



PUBLIC UTILITIES COMMISSION OF SRI LANKA

ANNUAL REPORT - 2020

ANNUAL REPORT

Year 2020



Public Utilities Commission of Sri Lanka

Public Utilities Commission of Sri Lanka
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Our Vision

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

Our Mission

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

We, Public Utilities Commission of Sri Lanka, strives to power the dreams of a thriving nation, with its people yearning to reach out across the horizons towards the vistas of a brighter future and to reach beyond the horizons with a commitment to a national cause of elevating the electricity, water services and petroleum industries through facilitating policy changes with public participation

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Chairman's Message



Sri Lanka is set for rapid economic growth and electricity industry in particular is seen as an investment proposition that has been well detailed in years of plans by the Ceylon Electricity Board. The industry is also well assured with the consistent regulatory framework.

Year 2020 was a very challenging year for Sri Lanka as the COVID 19 pandemic hit the country. It was also a year where Public Utilities Commission of Sri Lanka gained maximum chance to engage with all the stakeholders to create creative innovative methods to help the stakeholders.

The Public Utilities Commission of Sri Lanka was able to launch an emergency service to provide assistance with household electrical issues when the country was locked down by engaging with Ceylon Electricity Board, The Department of Police Sri Lanka and the industry players. The same service was extended to solve plumbing issues of the households with the engagement of all the related stakeholders.

Solving electricity consumer complaints took a major turn with the pandemic, as visiting the office was not advised. Hence, we were able to establish a hotline service; online pathways and social media pathways to lodge complain and get the help of the officers in stakeholder matters.

We also held number of electrician awareness programmers in district wise to support the

implementation of national framework of electricians which will help electrician to move up in the career ladder and uplift the life. Sri Lanka has more than 45,000 electricians and only few of them has the professional qualifications.

As the designated regulator for water services industry and in the capacity of providing advises to the Ministry of Water Supply, the Public Utilities Commission of Sri Lanka, conducted stakeholder consultations in North Western Province, Eastern Province and Southern Province to recognize the drinking water issues that the consumers face to help in preparing the national policy on drinking water for the country. We plan conduct the stakeholder consultations in all the provinces in Sri Lanka in the next year.

Another highlighted event that we conducted was raiding the unauthorized lubricants in the Sri Lankan lubricant market with the support of Consumer Affairs Authority.

In my concluding remarks, I must say even year 2020 was a challenging year, the Public Utilities Commission of Sri Lanka were able to grasp the best knowledge and convey the same for the benefit of our stakeholders and for the country.

Janaka Ratnayake
Chairman

Director General's Message



The Public Utilities Commission of Sri Lanka has played an active role as the electricity sector regulator in developing electricity industry, enabling easy market access for investors, improving electricity safety and quality of supply and in addressing consumers and other stakeholders' issues with regard to electricity.

This can be further improved by effectively regulating safety aspects, economic aspects and technical aspects of the electricity industry, promoting efficiency among service providers and protecting consumer interests with an overall goal of contributing to development in the country.

In order to track organizational goals and other important information, we have established a monthly monitoring system, which aims at enhancing our transparency, reliability and creating public awareness of the availability and quality of the services offered by the Public Utilities Commission of Sri Lanka. To help smooth functioning of the utility providers, during the COVID pandemic period, we developed regulatory tools with regard to the electricity bill payments and established various methods

via online and social media for consumers to reach us when they face with an issue.

The Public Utilities Commission of Sri Lanka is committed to achieve its strategic goal and ensure consumer satisfaction through regulatory performances and also we are committed to our corporate positioning vision statement of 'To create an environment for all inhabitants of Sri Lanka, and the contributors to its development, to have access to essential infrastructure and utility services in the most economical manner, within the boundaries of the sustainable development agenda of the country' and will accord a level playing field to all stakeholder, protect consumers' rights and ensure that efficient quality services are provided for sustainable development of the country.

Damitha Kumarasinghe
Director General

ABOUT PUBLIC UTILITIES COMMISSION OF SRI LANKA

The Public Utilities Commission of Sri Lanka (the Commission or PUCSL) plays a pivotal role in the national economy as the economic, safety and technical regulator of the electricity industry and acts as the shadow regulator of the lubricant market.

We regulate the generation, transmission, distribution, supply and use of electricity.

Among the many important services, we provide, we ensure that the electricity sector in Sri Lanka has adequate investments, greater availability, efficient supply, and improved quality of services for electricity consumers.

Established by The Public Utilities Commission of Sri Lanka Act No.35 of 2002 by the Parliament of Sri Lanka, the Public Utilities Commission of Sri Lanka (PUCSL) was designated to regulate the electricity, water service and petroleum industries.

Our objectives, functions and the legal framework have been defined under the Public Utilities Commission of Sri Lanka Act No 35 of 2002, the Sri Lankan Electricity Act No.20 of 2009 and the Sri Lanka Electricity (Amendment) Act No. 31 of 2013.

We closely work with Water Services and Petroleum industries through providing regulatory advices as the respective acts to regulate water services and petroleum industries are yet to be passed through the Parliament.

We, the PUCSL came into operation in 2003 when the first group of Commissioners and its Director General were appointed. The five-member Commission is appointed by the Minister in charge of Policy Development in agreement with the Constitutional Council for a period of five years.

Corporate Information

Name of the Commission

Public Utilities Commission of Sri Lanka

Legal Status Established by the

Public Utilities Commission of Sri Lanka
Act, No 35 of 2002

Commission Members

Chairman

Mr. Janaka Ratnayake

Deputy Chairman

Prof. Janaka Ekanayake

Member of the Commission

Ms.Chathurika Wijesinghe

Mr. Udeni Wickramasinghe

Mr.Mohan Samaranayake

Director General

Mr. Damitha Kumarasinghe

Secretary to the Commission

Mrs. Janaki M Vithanagama

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Auditors

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

Banker

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

Members of the Commission

Public Utilities Commission of Sri Lanka



Functions of PUCSL

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

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

OUR GOALS FOR OUTCOMES – ELECTRICITY SECTOR

1. Outcome 01 - Improved productivity & convenience for electricity consumers
2. Outcome 02 - Affordable Price for consumers and sustainable financial stability for licensees
3. Outcome 03 – Improved safety of every living being and properties of general public, licensees & operators
4. Outcome 04 – Improved Environmental Conditions for Humans, Animals and Plants

OUR GOALS FOR OUTPUTS

Power Quality

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

Supply Quality

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

Service Quality

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

Supply Adequacy

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

Tariff and Service Charges

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

Electricity Safety

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

Environment

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

What we achieved in Year 2020

Year 2020 was a challenging year not only to Sri Lanka but to the whole world. The COVID 19 pandemic changed the ways of lives and the patterns we operate and interact. Technology played a major role in keeping lives and work connected.

As a multi sector regulatory body, PUCSL were able to achieved many millstones in the year 2020 despite the challenges.

Some of the highlights from our achievements were establishing an emergency service to obtain electrician and plumber services during the curfew time period without an hassle, establishing an online and social media channels to receive and sort the issues of electricity consumers, stakeholder consultation series with water consumers and officials to identify issues of drinking water to establish better national policy for drinking water, aware the electricians to obtain the professional license under the national framework of electrician licensing system and carry out raids to identify unauthorized substandard lubricants in Sri Lanka.

The report includes the progress of the activities related to electricity industry, water services industry and the petroleum industry for the year 2020, PUCSL's plan for year 2021 and the financial progress of the regulator.

Electricity Industry



Outcome 01

Improved productivity & convenience for electricity consumers

Facilitate consumer grievances and licensee advice requests in accordance with relevant laws and guidelines

Year 2019

463 complaints

Year 2020

700 Complaints

Handling and facilitating for consumer complaints and grievances plays a major role in the work agenda of the Public Utilities Commission of Sri Lanka. PUCSL have paved the path for any consumer to walk in and discuss the any issue they are facing with regard to electricity industry and some issues are sorted within hours with the help of licensees.

In 2020, PUCSL received a higher number of complaints from the consumers and the distribution licensees compared to the previous year as a result of introducing a hotline, online pathways and social media pathways to communicate with PUCSL during the COVID 19 pandemic period without visiting the officials in premises. Therefore, in addition to 410 complaints, during covid-19 curfew period, approximately 700 complaints received through social media, over the phone and mobile platforms (Whatsapp, viber etc). PUCSL were able to facilitate all the complaints efficiently.

The officers of PUCSL offered their services in every platform while giving appointments for consumers who are in need of visiting officials.

A total of 1701 communications were carried out between the PUCSL, consumers and licensees sorting the issues lodged by the consumers.

Most of the complaints were related to way leave issues and with regard to meter related issues. Following table shows a comparison of year 2019 and year 2020 complaints that PUCSL received.

Category	2019		2020	
	No of Cases	No of Correspondences	No of Cases	No of Correspondences
New connections	61	159	54	115
Disconnections and reconnections	16	30	15	36
Billing related	36	73	105	168
Meter related	22	72	13	37
Way-leave	163	431	102	267
Quality related	36	85	30	70
Tariff category change	11	43	12	26
Other	118	306	79	186
Total	463	1199	410	905
Through Online Pathways 700				

Resolution of disputes in accordance with electricity (Dispute Resolution) rules

When the complaint cannot be resolved through the first two parties that involved in the issue, it's become a dispute. The PUCSL coordinated with parties to resolve approximately 15 disputes though the Dispute Resolution Rules gazette by the Commission and completed 04 mediation sessions related to disputes arose between distribution licensee and tariff consumer. The dispute resolution process helps the consumers to get their issues solved in the faster manner without going into the legal process.

Guideline on shifting of electricity meters in consumer premises

Meter shifting is a part of customer service of licensees. Therefore, PUCSL identified that there is need for a proper procedure which can be followed by both the consumer and licensee when it's come to shifting the electricity meter. Accordingly, PUCSL completed the first draft of the guideline, considering the stakeholder comments and forwarded for the comments and observation of licensees in year 2020. The draft guideline addresses the request process of shifting of a meter to another location, the approval process, the

fast track the service which will help both the consumers and utilities. The meter shifting guideline is to be deployed for consumer complaints and dispute resolution facilitation.

Implementation of Electricity (Distribution) Performance Standards Regulations (Commercial Quality) with LECO

Measurement of commercial quality of distribution licensees (the parties that distribute electricity to consumers) began in year 2019 with the publication of the Gazette notification No. 1975/44 of 2016. In 2020, PUCSL developed data formats for Lanka Electricity Company Private Limited (LECO) to measure their customer service performance targets. This will help both the regulator and the licensees to refer data in a systematic manner, monitor the performances, develop regulatory tools when and where necessary and ultimately pass the benefit to the consumers through improved quality.

In 2020, PUCSL evaluated the performance of LECO in relation to areas identified in the performance standard regulation with the submitted data.

A provincial mobile service to solve the complaints of the electricity consumers

PUCSL together with Ceylon Electricity Board (CEB) and Lanka Electricity Company Private Limited (LECO) launched the first-ever Island wide provincial mobile service to solve the complaints of the electricity consumers with the participation of more than 500 electricity consumers in Southern Province in September 2020. PUCSL also received the support from Divisional Secretaries in the province as well as the communities.

The program addresses the electricity complaints of the consumers and offer them with a solution or a procedure then and there, share the regulatory tools with the consumers who seek information, introduce the new services by utility providers, provide solutions for the issues with regard to the way leaves which under the powers of divisional secretaries, provide new electricity connections, etc.

The issues that PUCSL receive in the program were resolved with the participation of CEB and Divisional Secretaries. Following are the type of complaints that PUCSL received;

- New Connection
- To change the name of the electricity bill
- Meter shifting
- Disconnection & Reconnection
- Removing/shifting of electrical poles/ lines

According to the statistics of the Southern Province Mobile Service, about 500 complaints were received and solutions were provided to all the issues at the premises. Most of the complaints were about way leaves, electricity supply to block-out (auctioned) lands, meter shifting, new connection and name changing of the electricity connections.

PUCSL plan to extend this program to other provinces in coming year with the purpose of covering all the provinces.

New guideline to pay electricity bill during pandemic time period

PUCSL together with Ceylon Electricity Board (CEB) and Lanka Electricity Company Private Limited (LECO) produced a guideline to ensure fairness for electricity consumers in issuing monthly electricity bills, ensure and restore the financial condition of the utility service providers by allowing a grace period to pay the monthly bills during the COVID-19 pandemic time period.

The guidelines were prepared to calculate the electricity bills according to the number of electricity units (pro-rata basis) received at concessionary rates, despite the delay in issuance of bills and to provide a sufficient time period to settle the electricity bills. Proposals made by CEB and LECO as well as complaints by some of the electricity consumers were taken into consideration when preparing the guidelines.

The following recommendations were implemented for preparing bills that come under quarantine curfew time period, to ensure maximum justice is provided for consumers.

1. All bills issued after the quarantine curfew commences and after the final reading of the meter must be issued on a monthly basis and as separate bills for each month, confirming the entitlement of the concessionary rate for the electricity units (prorate basis).
2. The grace period given to the consumer to pay the separate bills issued to them will be published by CEB and LECO. Accordingly, there will be no disconnection of electricity with regard to the payment of these bills until the relevant grace period and conditions are announced.
3. The time gap between the last meter reading and the next meter reading can be more than one billing cycle. Therefore, the total consumption (units of electricity) for that period will be divided equally for each billing period or month (Confirming prorate basis or concessionary electricity tariff) when issuing bills. With that, the total electricity units consumed by the electricity consumer within a few months can be adjusted and separated for each month in a reasonable manner when preparing bills. In the meantime, some customers may have already received an estimated bill without proper reading of the meter. If there is a difference between the units of electricity in the estimated bill and the number of units issued after reading the meter, that difference will be revised after the next bill is read. The consumer will be informed if there are such amendments.
4. Electricity connections will not be disconnected in the event of complaints regarding current or future bills that have been issued until the issuance of the bills properly on time. CEB and LECO will resolve such consumer complaints expeditiously. The consumer can also refer their problem

to the PUCSL, in the event that the consumer does not agree with the solution provided regarding their electricity bill complaint.

License Applications and Exemptions (new applications, modifications, extensions) evaluation and grant license and Invoicing

As per the Electricity Act, it is required to obtain a License from PUCSL to generate, transmit and distribute electricity. This is a re occurring activity of PUCSL. Accordingly, in 2020, PUCSL received 49 licenses request applications and 31 of which granted.

Consumer Consultative Committee (CCC) Coordination

Consumer Consultative Committee (CCC) is appointed under section 29 of the Public Utilities Commission of Sri Lanka (PUCSL) Act, No. 35 of 2002. The CCC consists of 15 members including nine persons to represent the nine provinces and three persons selected by the Commission from amongst the persons who are connected with and who possess knowledge relating to each public utility industry such as electricity, petroleum and water supply service industries and one person nominated by the Federation of chambers of commerce and industry of Sri Lanka, one person nominated by the national chamber of commerce of Sri Lanka, and one person nominated by the Ceylon chamber of commerce. The CCC advises the Commission on appropriate standards, promote awareness, monitor the needs of the consumers are met by the PUCSL and etc. In 2020, CCC members provided valuable inputs for the stakeholder consultations of PUCSL and also helped the PUCSL to sharpen the newly introduced regulatory tools for the year 2020.

Outcome 02

Affordable Price for consumers and sustainable financial stability for licensees

Guidelines for investigation of suspected alteration of the register of any Electricity meter

The PUCSL receives a significant number of complaints related to investigations carried out by Distribution Licensees (DLs) on suspected alterations of the register of electricity meters. The reasons identified are mainly the unavailability of a transparent procedure to conduct such investigation and inconsistency of conducting such investigations by DLs. Further, it is learnt that the actions of the staff of the DL during such investigation is sometimes very impolite and even they do not hesitate to frighten the consumers. Therefore, PUCSL identified that there is a need of a proper guideline to be followed by DLs during such investigation is important to safeguard the rights of consumers, whilst protecting the DLs rights to investigate on such cases.

In making the guideline PUCSL studied the legal and regulatory framework related to the investigation of suspected alteration of the register of any electricity meter, reviewed existing guidelines or procedures for investigation of suspected alteration of the register of any electricity meter practiced by the Ceylon Electricity Board and Lanka Electricity Company (Private) Limited and reviewed international best practices in relation to guidelines and/or procedures for investigation of suspected alteration of the register of any electricity meter.

Accordingly, in 2020, PUCSL prepared a guideline for investigation of suspected alteration of the register of any electricity meter complying with relevant laws, regulations, rules, codes, methodologies including the steps to be followed in an investigation, time frames, authorization process and the sanction process which will be benefited both the consumer and the utility providers.

Policy advice on investment attraction for electricity industry

The investment level over the last 10 years suggests that electricity industry has not attracted investments as it could especially when compares with regional markets like India and Bangladesh. Ineffective procurement practices and slow transmission system development are seen as a major barrier to attract private investment into the electricity generation business. PUCSL studied the current situation with the consultation of stakeholders and produced a report which was submitted as a policy advice on what needed to be taken place to create a better investment environment for Sri Lanka's electricity industry as structural changes such as transmission open access, electricity wheeling and private transmission investment (lines and ancillary services) could promote investments in the industry. The policy paper discusses the importance of power wheeling which refers to transpiration of electricity generated at one point of the electric network to another point in the network (which is beyond the network boundary of the generator). Essentially, the transmission and/ or distribution network operators will hire their network to these generators, allowing them to sell their electricity to a third party located afar from the generating point.

As per Section 16 (b) of Sri Lanka Electricity Act, No. 20 of 2009, the Generation Licensee is required to sell its whole production (exclusively and only) to the Transmission Licensee, which essentially disallow power wheeling. PUCSL identified that thus, to allow power wheeling, Section 16 (b) of the Sri Lanka Electricity Act, No. 20 of 2009 shall be repealed, along with suitable amendments to Section 9(1) of the same Act, that limit the parties that can hold a Generation Licensing, allowing for more private sector investments in the industry.

In addition, the policy paper also identifies that setting up of an independent transmission system operator, that is responsible for investment planning and system operation functions (preferably Government controlled but does not own generation plants) would create a level playing field for private investors in the electricity generation business, minimizing Government interventions needed to attract Generation investments.

Outcome 03

Improved safety of every living being and properties of general public, licensees & operators

Among the functions assigned to PUCSL, the PUCSL has a responsibility to protect the public from danger arising from the generation, transmission, distribution, supply and use of electricity in accordance to the Section 4(1) I of the Sri Lanka Electricity Act No. 20 of 2009. PUCSL has developed number of regulatory tools to ensure safe use of electricity by consumers and licensees and had managed to reduced 180 electrocutions took place in year 2012 to 89 electrocutions in the year 2018, which is almost a 50 percent reduction. According to the international benchmark, the possibility of occurring electrocution, is only one (01) electrocution for one million people, per year.

In 2020, Sri Lanka reported 102 fatalities due to electrocution down 35 per cent from the year 2010, the electrocution report 2020 released by the PUCSL reveled. This was due to the various measures taken to aware the public on the safe use of electricity and introduction of many regulatory tools including the framework for licensing of electricians in Sri Lanka, national standard for plugs and sockets in Sri Lanka, rules and regulations with regard to the minimum distance of power lines to the premises and etc. to create an electrical safety environment for public and premises and with an aim to achieve the international benchmark.

The Electrocution Analysis Report 2020

Sri Lanka reported 102 fatalities due to electrocution in the year 2020 down 35 per cent from the year 2010, the electrocution report 2020, revealed. Sri Lanka reported 156 fatalities due to electrocution in 2010 and the number moved up to the highest in the year 2012 reporting 180 fatalities. However, the newly released report shows that the number of electrocutions, per annum, has stagnated around 100 since 2015.

Drawing power lines illegally to protect cultivation or to kill wild animals has been identified as the main reason for the highest fatalities due to electrocution in the country while small scale electric repair work at home/ workplace and activities near power lines also have contributed to the electrocutions in 2020 which account for 45 per cent from the total fatalities due to electrocution.

“As electricity is supplied by the bare conductors in most of the villages in Sri Lanka, electricity has become a good tool for some people to kill animals, protect cultivation or even to fishing. According to the statistics, most of the victims of the electrocution incidents reported due to the illegal usage of electricity for fishing and cultivation protection are the same people who installed the illegal fences. Further, the traps made to kill wild animals had killed many innocent people subjecting to the electrocutions as well,’ the report says.

54 per cent of the electrocutions that occurred during the year 2020 reported in Central, Southern and North-Western provinces where Central and Southern provinces together reported 40 fatalities due to electrocution. The northern province reported the lowest. The report shows 37 per cent of the electrocutions that occurred during the last 5 years (2016 -2020) reported in Southern and Central provinces.

Provincial data for the year 2020 shows that 40 per cent of the electrocutions that occurred during the year 2020 have been reported in Kandy, Bandarawela, Tangalle, Ratnapura and Polonnaruwa Police Divisions out of 39 Police Divisions in Sri Lanka. Kandy Police Division reported the highest with 14 fatalities due to electrocution last year. Kandy Policy Division remains the highest in the Island accounting for 45 fatalities due to electrocution during the five years of 2016 -2020.

The latest statistics show, males are more exposed to electrocutions as 81 per cent of total fatalities

due to electrocution reported in 2020. People who are in the age range of 40 to 50 stood as the most vulnerable age group exposed to electrocution in 2020 which accounts for 19 per cent of 102 fatalities due to electrocution.

According to the international benchmark, the possibility of occurring electrocution, is only one (01) electrocution for one million people, per year. In 2019, the Sri Lankan electrocution index stood at five times higher than the global benchmark.

PUCSL monthly and annually monitors the activities of stakeholders related to electrical safety. Under this PUCSL scrutinizes the past electrocution reports, electrocution trend analysis and monitors the implementation of safety regulation and standards.

In 2020, PUCSL produced Electrocution Analysis Report – 2019, Electrocution Analysis Report 2020 which helped to sharpen the regulatory tools of the PUCSL.

Developing an economic model specific to utility service corridor projects integrated with road development

Unavailability of proper utility service corridors along roads have caused issues such as threat posed by overhead power lines to life and properties, reliability issues, obstructions to construction spaces and frequent damages to roads by utility (power, water, telecom) constructions especially in urban and congested areas. Implementing utility service corridors is costly and hence without the evaluation of full benefits accumulated by road authorities, utility service providers, consumers and general public in the long run, the utility service corridors integration projects cannot be economically justified. Therefore, it is required to evaluate the economic benefits and costs associated with implementing utility service corridors along road development projects in order to convince the treasury or relevant agencies to secure funding, so that the utility corridors along the roads will be implemented.

Accordingly, in 2020 PUCSL developed an economic evaluation model that can be used by the decision makers to conduct economic evaluation and sensitivity analysis of integrating utility service corridors under road development projects. The implementation of utility service corridors to the newest model will reduce the incidents such as electrical accidents, vehicle accidents, traffic congestions, increase the reliability of service providers, reduce the costs incurred in utility shifting and maintenance with respect to not having dedicated service corridors. Hence safety and economics of utilities will improve.

Electrical safety user guideline for domestic water pumps

Among the functions assigned to PUCSL, the PUCSL has a responsibility to protect the public from danger arising from the generation, transmission, distribution, supply and use of electricity in accordance to the Section 4(1) I of the Sri Lanka Electricity Act No. 20 of 2009.

In 2019, PUCSL noted that the water pumps used in homes has an impact on the number of electrocutions occurred in domestic level. Therefore, PUCSL decided to prepare a safety user guideline for the domestic water pumps in Sri Lanka which include the manual of how to operate a water pump safely, how to install a water pump and safety measure to be taken if an issue rises. The draft guideline was completed in the year 2020.

Regulation or rule for security electric fences

During 2018, PUCSL received a set of complaints from consumers saying that their safety has been compromised by live electric fences erected along the boundaries of house premises of others which has been set as safety measure for theft. It was identified that a regulation with regard to the security electric fences is unavailable in Sri Lanka.

Therefore, PUCSL worked with relevant authorities and stakeholder and prepared a regulation to ensure the security of electric fences installed along boundaries of consumer premises by way ensuring the safety of the people and properties. The first draft of the regulation was completed in the year 2020.

Ensuring the compliance of electrical installations of construction projects undertaken by the foreign contractors to the IET regulations

Sri Lanka's real estate market expands annually with new condominiums built up catering to the various housing needs of people in Sri Lanka and expatriates. Sri Lanka follows IET standard for wiring when it's come to building apartments or condominiums. However, PUCSL identified that this regulation has not been followed in some instances. Therefore in 2020, PUCSL held a discussion with all the relevant stakeholders on practicing the regulation and disseminated information that are relevant for construction projects which will help all the stakeholders to adhere and practice the regulation.

Additional to that, PUCSL conducted three (03) sites inspections in the year 2020 and advised Condominium Authority on the construction projects.

Recommendation of sanctions to prosecute persons who extract or use electricity illegally via electricity transmission & distribution system of licensees.

As per the Sub Section 48 (4) of the Sri Lanka Electricity Act No. 20 of 2009 (as amended) no prosecution for an offence under the said Act shall be instituted proceedings in Magistrate's Courts except with the written sanction of the Commission.

In 2020, PUCSL received 542 sanction applications and all the applications were evaluated and granted necessary approvals when and where needed.

Conducting Inspections, test electric lines or plants or supply of electricity on request from consumers or upon directives by the Commission.

PUCSL conduct inspection (as per Section 2 of the Electricity (Electrical Inspector's Functions, Duties and Procedures) Regulation -2015) arising upon breaching of provisions, regulations or rules made under the Sri Lanka Electricity Act by the customers and general public and development of electricity related disputes arise among the licensees, customers and general public.

In year 2020, PUCSL conducted 08 inspections in this regard.

Sockets & plugs standardization

With the effort to reduce electrocution in Sri Lanka and to improve electrical safety PUCSL continue to work with many authorities and associations.

In 2020, PUCSL took another step ahead to improve the material for local sockets and plugs manufacturing by signing up with a Moratuwa University to design extension code with higher safety and quality and prepare the mold of the same.

PUCSL also established a guideline for licensing of electricians in Sri Lanka including the application process, eligibility criteria, renewal process, revocation process, responsibilities and accountability.

Outcome 04

Improved environmental conditions for humans, animals and plants promotion of renewable energy development

Renewable energy dispatch data recording is vital for taking decisions on generation and transmission planning. As at now there is a gap in recording actual renewable energy dispatch in reasonable time intervals. The data submission software application was developed to use with the existing License Information Submission System.

Monitoring environmental performance of the lakvijaya power plant

Monitored the implementation of Environmental impact mitigation action plan developed by the expert committee employed by the Commission. Observed that a considerable progress has been achieved on the implementation of the action plan and thereby reducing the negative impact caused by the plant operation. Monitored the environmental performance of Lakvijaya Power Plant according to the regulations enforced by the Central Environmental Authority and the Provincial Environmental Authority.

Stakeholder consultation on thermal energy externalities

Power generation gives rise to a range of impacts that include air pollution, water pollution, releasing toxic materials and GHG emissions. These social and environmental costs are referred to as externalities and must be accurately quantified to understand the least economic cost for generation technologies that should be deployed.

In line with the above, The Commission conducted a stakeholder consultation on the “Estimation of Externality Cost of Thermal Energy” in Sri Lanka and written submission was collected for further evaluation and incorporate in the final report. This research added new knowledge to the society as this was the first research done in Sri Lanka in this nature.

Promotion of efficient use and conservation of electricity

Energy demand increases day by day due to the economic development of the country. However, the energy supply does not expand in par with the demand growth. Energy efficiency and conservation has a huge potential to support in reducing this gap.

In view of the above, the Commission conducted an awareness campaign for energy efficiency and conservation covering the domestic, commercial and industrial consumers in 2020 through social media platforms and web media to aware stakeholders on ways and means for energy efficiency and conservation.

Petroleum Industry



Lubricant Market Report

In 2020, PUCSL published the lubricant market report 2019, conducted many awareness programs for technical colleges and coordinated the renewal of lubricant agreements.

According to the lubricant market report 2019, eleven (11) parties (Company/Nominee) authorized to import, export, sell, supply or distribute lubricants and three (3) parties are authorized to import, export, blend, produce, sell, supply or distribute specific brand(s) of lubricants in Sri Lanka.

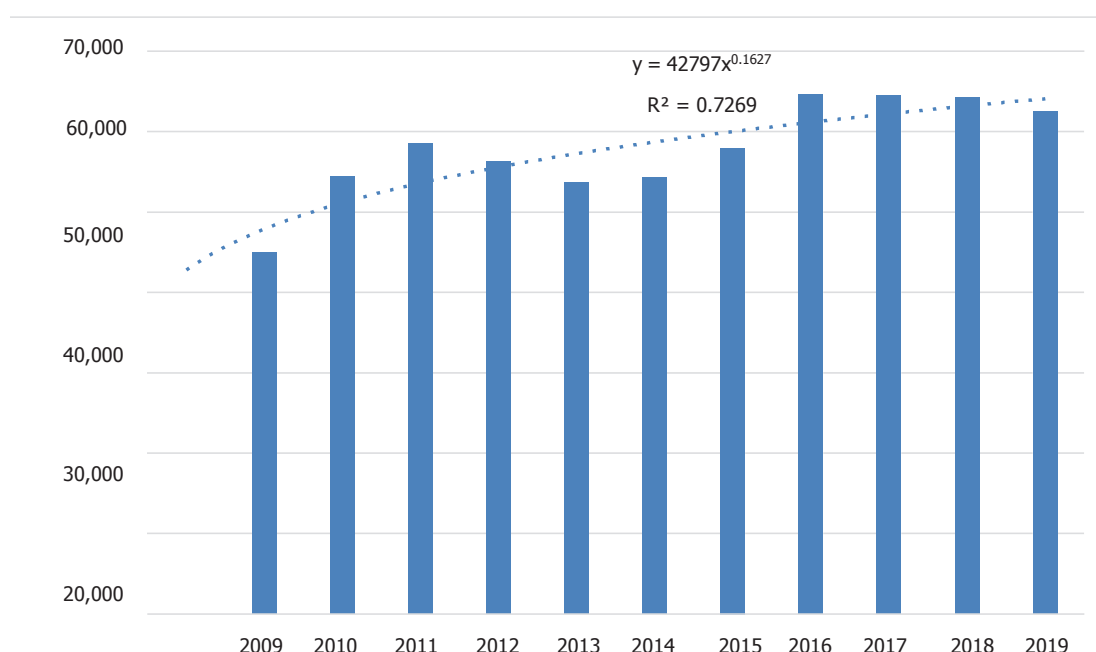
The total reported volume of lubricants sold during 2019 is 62,481 kL, which is 1,786 kL less than that of 2018. However, the total value of lubricants sold during 2019 is 28.37 LKR billion, which is 1.03 LKR billion higher than that of 2018. Accordingly, during 2019, the lubricant market has recorded a negative growth in terms of sales volume of 2.78 % when compared against that of 2018.

Further, a trend of negative growth of total lubricant sales volume can be observed during years 2017, 2018 and 2019 in the market. During 2019, the volume of both automotive lubricants and greases sold has decreased by 4.87 % and 9.92% while the volume of both industrial lubricants and marine lubricants sold has increased by 3.82% and 10.70% respectively compared against the sales of such products reported during 2018.

The total reported volume of automotive lubricants sold during 2019 is 44,950.47 kL, which is 2301.33 kL less than that of 2018. The lower volume of automotive lubricants sold has significantly contributed to the overall negative growth in the reported volume of lubricants sold during 2019. Therefore, the trend of positive growth of automotive lubricant sales volume observed since 2015 has changed during 2019.

Further, during the year 2019, the volume of diesel engine oil (mono grade) sold has significantly reduced by nearly 10% (1,500 kL) compared against that of 2018, while the volume of diesel engine oil (multi grade), four stroke motor cycle oil, two stroke motor cycle oil, automotive gear oil and automatic transmission fluid has slightly decreased compared against 2018. The volume of diesel engine oil (mono grade) sold during the last three years has decreased, while the volume of gasoline engine oil (multi grade) sold has increased during the same period.

LUBRICANT MARKET 2019 AT A GLANCE



Review and update Sri Lanka Standards for lubricants

The Government has appointed PUCSL as the shadow regulator for the Lubricants Market. As the shadow regulator of the lubricants market, the PUCSL advises the Ministry of Petroleum Industries on policy and regulatory matters with respect to liberalization of the lubricants industry. In 2006, PUCSL assisted and advised the Ministry of Petroleum Industries in formulating the policy framework and market entry criteria in order to ensure that only quality lubricants meeting internationally accepted standards are allowed into the market. With the change of global market trends, quality of products and requirements PUCSL initiated to review and update the five existing Sri Lanka Standards for gasoline, diesel, kerosene and liquefied petroleum gas as required after consulting the stakeholder. The updated five standards are as follows;

- Sri Lanka standard for Petrol Engine oil
- Sri Lanka standard for Diesel Engine oil
- Sri Lanka standard for Two Struck Engine oil
- Sri Lanka standard for Four Stroke Motor Cycle engine oil
- Sri Lanka standard for Gear oil

Island-wide raids on unauthorized adulterated lubricants

It was identified through an in-depth analysis, that there is a gray potion of the lubricant market in Sri Lanka which accounts approximately 20 percent of the total market. One of the major reasons for having a gray potion of the market is unauthorized adulterated lubricants circulation in the Sri Lankan market.

PUCSL with the support of Ministry of Energy and the Consumer Affairs Authority (CAA) decided to investigate the import, production, distribution and sale of lubricants and related products in Sri Lanka due to the increase of consumer complaints on low-quality lubricants in the market. Accordingly, raids on illegal lubricants products were carried out island-wide by CAA with the assistance of the PUCSL.

Petroleum Resources Development Secretariate (PRDS) has granted legal approval for 13 companies to import, manufacture, distribute and sell lubricant and related products under 22 brand names. However, it was identified that varieties of lubricants under unauthorized brands and companies are also operating in the Sri Lankan market. These products have been identified as very low quality and the use of these products have caused defects in vehicle engines in a short period of time that can result in importing spare parts to a higher price which results in impacting the foreign exchange of the country. Consumers have greatly inconvenienced by these frequent technical errors while the government of Sri Lanka also had lost a huge amount of tax due to this illegal market expansion of low-quality lubricants.

PUCSL with the support of CAA carried out island-wide two-day raid operation seizing approximately four (4) million rupees worth illicit lubricant products. Legal actions were taken for the operators who were selling the illicit lubricant products.

Lubricant Industry Market Analysis Report

PUCSL has been acting as the shadow regulator of the lubricant industry and has been advising the Ministry of Petroleum resources on regulation of the industry. Therefore, it is required to do an analysis of the lubricant market data in recent years to evaluate the performance of existing market in terms of competition, price and quality. Lubricant market data is submitted by market players annually which are compiled as annual lubricant market report. The market statistics were studied

in details to analyses the lubricant market performance and additional details were called from the market players and other stakeholders to get a better awareness. The report was completed in the year 2020 and market evaluation, issues and prospective solutions were identified under following areas;

- Access to products,
- Pricing impact,
- Quality control mechanism and issues,
- Adulteration and grey market,
- Used oil re- refining,
- Revisiting duty differential,
- Development of local technology,
- Consumer awareness,
- Lack of an ongoing request for qualification process

Awareness campaign on using right lubricant product

PUCSL carried out a wider awareness campaign mainly on social media and Print Media for public to aware the usage of right lubricant product suitable for the vehicle and how to identify the right lubricant product matches for each vehicle. Stakeholders were also made aware on the adulterated lubricant market, products and how to avoid the adulterated lubricant products.

Water Services Industry



Rights and Obligation Statement for Water Service Consumers

Rights and Obligation statement for consumers of water services industry was prepared by PUCSL together with the National Water Supply and Drainage Board (NWS&DB) and other relevant stakeholders and submitted to the NWS&DB to help all the stakeholders to resolve issues in the proper framework.

The Statement includes basic rights of the water consumer with respect to the supply and use of water and collection of waste waters, basic obligations with respect to the Supply and use of water and collection of waste water, rules apply when applying a connection, Disconnection and reconnection, security deposit, meter and meter reading and etc.

The Statement was handed over to the Ministry of Water Supply for necessary approvals.

Public Consultation on issues of Water Service Consumers

Water service industry which includes the provision of pipe borne water supply from a public water supply system in any urban or rural area including the provision of water through water bowser and public sewerage services, is also an industry included in the schedule of PUCSL Act.

Hence powers and functions of the PUCSL extend to the water services industry as well. However, full functioning of the PUCSL Act upon any industries listed in the schedule commence with the enactment of an industry Act which is a pre-requisite to start the regulation of that industry.

In this context, PUCSL selected evidence-based approach to develop the policy advice covering all the drinking water issues and conducted public consultation in North western, Southern, Central, Eastern provinces as the first phase which resulted in publishing an interim report on common and district wise issues in water services.

PUCSL also went to villages to meet heads of the village for focused group discussion to understand the root casus for the issues with regard to the drinking water.

The Interim Report identified issues with regard to the drinking water in North Western, Southern and Central Provinces and solutions for each issue that has to be taken.

The issues include, difficulties with raw water sources, paucity of investments needed to meet 2025 targets of water and sanitation services, Difficulties for CBOs and LGAs interacting with Colombo based regulatory agency, Scope of regulation, escalating concerns over quality of drinking water, inadequacy of sewage and fecal sludge disposal facilities and etc were identified. The PUCSL also proposed solutions including the central government to establish mechanisms for access to surface water resources controlled by entities such as irrigation department of forest conservation, appoint a scientific committee to recommend preservation of drinking water catchment areas, establish taskforce to develop standards for rainwater harvesting and use and etc. Reports were distributed to all districts officials related to drinking water and presented to the Ministry of water services.

Comments Made on Public Consultation of Drinking Water Issues

Only 50% of the population has access to safe drinking water. Hon.Sanath Nishanta, State Minister to the Rural and Divisional Drinking Water Supply Projects Development.



I have visited all the villages in the Kurunagala district. One of the major shortcomings that I have seen is the lack of access to safe drinking water. We see a large number of kidney patients in the Kurunegala District. In most of those cases, the patients lack access to clean drinking water - Hon.A.J.M. Muzammil, Governor North Western Province

'In the next 3 years, the government plans to provide safe drinking water for everyone in Sri Lanka and regulating the industry is needed'

Mr. A C M Nafeel
Additional Secretary -
Development, Ministry of
Water Supply



'Lack of skilled human resources, knowledge and technological equipment are some of the challenges that the local Government face when it is come to provide safe drinking water'

Mr I M I Illangakoon,
Commissioner, Local
Government - North
Eastern Province



It will be great if the testing facility of the public water projects can be provided in villages and the prices of drinking water and quality have to be regulated

Mr Nadun R Sampath,
Director - Rural Water
Supply Division -
Provincial Council



The biggest problem is that there is no coordination between the institutions dealing with water

Mr M M Rasika
Samantha - Officer,
National Community
Water Supply
Department



There are certain times that water from Bingiriya Village is taken for other villages while people of Bingiriya suffering without water

Mr Sarath Chandra
Nawadarshana
Community-based
organization



We are supplying water for 03 villages and our electricity bill vary from 8,000 LKR to 50,000 LKR which we cannot afford. We request to give some relief with regard to our electricity bills

Mrs Dimali - Randiya
Dahara Community
based organization -
Ganewatta



Connecting with Stakeholders

Awareness programmed on National Framework on Licensing Electricians in Sri Lanka

PUCSL have identified that there are about 45,000 electricians in Sri Lanka and only a few of them are qualified in National Vocational Qualification (NVQ) for electricians. Most of the wiring and maintenance of the households and other premises are carried out by electricians who have no recognized qualifications but have experience through practice. To address this issue PUCSL with the support of Construction Industry Development Authority (CIDA), National Apprentice and Industrial Training Authority (NAITA) and Vocational Training Authority (VTA) implemented a mechanism to establish an accepted professional status for electricians in the country by issuing licenses based on their qualifications and experiences.

With the introduction of the new mechanism, all the electricians will be issued a temporary license, valid only for three (03) years to continue their work. For those who are qualified with National Vocational Qualification 3 (NVQ 3) and above is eligible to obtain a permanent license from CIDA, after proving their knowledge at an evaluation facilitated by the Evaluation Panel. For those who are not professionally qualified, but have hands-on experience, are given the opportunity to prove the competency and to qualify for NVQ levels through a process facilitated by CIDA, so that they can apply for the permanent license. With the permanent license, electricians can design, wire, test, the installation of domestic wiring (30 amps Signal phase) and issue a certificate to get the electrical connection which is accepted by CEB and LECO.

With the ambition of making aware of the electrician on getting the NVQ qualification, PUCSL began a national wide awareness campaign in 2019 covering 10 districts as the first phase.

As the second phase, PUCSL held 10 awareness programs in Batticaloa, Jaffna, Puttalam, Vavuniya, Kilinochchi, Kurunagala, Mannar, Mullaitivu, Rathnapura, Kegalle and Trincomalee in 2020.





Public Awareness Program

Making all the stakeholders aware about creating an electrical safe environment is one of the duties that carried out by PUCSL routinely. Accordingly, PUCSL held 09 programmes directly targeting smaller group of electricians and consumers around the island wide in year 2020, distributing all the necessary information through leaflets and giving direct solutions for the issues they raised at the programmes.

Information Distribution

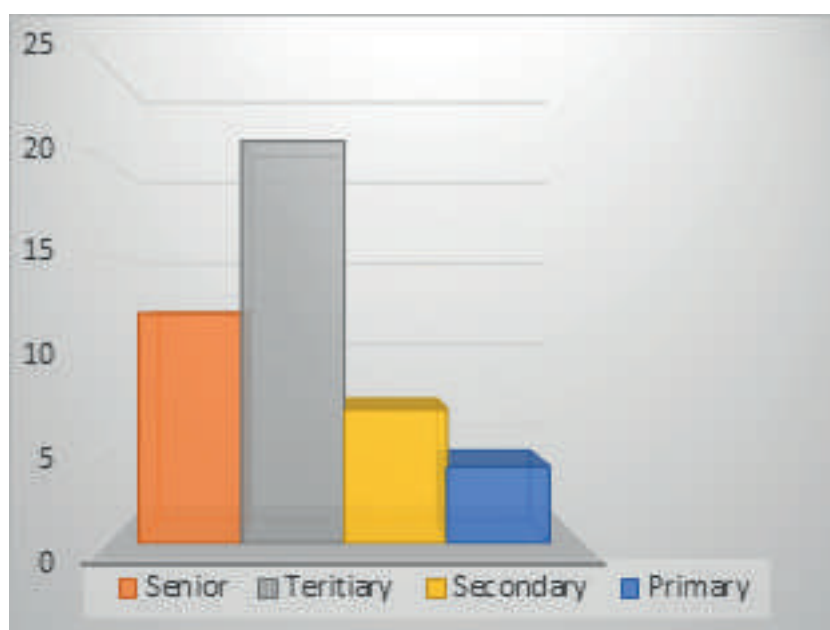
In 2020, PUCSL released 07 Press releases on various subjects that matters to stakeholders and shared information when and where necessary when a need aroused. PUCSL also released its Annual Report 2019, Activity Plan 2020, Lubricant Market Progress, Generation Data, RTI Annual Report 2020, Report to the Central Bank and etc. PUCSL distributed this information via traditional and digital media and direct discussions.

PUCSL also received more than 20 requests for information and all the requests were facilitated.

PUCSL & Its staff

Our Employees are Our Biggest Strength

The changing world around us places high demand on us to make sure we attract and retain the competences we need to deliver on our strategy. We believe that building an excellent employee experience, encouraging a curiosity-based learning culture, having diversity and inclusion as integral parts of our values and being an ethical forerunner are important parts of the equation. Therefore in 2020, PUCSL created more opportunities to support the learning and sharing knowledge culture of the organization through multiple approaches especially in the time of the COVID Pandemic.



The Human Resources and Administration division provides strategic direction to align the staff and resources to support the Commission in building a dedicated work force which delivers exemplary service to the nation by achieving Commission's vision. Therefore, HR continuously aims to establish, conserve, and develop policies and procedures to ensure timely recruitment, retention of a diverse workforce in order to deliver the high performances even though the entire country experienced an unanticipated downturn with the Covid 19 pandemic.

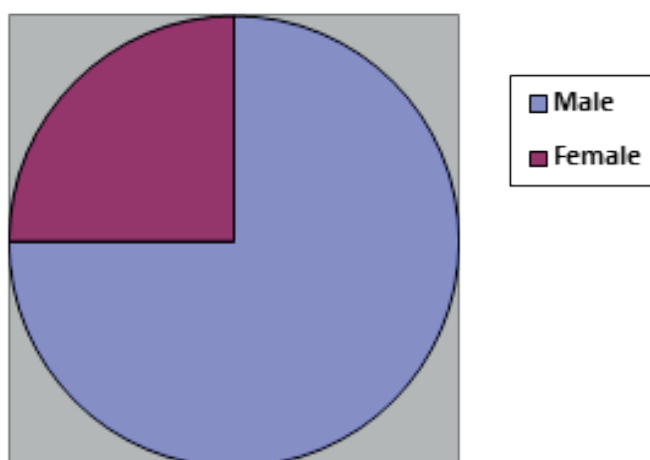
Deriving further, HR caters in developing and implementing innovative human resource policies and practices ensuring clear expectations, procedures and rules related to employments and timely contentment of staff requirements matching the desired competencies, managing compensation and benefits, dealing with employee training and development requirements and other administrative related routine functions during Work from period as well.

Our treasured workforce is diverse to different levels and different disciplines where the majority counts as technical professionals thus, we always value the equality.

Commission continuously focuses on developing their technical and soft skills of the employees to be competent to yield on higher levels of responsibility. In a way our employees are significantly benefited through our flat organizational structure which comprises with lesser number of layers elevating the employees' level of responsibility, easier decision making, and delegation of more responsibilities are throughout the limited number of employee levels.

By end of year 2020 the Commission employed up to 43 individuals on permanent and contract basis across all the divisions by encouraging female existence in the composition as well.

Composition of staff – Gender wise



Composition of Staff as at 31/12/2020

Designation	Approved Carder	Existing Carder	
		Permanent	Contract
Director General	01	1	-
Secretary to the Commission	01	1	-
Deputy Director General	01	1	-
Director	11	8	1
Deputy Director	06	4	-
Internal Auditor	01	-	-
Assistant Director	17	17	-
Management Assistant	10	7	-
Driver/Office Assistant	04	2	1
	52	43	

Capacity Building and Training

Human Resources Division facilitates employees at all levels providing a wide range of local and foreign training opportunities in developing their professional competencies, uplifting their knowledge, and skills to contribute to the organizational vision while enhancing their individual opportunities for their carrier progression. Majority of employees have been granted online training opportunities related to their fields of work foreign and locally due to Covid 19 social distancing measures.

Employee Performance Management

HR division has successfully completed the employees' performance evaluation process for entire staff by carrying out individual appraisals by providing a platform for the respective individual and their supervising authority to assess the gap between existing and expected performance levels of each and every one. Further, employees have been granted their annual increments based on the achievement of assigned deliverables.

Employee Engagement and Welfare

As we realize that employees' welfare and engagement as the key pillar in our annual Human Resources plan in maintaining respectable employee relations which comforts to reduce workplace conflict, elevating employees' morale in order to increase the overall productivity. In that line we have implemented different activities thus outdoor engagement activities were held due to Covid-19 social restrictions.

Human Resources Information System

HR division continuously focuses on improving the efficiency of the team through introducing automated HR and administrative process linked to the HRIS, Accordingly, further developments have been introduced to the existing Human Resources Information System.

Other routine HR & Admin activities

Further, HR division been carrying out all the activities related to smooth routine functioning of the Commission in its office premises amidst in between work from home conditions.

PUCSL Plan for 2021

PUCSL annually access and plans activities to cater to the needs and demands of the electricity, water services and petroleum industries.

The activities are drafted in a bottom to top approach to cater to the goals, outputs and demands of the country and organization.

Every year the gap between the present status and the aspired status of each goal is evaluated and activities are recognized to achieving the set goals.

Some activities span over more than one year, while some activities can be completed within a year.

The activities are categorized into four outcomes of electricity industry, petroleum industry, water services industry and routine work.

The Activities for each division for year 2021 are identified below;

Division	Activity Ref No.	Activity Description	Sector	Outcome No. (1-4)
TEA	AP21/CP/TEA/01	Policy Advise on Electricity End-user tariff	Electricity	2
TEA	AP21/CP/TEA/02	Guideline for providing bulk service connections and augmentation of connections	Electricity	2
TEA	AP21/CP/TEA/03	Review of Allowed Charges methodology	Electricity	2
TEA	AP21/CP/TEA/21	Dispatch Audit for year 2019	Electricity	2
TEA	AP21/CP/TEA/22	Research to Estimate the Cost of Energy Not Served	Electricity	2
TEA	AP21/CP/TEA/23	Research on Grid Integration Limit for Intermittent Sources	Electricity	2
TEA	AP21/CP/TEA/24	Research on Grid Operation with Distributed Generation	Electricity	2
TEA	AP21/CP/TEA/25	Research Study on Transmission System	Electricity	2
TEA	AP21/RU/TEA/31	Review of Allowed Charges filed for 2022	Electricity	2
TEA	AP21/RU/TEA/32	Small Distributor Tariff Review	Electricity	2
TEA	AP21/RU/TEA/33	Bulk supply tariff, Uniform National Tariff and end-user tariff review	Electricity	2
TEA	AP21/RU/TEA/34	Data and Data Analysis	Electricity	2
Research			Electricity	1

COA	AP21/CP/COA/01	Dialog on strengthening awareness and compliancy of Divisional Secretaries on amended wayleave guideline to resolve wayleave issues	Electricity	1
COA	AP21/CP/COA/02	preparation of guideline on supplying electricity connection to block out (auctioned) lands	Electricity	1
COA	AP21/CP/COA/03	Preparation of Disaster Management Plan for Water Supply Scheme in NWSDB	Water	not defined
COA	AP21/CP/COA/21	Measurement of Customer Services Performance of Ceylon Electricity Board	Electricity	1
COA	AP21/CP/COA/22	Dialog with distribution licensees to ensure compliance on regulatory tools (regulations, rules and guidelines) to resolve consumer complaints efficiently	Electricity	1
COA	AP21/CP/COA/23	Water Services Regulation	Water	not defined
COA	AP21/CP/COA/24	Mobile service to solve electricity consumer complaints in seven provinces (Western, North Western, Sabaragamuwa, Central, Northern, Eastern, Uva)	Electricity	1
COA	AP21/RU/COA/31	Facilitate Consumer grievances and licensee advise requests in accordance with relevant laws and guidelines	Electricity	1
COA	AP21/RU/COA/32	Resolution of disputes in accordance with electricity (dispute resolution) rules	Electricity	1
COA	AP21/RU/COA/33	Consumer Consultative Committee (CCC) Coordination	Electricity	1
COA	AP21/RU/COA/34	Measurement of Customer Services Performance of Lanka Electricity Company Pvt. Ltd	Electricity	1
COA	AP21/RU/COA/35	Data and Data Analysis	Electricity	1
LIC	AP/2021/LIC/CP/01	Reviewing and Approving Least Cost Long Term Generation Expansion Plan 2022-41	Electricity	1
LIC	AP/2021/LIC/CP/02	Consultation on revisiting and revising the regulatory framework of Exempted parties (Exempted from the requirement of obtaining a license to Generate/Distribute and Supply electricity)	Electricity	1

LIC	AP/2021/LIC/CP/21	Guidelines to determine the Criteria for the Commission to decide it is satisfied on the compliance with least cost principle in approving the new Generation plant proposals (AP20/CP/LIC/01)	Electricity	2
LIC	AP/2021/LIC/CP/22	Review and approval of Long-Term Transmission Development Plan (AP20/CP/LIC/03)	Electricity	1
LIC	AP/2021/LIC/CP/23	Disaster Management Plans-Electricity Sector (AP20/CP/LIC/04)	Electricity	1
LIC	AP/2021/LIC/CP/24 (20/5)	Implementation of Electricity (Distribution) Performance Standards Regulation (Power quality and Supply quality) of Lanka Electricity Company Pvt Ltd	Electricity	1
LIC	AP/2021/LIC/CP/25(20/6)	Implementation of Electricity (Distribution) Performance Standards Regulation (Power quality and Supply quality) of Ceylon Electricity Board	Electricity	1
LIC	AP/2021/LIC/CP/26(20/7)	Preparation of Standards for Designing, Installation, Operation and Maintenance of lighting for roads and public spaces and Policy Advice on the institutional operational structure	Electricity	1
LIC	AP/2021/LIC/CP/27(20/8)	Prepare a mechanism to collect, recycle and dispose used lubricants in Sri Lanka	Petroleum	
LIC	AP/2021/LIC/CP/28(20/9)	Amending the Distribution Code	Electricity	1
LIC	AP/2021/LIC/CP/31	Review of New Power Plant Proposals for approval and monitoring implementation of Generation Plan	Electricity	1
LIC	AP/2021/LIC/CP/32	Generation and Transmission Performance Reports	Electricity	1
LIC	AP/2021/LIC/CP/33	Report on Short Term Energy Security	Electricity	1
LIC	AP/2021/LIC/CP/34	Implementation of Transmission Performance Standards Regulations	Electricity	1
LIC	AP2021/CP/LIC/35	License Applications and Exemptions (new applications, modifications, extensions) evaluation and grant license and Invoicing	Electricity	1
LIC	AP2021/CP/LIC/36	Execution of the decision taken at DCERP meetings	Electricity	1
LIC	AP2021/CP/LIC/37	Lubricant Market Related Activities	Petroleum	

LIC	AP2021/CP/LIC/38	LISS Administration	Electricity	1
LIC	AP2021/CP/LIC/39	Data and Data Analysis	Electricity	1
LIC	AP/2021/LIC/CP/40	Dispatch Analysis reports	Electricity	2
INS	AP20/CP/INS/01	Updating regulations to cover voltage fluctuation issues experienced by the consumers	Electricity	1,3
INS	AP20/CP/INS/02	Conducting inspections in a sample of renewable power plants (licensees)	Electricity	1,3
INS	AP20/CP/INS/03	Conducting Inspections at the premises of the parties who have been exempted from the requirement of obtaining license for distributing and supply electricity	Electricity	1,3
INS	AP20/CP/INS/04	Providing accessibility of information on Transmission Line Corridors for General Public	Electricity	1,3
INS	AP20/CP/INS/05	Compliance with Safety Regulation through Inspections	Electricity	3
INS	AP20/CP/INS/06	Analyzing the ways to mitigate electrical fire hazards at national important buildings	Electricity	3
INS	AP20/RU/INS/31	Monitoring of Activities Related to Electrical Safety	Electricity	3
INS	AP20/RU/INS/32	Public Awareness Program	Electricity	3
INS	AP20/RU/INS/33	Recommendation of sanctions to prosecute persons who extract or use electricity illegally via electricity transmission & distribution system of licensees	Electricity	1,3
INS	AP20/RU/INS/34	Conducting Inspections, Test electric lines or plants or Supply of electricity on request from consumers or upon directives by the Commission	Electricity	1,3
INS	AP20/RU/INS/35	Implementation of Electrician Licensing Framework, Plumber Licensing, Sockets & Plugs Standardization and Safety& Technical Management Plan, Preparation Incident Reporting System (Hospital)	Electricity	1,3
INS	AP20/RU/INS/36	Electrocution Analysis Reports	Electricity	3
FIN	AP21/CP/FIN/01	Streamlining processes with required financial controlling & update the Financial Manual		
FIN	AP21/CP/FIN/02	Coordinating procurement activities		

FIN	AP21/CP/FIN/03	Board of Survey & disposal of unserviceable items		
FIN	AP21/RU/FIN/31	Ensure the completeness and accuracy of different accounting modules and accounting information system		
FIN	AP21/RU/FIN/32	Financial monitoring and regulatory compliance		
FIN	AP21/RU/FIN/33	monitoring all receipts and payments		
HR	AP21/HR/CP/01	Development of a suitable recruitment interface linked to the Commission website		
HR	AP21/HR/CP/02	Reviewing and updating all the Job Descriptions and preparation of a Job Description manual		
HR	AP21/HR/CP/03	Obtaining ISA certification for procedures & policies		
HR	AP21/HR/CP/04	Development of Scheme of Recruitment		
HR	AP20/HR/CP/21	Development of monthly Activity progress monitoring module through Human Resource Information System (HRIS)		
HR	AP20/HR/CP/22	Development of a structured capacity development interventions to evolve a Human Resource Development plan in HRIS in order to enhance the competencies of all employees in line with new public administration circular 02/2018		
HR	AP20/HR/CP/23	Streamline the routine payment system of the division		
HR	AP20/HR/CP/24	Organizational Development and Career growth of all staff – Succession planning		
HR	AP21/HR/RU/31	Capacity building and training		
HR	AP21/HR/RU/32	Employee engagement and welfare		
HR	AP21/HR/RU/33	Other routine administration work		
CCO	AP21/CP/CCO/01	Master Awareness Campaign	Electricity/ Petroleum/ Water	3
CCO	AP21/CP/CCO/02	Awareness Campaign on updated Lubricant standards and new market players with Petroleum ministry, CAA and SL Customs	Petroleum	0

CCO	AP21/CP/CCO/03	Detailed Communication Plan based on Activities 2021	Electricity/ Petroleum/ Water	3
CCO	AP21/CP/CCO/21	Training of trainers program (Safety module introduction for scouts and training of school teachers and principals)	Electricity	3
CCO	AP21/CP/CCO/22	Knowledge platform for regulators in Sri Lanka	Electricity/ Petroleum/ Water	3
CCO	AP21/CP/CCO/23	Electricity Industry Related Investment Promotional Campaign - Research Forum)	Electricity	3
CCO	AP21/CP/CCO/24	Introduction, Awareness and Promotion of Energy-efficient Housing Model for Low Income Households in Sri Lanka-Research Grant and Knowledge Sharing Project with University of Moratuwa	Electricity	4
CCO	AP21/RU/CCO/31	Publication of statutory notices	Electricity/ Petroleum/ Water	3
CCO	AP21/RU/CCO/32	Content Development for Mass Media, Corporate Reports, Media Relations and Monitoring-Tamil	Electricity/ Petroleum/ Water	3
	AP21/RU/CCO/33	Content Development for Mass Media, Corporate Reports, Media Relations and Monitoring-Sinhala	Electricity/ Petroleum/ Water	3
CCO	AP21/RU/CCO/34	Content Development for Mass Media, Corporate Reports, Media Relations and Monitoring-English	Electricity/ Petroleum/ Water	3
CCO	AP21/RU/CCO/35	Increasing Digital visibility and public communication	Electricity/ Petroleum/ Water	3
CCO	AP21/RU/CCO/36	Content Development for Mass Media and Corporate Reports	Electricity/ Petroleum/ Water	3
CCO	AP21/RU/CCO/37	RTI Management	Electricity/ Petroleum/ Water	3
RA	AP21/CP/RA/01	Prepare Institutional Disaster Management Plans for petroleum sector utilities	Electricity/ Petroleum/ Water	1
RA	AP21/CP/RA/02	Prepare Standards for Fuel Filling Stations	Petroleum	
RA	AP21/CP/RA/03	Updating the Regulatory Manual	Electricity/ Petroleum/ Water	

RA	AP21/CP/RA/21	Formulate framework for regulating the midstream and downstream Natural Gas market	Petroleum	
RA	AP21/CP/RA/22	Review and update Sri Lanka Standards for lubricants	Petroleum	
RA	AP21/CP/RA/23	Update Supply Services Code and Statement of Rights & Obligations of Electricity Consumers	Electricity	1
RA	AP21/CP/RA/24	Formulate advise to the government on duty structure of imported and locally blended Lubricants for increased competition	Petroleum	
RA	AP21/CP/RA/25	Formulate procedure for detecting adulteration of petrol and diesel with kerosene	Petroleum	
RA	AP21/CP/RA/26	Formulate procedure for compulsory import inspection of lubricants by the Sri Lanka Standards Institute and Sri Lanka Customs	Petroleum	
RA	AP21/CP/RA/27	Guidelines for regulatory impact analysis (Ex-Ante)	Electricity/ Petroleum/ Water	
RA	AP21/CP/RA/28	Formulate standards for petroleum fuel dispensing pumps and mechanism for monitoring	Petroleum	
RA	AP21/CP/RA/29	Review and update Sri Lanka Standards for Petroleum Fuels	Petroleum	
RA	AP21/RU/RA/31	Shadow regulate the lubricant and grease market	Petroleum	
RA	AP21/RU/RA/32	Provide advice and assistance to the subject Ministry on regulation of the downstream petroleum industry	Petroleum	
EER	AP21/CP/EER/01	Estimation of Externality Cost of Power Generation by Renewable Energy Sources	Electricity	2
EER	AP20/CP/EER/21	Feasibility study on Implementation of Utility-Driven DSM programs	Electricity	2
EER	AP20/CP/EER/22	Techno-Economic Feasibility Study on Demand Response opportunities	Electricity	2
EER	AP20/CP/EER/23	Technical feasibility study on achieving 80% energy from Renewable Energy sources	Electricity	2

EER	AP21/RU/EER/31	Data collection and dissemination of Environmental performance of power plants	Electricity	4
EER	AP21/RU/EER/32	Data Collection and Analysis of Renewable Power Generation	Electricity	2
EER	AP21/RU/EER/33	Monitoring environmental Performance and Mitigation Action Plan in Lakvijaya Power Plant.	Electricity	4
IT	AP21/CP/IT/01	Revamping LISS		
IT	AP21/CP/IT/02	Revamping Technician Information System + mobile app		
IT	AP21/CP/IT/03	Implementing a digital media platform		
IT	AP20/CP/IT/02 (AP21/CP/IT/21)	Incident Reporting System (AP20/CP/IT/02)		
IT	AP20/CP/IT/03 (AP21/CP/IT/22)	License Management System (AP20/CP/IT/03)		
IT	AP20/CP/IT/04 (AP21/CP/IT/23)	Upgrading HR & Finance Systems (AP20/CP/IT/04)		
IT	AP21/RU/IT/31	Improving existing business applications		
IT	AP21/RU/IT/32	Data Analysis		
IT	AP21/RU/IT/33	Implementing an Intranet / Extranet		
IT	AP21/RU/IT/34	Automating procurement workflow		
IT	AP21/RU/IT/35	Prototyping a generation planning software system		
IT	AP21/RU/IT/36	Infrastructure Development		
IT	AP21/RU/IT/37	Office Automation		
IT	AP21/RU/IT/38	BCP/DR + Security		
IT	AP21/RU/IT/39	Maintenance		
IT	AP21/RU/IT/40	Solution for conducting Commission Meetings		
		Preparation of activity plan for year 2022		

**Report of the
Auditor General
for the year ending
31 December 2020**



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எனது இல.
My No.

2020/04/04/2020/04/04

ඔබේ අංකය
உமது இல.
Your No.

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දිනය
திகதி
Date

2022 ජනවාරි 21 දින

Chairman

Public Utilities Commission of Sri Lanka

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory requirements of the Public Utilities Commission of Sri Lanka for the year ended 31 December 2020 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Financial Statement

1.1 Opinion

The audit of the financial statements of the Public Utilities Commission of Sri Lanka for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 and the statement of comprehensive income, statement of changes in net assets and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. My comments and observations which I consider should be reported to Parliament in pursuance of the provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Public Utilities Commission of Sri Lanka as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs).

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

1.3 Other information that is included in Annual Report 2020

Other information represents the information that is included in the Annual Report 2020 but not included in the financial statement and in my audit report on that which I will receive after finalization of this audit report. The management is responsible for the other information.

I would not certify or would not make an opinion on the other information and my opinion on the financial statement would not cover the other information.



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My responsibility in relation to my audit of financial statements is to read any other information identified above when available and to consider whether other information is quantitatively inconsistent with my knowledge of the financial statements or any other form of audit.

If, after reading the report of the Commission, I conclude that there is a quantitative error in it, those matters should be communicated to the governing parties for rectification.

If there are any further unresolved errors, those will be included in the report that I will table in Parliament in due course in accordance with Article 154 (6) of the Constitution.

1.4 Responsibility of the Management and Those Charged with Governance for the Financial Statements.

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

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

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

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

1.5 Auditor's Responsibilities of 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. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

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



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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause to cease to continue as a going concern.

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

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

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

2.1.1. I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Commission as per the requirement of section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2. The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3. The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

2.2. Based on the procedures performed and evidence obtained were limited to matters that are material, there were none to make the following statement to my attention.

2.2.1. to state that any member of the governing body of the Commission has any direct or indirect interest in any contract entered into by the Commission which are 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 Commission has not complied with any applicable written law, general and special directions issued by the governing body of the Commission as per the requirement of section 12 (E) of the National Audit Act, No. 19 of 2018



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Reference to Rules / Command	Observations
Paragraphs (I) and (II) of the Management Services Circular No. 03/2018 dated 18th July 2018	Although the recommendation of the National Salaries and Cadre Commission and approval of the Department of Management Services should be submitted to the Cabinet of Ministers by the Minister of Finance for approval to the Organizational Structure and Salary Structure of the Public Utilities Commission, it has not taken place by the end of the year under review and had been spent as follows.
	(i) A total amount of Rs. 42,795,220 had been paid under 10 types of allowances to the staff of the institution without obtaining the recommendations of the National Salaries and Cadre Commission and the prior approval of the General Treasury.
	(ii) A Rs. 40,000 / - per month for the post of Assistant Director, Rs. 5,000 / - per month for the post of Management Assistant and Rs. 2500 / - per month for the post of Driver were recommended to pay in accordance with the manual of administrative procedure of the Public Utilities Commission of Sri Lanka. A total Sum of Rs. 8,511,832 had been paid without obtaining the approval of the Treasury for those arrangements.
	(iii) The Commission had approved a loan scheme for vehicles with a maximum of Rs. 5 million for permanent employees under a repayment period of 5 years. No action had been taken to obtain Treasury approval for the scheme. Accordingly, 4.25 percent of the interest charged by a bank is charged to the employee and the difference between the interest rate charged by the bank and the 4.25 percent was reimbursed to the Bank by the Commission. Accordingly, the interest on vehicle loans obtained by 04 officers during the year under review was Rs. 187,013 which the Commission had reimbursed the bank.



	(iv) The Housing and Property Loan Scheme, with a maximum limit of Rs. 8 million under a period of 15 years, was approved by the Commission Paper No. 220 dated August 18, 2018 for the permanent employees of the Commission. No action had been taken to obtain the approval of the Treasury for that. Accordingly, the employee will have to bear 4.25% of the interest charged on home and property loans obtained from a state-owned bank, and the difference between the interest charged by the bank and 4.25% will be reimbursed to the Bank by the Commission. Accordingly, the total interest on housing and property loans obtained by 17 officers during the year under review was Rs. 2,395,761 had been reimbursed to the Bank by the Commission.
Public Enterprises Circular No. PED / 1/2015 (i) dated 27th October 2016	Although a monthly allowance of Rs. 50,000 could be paid as a transportation allowance to the officers who are entitled to transport allowance as per the provisions of the Circular, Rs. 60,000 was paid as a transport allowance and Rs. 20,000 was paid as a driver allowance, in accordance with the manual of administrative procedure of the Public Utilities Commission of Sri Lanka. A total of Rs. 13,140,000 had been paid without obtaining the approval of the Treasury.
Business Circular No. PED -1/2015 dated May 25, 2015, paragraph 3.1	Fuel allowances had been paid with the approval of the Commission in excess of the value per liter of fuel, payable to the officers of the official vehicles in accordance with the provisions of the Public Enterprises Circular.

2.2.3. In accordance with the requirement of Section 12 (g) of the National Audit Act No. 19 of 2018, the powers, functions and tasks of the Commission have not been complied with except for the following observations.

Powers, Functions and Tasks	Observation
Regulation of Electricity, Petroleum and Water industries in accordance with the Public Utilities Commission of Sri Lanka Act No. 35 of 2002	The Public Utilities Commission of Sri Lanka was empowered by the Public Utilities Commission of Sri Lanka Act No. 35 of 2002 to regulate the infrastructure industries of Sri Lanka such as electricity, petroleum and water services. The legal framework for overseeing the petroleum industry, water supply and drainage industry had not been established, by the end of the year under review.



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2.2.4 That the resources of the Commission have not been procured and utilized in a timely manner, frugally, efficiently and effectively as per the requirement mentioned in Section 12 (d) of the National Audit Act No. 19 of 2018

2.3 Other facts

(A) Accounts receivable and payable

As at 31st December 2021, the total amount of the annual regulatory Levy receivable was Rs. 82,176,866. As at June 30, 2021, only Rs. 726,954 had been received from the relevant institutions. As of June 30, 2021, Rs. 81,449,912 arrears of regulatory fees had not been settled.

(B) Revenue Analysis

Annual Regulatory Levy

According to Section 46 of the Sri Lanka Electricity Act No. 20 of 2009, the Commission was empowered to impose an annual regulatory Levy / fee. It had to be charged on or before June 30 of each year. The annual regulatory Levy for the year 2020 had not been collected from the 82 licensees on or before the due date. It represented 44 percent of the licensees who had to pay the annual regulatory Levy

W P C Wikramaratne

Auditor General

Financial Statement of PUCSL Year 2020

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PUBLIC UTILITIES COMMISSION OF SRI LANKA

Statement of Financial Position

As At 31st Dec 2020

		2020	2019
	Notes	Rs	Rs
Assets			
Non-Current Assets			
Property Plants & Equipment	1	31,917,717	43,367,460
Capital work in progress	1.1	-	5,330,495
Distress Loan		6,263,793	2,968,831
Total Non-Current Assets		38,181,511	51,666,786

Current Assets:			
Investment	2	514,868,339	288,549,964
Inventories	3	76,303	205,783
Receivable	4	167,222,062	273,918,132
Deposit, Advances & Pre Payments	5	7,739,100	8,950,207
Cash & Cash Equivalents		4,460,627	1,192,028
Total Current Assets		694,366,437	572,816,114
Total Assets		732,547,942	624,482,901

Funds & Liabilities			
Funds			
Accumulated Fund	6	675,027,631	528,251,661
Revaluation Reserves		24,849,786	24,849,786
		699,877,417	553,101,447

Non-Current Liabilities			
Provision for Gratuity	8	16,973,374	14,888,341
		16,973,374	14,888,341

Current Liabilities			
Payable Accounts	7	14,897,151	44,265,513
Auditor General's Fees	9	800,000	1,627,600
Security Deposit - CEB		-	10,600,000
		15,697,151	56,493,113
Total Liabilities		732,547,942	624,482,901

The Accounting Policies and Notes appearing on pages 69 to 72 form an integral part of the financial statements. The Members of the Public Utilities commission of Sri Lanka are responsible for the preparation and presentation of these financial statements.

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



Mr. Janaka Ratnayake
Chairman

Member of the Commission



Damitha Kumarasinghe
Director General

Thilina Ranasinghe
Director - Finance

PUBLIC UTILITIES COMMISSION OF SRI LANKA

Statement of Comprehensive Income

For the Year Ended 31 st Dec 2020

		2020	2019
	Notes	Rs	Rs
Revenue			
Variable registration fee	10	141,145,406	149,455,507
Annual Regulatory Levies	11	189,818,981	185,302,257
Licences Application Fees	12	474,000	513,000
Other Income	13	27,685,191	25,016,671
Total Revenue		359,123,578	360,287,435

Expenses			
Personnel costs	14	113,800,954	112,163,568
Consultancy Services		5,455,619	28,108,960
Operational Expenses	15	94,251,588	120,431,964
Finance Cost	16	11,185	11,891
Total Expenditure		213,519,345	260,716,383

Operating Surplus for the year		145,604,233	99,571,052
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Other Comprehensive Income			
Revaluation Gain		-	-
Actuarial gain/Loss		1,171,741	(212,530)
Total surplus for the year		146,775,974	99,358,522

The Accounting Policies and Notes appearing on pages 69 to 72 form an integral part of the financial statements.

Statement of Changes in Equity

For the Year Ended 31st December 2020

	Accumulated fund	Revaluation Reserves	Total
Balance as at 1st January 2020	528,251,661	24,849,786	553,101,447
Surplus in the Income Statement	145,604,233	-	145,604,233
Other Comprehensive Income	1,171,741	-	1,171,741
Balance as at 31st December 2019	675,027,631	24,849,786	699,877,417

PUBLIC UTILITIES COMMISSION OF SRI LANKA

Cash Flow Statement

For the Year Ended 31 st Dec 2020

	2020	2019
	Rs	Rs
Cash Generated from Operating Activities		
Operational Surplus / (Deficit) in the year	145,604,233	99,358,522
Adjusted for		
Depreciation	19,631,935	21,399,947
Provision for Gratuity	3,414,485	3,325,435
Income on disposal of fixed assets	81,120	(93,569)
Adjustment for Prior Year Period		(4,217,336)
Interest income	(27,571,802)	(22,523,767)
	141,159,971	97,249,232
Changes Working Capital		
(Increase) / Decrease in Inventories	129,481	214,198
(Increase) / Decrease in Deposit	(9,000)	(5,500)
(Increase) / Decrease in Receivable	104,072,005	(107,529,430)
Increase / (Decrease) in Payable	(40,768,596)	20,267,789
(Increase) / Decrease Advance, Pre Payments	1,220,107	(2,459,164)
Net Changes in Working Capital	64,643,997	(89,512,107)
Cash Generated from / (Used in) Operating Activities	205,803,968	7,737,126
Cash Flow from the Investing Activities		
Fixed Assets Disposal Income Received	154,189	107,650
Purchase of Fixed Asset	(3,114,374)	(9,139,657)
Interest Received	26,900,902	21,654,010
Withdrawal of Fixed Deposit	50,000,000	77,000,000
Increase in Investment of Gratuity	(1,318,376)	(1,201,655)
Invested in Fixed Deposits/TBS & Call Deposits	(275,000,000)	(97,000,000)
Net Cash Flow from (Used in) Investing Activities	(202,377,659)	(8,579,652)
Cash Flow from the Finance Activities		
Gratuity Payments	(157,710)	(1,453,313)
Net Cash Flow from (Used in) Finance Activities	(157,710)	(1,453,313)
Cash and Cash Equivalent at the Beginning of the Year	1,192,028	3,275,337

Net cash flows during the year	3,268,599	(2,295,839)
Cash and Cash Equivalent at the End of the Year	4,460,627	979,498
Cash and Cash Equivalents,		
Cash in Hand & at Bank	4,460,627	1,192,028

General Accounting policies

01 .General

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

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

02 .Basis of Preparation

2.1 The financial statements have been prepared in accordance with the Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants Sri Lanka, the requirements of Public Utilities Commission of Sri Lanka Act No: 35 of 2002 and the Sri Lanka Accounting and Auditing Standards' Act No: 15 of 1995.

2.2 The financial statements of Public Utilities Commission are prepared under the historical cost convention. The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

2.3 Financial period

The financial year of the commission shall be the calendar year.

03. Comparative Information

The Accounting Policies applied by the Commission are, unless otherwise stated, consistent with those used in the previous year. Previous year's figures and phrases have been rearranged, wherever necessary, to conform to the current year's presentation.

04. Events after the Balance Sheet Date

All material post balance sheet events have been considered and appropriate adjustments or disclosures have been made in the respective notes to the financial statements.

05. Valuations of Assets and their Bases of Measurement

5.1 Property Plant & Equipment

The Property Plant & equipment are recorded at cost/less accumulated depreciation or revaluation or revising the useful life as set out below. The cost of property plant and equipment is the cost of purchase or construction together with any expenses incurred in the bringing the assets to its working condition for its intended use.

Except for motor vehicles all other assets were recorded at cost/less accumulated depreciation as those assets fair value cannot be measured reliably. Motor vehicles were revalued in 31st December 2018 by committee appointed by Director General & increase amount of carrying value of assets has credited to the revaluation reserves. It was decided to revalue motor vehicles after every two years.

It was decided to revise the useful life of fully depreciated assets still in use & record changes of depreciation as change in accounting estimates in accordance with LKAS8.

5.2 Depreciation

Provision for depreciation is calculated by using a straight-line on the cost of property plant and equipment. Accordingly depreciation rates of the assets are as follows:

1.Furniture and Fixtures	20%
2.Computer and Office Equipment	
Multi Media Projector/SAN storage	25 %
Desktop computer	25 %
Laptop computer	25 %
Mobile phones	33 1/3 %
Portable hard disk/server hard disk	33 1/3 %
LTO Tape drive	33 1/3 %
LTO Tape	33 1/3 %
UPS	50 %
Others	20%
3.Vehicles	20%
4.Software	33 1/3%
5.Office equipment	20%

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

The useful lives, residual values and depreciation methods of assets are reviewed and revalued if required, at the end of the each financial year.

5.3 Capital work in progress

Capital expenses incurred during the year which are not completed as at the reporting date are shown as capital working progress whilst capital assets completed during the year and available for use will transfer to the property plant and equipment.

06. Inventories

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

07. Investments

Commission invests its surplus income fixed deposits with Bank of Ceylon to maximize return to the Commission.

08. Receivable

Receivable are stated at the amounts they are estimated to realize. No provision is being made for bad or doubtful debts.

9. Advances & Prepayments

Prepayments account includes a part of the premium paid to different suppliers to get the servicers

for the specific time period and the amounts which are paid not relevant to the period under review (but for the future period) and advance account includes advances taken and which are not settled as at 31-12-2020.

10. Cash and cash Equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand

11. Retirement Benefit Plan-Gratuity.

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

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

The provision for liability is externally invested after Balance sheet date

11.2 Employee Provident Fund and Employee Trust Fund

Contributions were made in line with respective statutes and regulations in respect of all eligible employees.

Increase the EPF Contribution 12% to 15% by the employer and 8% to 10% by employee effect from 1st October 2013.

12. Government Grants

Government grants given to acquire property , plant & Equipment are recognized as deferred income and allocated over useful of assets. Rest of the grants are recognised as income when those grants become receivable.

13. Recognition of Liabilities

A liability is recognized in the Balance Sheet when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measure reliably. Payables are stated at their cost.

Income Statement

14. Revenue Recognition

14.1 Variable Registration (License) Fees

In term of the clause 2 of the “Lubricant Agreement” executed with the Government of Sri Lanka, the lubricant market participants are required to pay bi-annually two million and Five Hundred Thousand(Rs. 2.5 million) or 0.75% of Total Invoiced Sales for that period, whichever is higher . a

sum of Rupees Two Million and Five Hundred Thousand (Rs. 2.5 million) shall be paid on or before the 1st January another sum of Rupees Two Million and Five Hundred Thousand (Rs. 2.5 million) shall be paid on or before 30th June of each year in favour of the Secretary, Ministry of Petroleum Resources Development, In the event 0.75% of a market participant's total invoiced sales for a bi-annual period being greater than rupees two million and five hundred thousand, such additional amount is to be paid to the Public Utilities Commission, within 30 days of the end of the period.

14.2 Annual Regulatory levy

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

14.3 Licenses Application fees

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

14.4 Interest Income

Interest income was calculated on accrued basis. Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the Commission.

15. Expenditure Recognition

Expenses are recognized in the income statement on the budgetary allocation approved by the Commission.

16. Related Party Disclosures

16.1 Key Management Personnel Compensation

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

	2020	2019
Short term employee benefit	1,968,000	1,310,000
Post employee benefit		
Other long term benefit		
Termination benefits		
Total	1,968,000	1,310,000

PUBLIC UTILITIES COMMISSION OF SRI LANKA

Notes to the Financial Statements

1st of January to 31 st December 2020

	2020	2019
	Rs	Rs
02. Invesments		
Fiexd Deposit	497,000,000	272,000,000
Gratuity Fund Investment	17,868,339	16,549,964
	514,868,339	288,549,964

03.Inventories	76,303	205,783
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04. Receivable		
Variable registration fee		
Chevron Lubricant Ltd	38,920,488.79	35,747,304.00
Lanka IOC Ltd	12,879,182.00	9,105,864.89
Mclarans Lubricant	1,967,587.06	8,031,852.00
Ceylon Petroleum Corporation	2,000,000.00	8,470,792.84
Laugfs	7,336,578.87	5,143,354.03
Interocean Services Ltd		29,203.00
Associated Motorways	500,000.00	1,370,847.00
TVS Lanka (Pvt) Ltd (Bharat Petroleum Cor.)	1,781,924.49	3,501,677.00
United Motors	2,402,057.21	1,200,311.41
Toyota Lanka (Pvt) Ltd	8,556,885.38	7,881,455.00
N. M. Distributors (Pvt) Limited	2,683,559.12	3,858,498.12
	79,028,262.92	84,341,159.29
Annual regulatory levies	82,904,420.80	184,934,924.60
Fixed Deposits Interest receivable	5,203,929.24	4,533,031.58
Other-receivable	85,449.27	109,016.34
	167,222,062.23	273,918,131.81

05. Deposit ,Advances and Prepayments		
Deposit		
Deposit Dialog Axiata PLC	1,500	1,500
BOC Property Development Ltd	826,571	826,571
Girl Friendly Association	57,500	48,500
	885,571	876,571
Advance & Pre Payments		
Advances	9,000	1,404,940
Postal Dept	18,457	36,235
Pre Payments	4,305,241	5,078,819

Sampath WEB Card	3,847	
	4,336,545	6,519,994
Distress Loan	2,491,785	1,427,243
Festival advance	25,200	126,400
Total Deposit, Advance and Prepayments	7,739,100	8,950,207

06. Accumulated Fund

Balance at 1st January 2020	528,251,661	426,945,055
Surplus /(Deficit) for 31/12/20	146,775,974	99,358,522
Prior Year Adjustments (6.1)	-	1,948,084.56
	675,027,631	528,251,661

6.1 Disclosure on prior year adjustment 2019

Category		
Maintenance of C & E	-	(152,138)
Communiication and newspapers	-	116,008
Subscription	-	629,176
Audit fees Payable	-	52,400
Consultancy	-	420,972
Consumable Materials	-	44,811
Depreciation	-	(6,165,421)
Inventories	-	67,731
Research & Survey	-	4,964
Medical Insurance	-	965,767
Public awarness	-	(1,133,958)
Variable registration fee	-	3,201,603
Others	-	
Total	-	(1,948,085)

07. Account Payable

Printing & Advertising	3,038,080	2,701,686
Communication	405,645	428,433
Floral arrangement	-	11,893
Other allowances	138,647	3,833,459
News Papers	9,420	14,460
Overtime	60,114	193,811
Transport	-	52,051
Travelling	18,750	78,125
Foreign Travelling	-	13,000
Other Contractual	465,473	-
Maintenance of Office Building	-	1,047
Maintenance of Office Vehicle	-	249,321
Water	12,833	17,684

Electricity	95,413	100,194
Public Awareness	180,413	3,206,765
Consultancy	8,772,303	27,318,543
Stamp Duty Payable	5,225	4,175
Janitorial Servicers	90,270	106,961
Postal	17,475	3,893
Insurance	3,592	11,140
Capital Work in progress payable	-	-
Retention money	199,952	199,951
Accrued Computer & Equipment	1,042,680	625,160
Accrued Furniture & Fittings	-	3,185,334
Legal Expenses	-	35,000
Maintenance of Computer and Equipment	-	1,397,228
Statutory	-	45,153
Research and Survey	-	47,500
Consumable Materials	-	13,240
SAARC	-	-
Translation	189,598	35,608
WHT Payable	-	229,699
Other Payable	151,269	105,000
	14,897,151	44,265,513

08. Provision for gratuity

Provision for PV-DBO as at 01st January 2020	14,888,340	12,803,688
Interest cost for the period	1,563,276	1,536,443
Current service cost for the period	1,851,209	1,788,992
Gratuity paid during the year	(157,710)	(1,453,313)
Actuarial Gain/Loss on PV- DBO	(1,171,741)	212,530
Provision for PV-DBO as at 31st December 2020	16,973,374	14,888,340

08.1 Assumptions

Staff turnover	6% Up to age 54 & thereafter zero	2% Up to age 54 & thereafter zero
Retirement age	60	60
Rate of discount	8%	10.5%
Salary escalation rate	5%	8.5%

08.2 Sensitivity analysis

Variable changed while all other assumptions remain unchanged		
1% increase in discount rate	15,987,598	13,680,044
1% decrease in discount rate	18,084,249	16,292,293

1% increase in salary escalation rate	18,132,669	16,331,608
1% decrease in salary escalation rate	15,929,633	13,627,985

09. Auditor General's Fees

Balance B/F	1,627,600	1,863,700
payments during the year	(1,497,600)	(1,138,500)
Provision for year 2020	800,000	850,000
Over/Under provision for Prior Year 2019	(130,000)	52,400
	800,000	1,627,600

10. Variable Registration Fees

Lanka IOC Ltd	18,521,384.24	13,334,565
Chevron Lubricant Lanka	74,434,400.84	72,834,173
McLarens Lubricant	7,949,202.98	15,573,140
Ceylon Petroleum Corporation	3,847,082.80	6,500,606
LAUGFS Lubricants Limited	10,995,904.71	9,889,398
Interocean Services Ltd	-	62,500
Associated Motorways	1,155,372.00	2,845,867
TVS Lanka (Pvt) Ltd	3,519,168.49	6,871,300
United Motors	3,079,497.16	1,935,348
Toyota Lanka (Pvt) Ltd	14,651,390.63	15,139,828
N. M. Distributors (Pvt) Limited	3,475,889.36	4,468,782
	141,629,293	149,455,507
Less: Error correction & reversal of over provision	(483,887)	-
	141,145,406	149,455,507
11. Annual Regulatory Levies		
Generation	58,400,781	57,433,457
Transmission	24,554,800	24,076,400
Distribution	106,863,400	103,792,400
	189,818,981	185,302,257

12. Licences Application Fees	474,000	513,000
	474,000	513,000

13. Other Income

Interest	27,571,802	22,523,767
Exemption fee	9,000	13,000
Sundry Income	185,509	371,175
Amount paid by employees to acquire mobile Phones	-	15,160
Income: Fixed Asset Disposal	(81,120.18)	93,569
Grants-Recurent		2,000,000

Acturial gain on Gratuity provision	-	-
	27,685,191	25,016,671

14. Personel costs**Personel Emoluments**

Commissioners Remu:	1,694,000	1,426,548
Salaries	59,117,662	56,258,985
Other Allowances	37,795,786	39,439,547
Over-time	1,146,437	1,567,030
Contribution for Employee Provident Fund	8,860,486	8,448,592
Contribution for Employee Trust Fund	1,772,097	1,697,432
Gratuity Expense	3,414,485	3,325,435
	113,800,954	112,163,568

15. Operational costs**Training & Traveling Expenses - Overseas & Local**

Overseas & Local Training	678,918	2,392,151
Foreign Travelling Expenses	186,500	160,415
Incidental / per diem	-	716,291
Travelling (Local)	156,140	658,225
	1,021,558	3,927,082
Consumable Materials		
Stationery	1,184,736	1,080,963
Fuel & Parking	4,498,444	4,405,829
Consumable Material	168,991	297,077
Entertainment	37,684	214,439
	5,889,855	5,998,309

Contractual Services

Transport & Hiring of Vehicle	11,045,672	10,550,992
Communication including Newspapers & Postal	3,742,983	4,184,132
Printing & Advertising	6,253,876	6,961,743
Survey	(47,500)	49,000
Rents and Rates for Building	18,559,912	20,609,910
Electricity	1,166,848	1,333,294
Medical	5,173,561	6,670,334
Water	211,710	274,443
Insurance	370,451	786,743
Subscription	-	209,725
Janitorial Services	1,051,615	1,493,142
Legal & Investigation Fees	1,566,500	5,891,757

Other Contractual	836,286	-
	49,931,915	59,015,216
Other services		
Public Awareness Cost	11,832,116	20,521,765
Auditor General's Fees	670,000	850,000
Welfare & Public Relations	281,386	211,861
Floral Arrangements	31,860	72,865
Employee Engagement	-	499,304
SARRC event	-	-
Miscellaneous & Others	472,205	219,814
	13,287,567	22,375,608
Repair & Maintenance and depreciation of Capital asset		
Maintenance of vehicles	1,154,103	1,564,334
Maintenance of Office Building	20,852	58,976
Maintenance of Computer, Equipment & Software	3,313,804	6,092,492
Maintenance of Furniture & Fittings	-	-
Depreciation Charges	19,631,935	21,399,947
	24,120,693	29,115,750
Total operational cost	94,251,588	120,431,964
16. Finance Cost		
Bank Charges	11,185	9,835
Loss on currency conversion	-	2,056
	11,185	11,891

PUBLIC UTILITIES COMMISSION OF SRI LANKA

Property Plants & Equipment

As at 31 December 2020

	Furniture & Fixtures	Computer & Office Equipments	Office Equipment	Vehicles	Tools	Software	Total
	Rs	Rs		Rs		Rs	Rs
As at Beginning of the year	21,127,734	47,117,572	515,279	25,390,000		12,927,258	107,077,843
Additions During the year	59,600.00	2,825,170				229,604.33	3,114,374
Transfers							
Transferred from WIP	3,157,967					2,145,160	5,303,127
Revaluation							
Disposal During the year	(679,022)	(1,362,676)					(2,041,698)
As at End of the Year	23,666,279	48,580,066	515,279	25,390,000	-	15,302,022	113,453,646
Depreciation							
As at Beginning of the Year	14,441,145	31,956,413	422,014	7,046,667	-	9,874,450	63,740,689
Charge for the year	2,778,030	7,479,423	61,347	7,046,667		2,266,467	19,631,934
Prior year adjustment							
Transfers							
Depreciation on disposal	(612,445)	(1,224,249)					(1,836,693)
As at the End of the Year	16,606,730	38,211,587	483,361	14,093,333	-	12,140,917	81,535,929
Net Book Value as at 31 December 2020	7,059,549	10,368,478	31,918	11,296,667	-	3,161,105	31,917,717

Audit Committee Reports

Audit Committee Report – 2020

Composition of the Audit and Management Committee

The following officers have been appointed as members of the Audit and Management Committee of the Public Utilities Commission of Sri Lanka for the year 2020 as per Circular No. PD / 55 issued by the Director General of the Department of Public Enterprises dated 14th December 2010.

Name of the member	Status / Position of the Committee	Representation / Post
1.Mrs G D C Ekanayake	Chairman of the Audit Committee	Deputy Chairman – Public Utilities Commission of Sri Lanka
2.Mr Sadun Gamage	Deputy Chairman of the Audit Committee	Member - Public Utilities Commission
3.Mrs Janaki Vithanagama	Secretary of the Audit Committee	Secretary to the Public Utilities Commission of Sri Lanka
4.Mr K S M De Silva	Representative of Treasury	Deputy Director - Department of Public Enterprises
5.Mrs W H A Vimalajeewa	Representative of Line Ministry	Chief Accountant - Ministry of National Policies and Economic Affairs
6.Mrs T R M Weeraratne	Representative of Auditor Generals Department	Superintendent of Audits – Auditor Generals' Department
7. Mr M P Dharmarathne	Convener	Internal Auditor - Public Utilities Commission of Sri Lanka
8. Mr Damitha Kumarasinghe	Member	Director General – Public Utilities Commission of Sri Lanka
9. Mr Thilina Ranasinghe	Member	Director Finance - Public Utilities Commission of Sri Lanka

Three meetings of the Audit and Management Committee were held during the year 2020, and the following recommendations were made after considering the issues raised at those meetings.

1. 1. The reports under section 17.5 of the Financial Advisory Code prepared in accordance with the provisions of Public Utilities Commission of Sri Lanka Act should be submitted in due course by the relevant officers on the due dates and it is recommended that the status of the submission of such reports be forwarded to the next Audit and Management Committee meeting, and that in addition to this, a description of the Audit Inquiries and Reports of the Department of Auditor General and Internal Audit Division should be submitted.

2. It was recommended that the activity plan should be revised and approved for the future period by preparing and approving the action plan which includes only the targets that can be achieved by 31st December 2020, due to the current situation in the country and given the difficulties in implementing the financial and physical progress of the activity plan as stated for the year 2020.

3. It was recommended that the variable registration fees and annual license fees due on 01st January 2020 should be collected and the details should be accurately reported and final notices should be sent to the non-paying institutions for payment of arrears 14 days and recommend revoking their licenses and notifying the Ministry if the payments are not made even after sending the notices.

4. It is recommended to reimburse Rs 2500 per month with maximum of Rs 5000 during the time period as a onetime payment for Management Officers who used their personal phones to perform work during March, April and May 2020.

5. As per the provisions of the Public Utilities Commission of Sri Lanka Act No. 35 of 2002, Public Utilities Commission of Sri Lanka entrusted to regulated the industries that are listed as public utilities of the said act as electricity, water services and petroleum.

Although provisions have been made by the Sri Lanka Electricity Act No. 20 of 2009 for the regulation of electricity industry, the provisions required to regulate the Petroleum and Water Services Industries have not been amended and obtained. Therefore, since it is necessary to regulate those services, it is recommended to amend both the relevant Acts and take steps to regulate those institutions.

Details of the Audit Committee meetings held during the year 2020

Name of the Committee Member	Status / Position of the Committee	1 st Meeting 24/06/2020	2 nd Meeting 20/08/2020	3 rd Meeting 02/12/2020
1.Mrs G D C Ekanayake	Chairman of the Audit Committee	Ö	Ö	Ö
2.Mr Sadun Gamage	Deputy Chairman of the Audit Committee	Ö	Ö	Ö
3.Mrs Janaki Vithanagama	Secretary of the Audit Committee	Ö	Ö	Ö
4.Mr K S M De Silva	Representative of Treasury	Ö	Ö	Ö
5.Mrs W H A Vimalajeewa	Representative of Line Ministry	Ö	Ö	Ö
6.Mrs T R M Weeraratne	Representative of Auditor Generals Department	Ö	Ö	Ö
7. Mr M P Dharmarathne	Convener	Ö	Ö	Ö
8. Mr Damitha Kumarasinghe	Member	Ö	Ö	Ö
9. Mr Thilina Ranasinghe	Member	Ö	Ö	Ö

Public Utilities Commission of Sri Lanka

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Public Utilities Commission of Sri Lanka