Audit having signed by following officials along with rubber stamps even though the Statements were submitted for the Audit in August after obtaining the approval of the Management Committee, as a consequence of lockdowns due to the Covid-19 pandemic:

- Finance Director
- Director General
- Chairman A member of the Board.

However, such statements were only submitted to the Audit along with the signatures and rubber stamps of above officials in the month of October, as the country was again locked-down.

Submittance of the financial statements to the Audit was delayed due to the closure of offices as a result of the Covid-19 pandemic and resulting delays in obtaining due approvals through Management meetings.

(h) As per the Management Audit Circular No. DMA /01-2019, action has been taken to submit the Vehicle Cost Report to the Auditor General's Department monthly. The same report for previous years has been prepared on quaterly basis.



Audit Reply

- (i) Because 95% of work had been completed when we submitted a letter of request on 15 March 2021 seeking extension and also because the Performance Security assigned to us is valid until 16 April 2022, it has been extended as it came to attention that work would be possible to be completed during such period.

- (j) Even though the Procurement Division shall take corrective action regarding bid documents, such action has not been performed as it has not been informed properly. In relation to bid values exceeding Rs. 5 million, only the institutions that have been registered at the Registrar of Companies will be included as valid for procurements from now onwards.

2.2.3 Whether the Authority has complied with the powers, functions and activities of the Authority

- (a) The Sustainable Energy Security Fund functions as per the Sri Lanka Sustainable Energy Authority Act No. 35 of 2007. Even though an initial capital shall be allocated from the consolidated fund as per Clause 47(2) of the said Act, funds have not been allocated from the consolidated fund for Sustainable Energy Security Fund after the establishment of the Sustainable Energy Authority.

Further, as of the establishment of the Sustainable Energy Authority on 01/10/2007, the interest income of a sum of Rs. 53 which had already been invested by the Energy Fund which existed before the SLSEA had been added to the same fund. Hence, it has been increased to Rs. 102 million as at 31 December 2020.

- (b) This land was obtained for the purpose of construction of South Asia's first energy efficient building. As per Clause 46 (37-b) of Sri Lanka Sustainable Energy Authority Act No. 35 of 2007, the Sustainable Energy Fund could be used to promote technology to improve energy efficiency and carry out related projects.

- (c) A report on the performance of the energy sector in Sri Lanka is prepared annually and has been submitted to the Ministry. The Minister will table the said report in Parliament for its consideration in due course.

- (d) Action has been taken to submit recommendations to the Ministry of Finance to include budget proposals to obtain the loyalty charge.

2.2.4 Whether the Authority has procured and utilized the resources of the auditee entity had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws

- (a) The Authority allocated provisions for the purpose of installing an operating system for monitoring its vehicles in 2020. However, it was not possible to commence procurement activities to install the same due to the Covid-19 pandemic situation prevailed in the country. Provisions had not been allocated for the same purpose for 2021.

- (b) Approval has been obtained from the Management Board to effectively invest such funds (in state banks) and it is expected to invest the same funds effectively and efficiently.

3. Other Matters

(a) The recruitment scheme of the Sustainable Energy Authority was approved on 24 August 2020 and the internal promotion scheme was used to fill the vacated vacancies. Recruitments were performed for filling the positions of Assistant Director - (Engineer) which were essential to achieve the expected goals of the Authority in 2021. Accordingly, BOD approval was obtained to fill 16 out of 27 senior-level vacancies. The recruitment scheme has been duly followed in this process and qualified engineers have been recruited for 10 Assistant Director (Engineer) positions.

(b) The expected financial and physical targets have not been included in the Annual Action Plan for 2020 and such targets have been mentioned in the Action Plan prepared for 2022.

(c) The Sustainable Energy Authority has acquired lands for small power generation projects and acts as an intermediary agency. Even though the funds obtained from investors have been recognized as amounts payable under current liabilities, such funds cannot be released until the completion of these projects.

Required action will be taken in collaboration with the related division/institution by considering the current situation of the investment projects amounting to Rs. 5,049,485 stated in the Audit Report.

(d) A sum of Rs. 8,033,271/- has been included in the amounts receivable amounting to Rs. 8,406,407 as building rentals for RCL and CEB was informed constantly to recover this amount. However, as the CEB has not yet paid the same amount, it was decided to recognize this amount as an expense of the Sustainable Energy Authority based on a decision taken at Management Committee meeting. Approval of the Treasury was obtained for the same in 2021.

Measures have also been taken to recover other amounts payable as well.

(e) As per Financial Regulations, recovering the aforementioned amount has been ensured by sending reminder letters and balance checks. It is expected to recover such amount accordingly.

(f) Reminders have been sent to recover other payments and to creditors. As the non-responsive items have been identified, action is being taken to credit such amounts to the revenue account.

Chairman
Sri Lanka Sustainable Energy Authority



Corporate Information

Name of the Authority

Sri Lanka Sustainable Energy Authority

Legal Status

A statutory authority established by the Sri Lanka Sustainable Energy Authority Act, No. 35 of 2007.

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