



ACTIVITY PLAN 2019

Public Utilities Commission Sri Lanka

Economic, Technical & Safety Regulator of the Electricity Industry and the Shadow Regulator of the Lubricant Market
www.pucsl.gov.lk

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ABOUT US

The Public Utilities Commission of Sri Lanka (PUCSL) was established under the Public Utilities Commission Act no 35 of 2002 to regulate the public utility industries in the country.

The electricity industry, downstream petroleum industry and the water service industry have been identified as utility industries to be regulated by the Commission.

With the enactment of the Sri Lanka Electricity Act No.20 of 2009, the Commission was empowered to regulate the electricity industry, as the economic, technical and safety regulator. Since then, PUCSL intervened to transform the electricity industry into a more cost-effective, service oriented and safe industry.

At present, downstream petroleum industry and water service industry, are not within the regulatory purview of PUCSL as the relevant Acts are yet to be enacted. However, the Government of Sri Lanka showed a green light in budget 2016, saying that it will give legislative backing to PUCSL to regulate the petroleum sector.

This report presents the activities of PUCSL for the year 2019 and budgets in respect of those activities.

“Sri Lanka is an island surrounded by opportunity, with its people yearning to reach out across the horizons towards the vistas of a brighter future, is a thriving nation woven together by ability and aspirations.”

“We strive to power the dreams of a nation to reach beyond the horizons with a commitment to a national cause of elevating and maintaining the infrastructure that the backbone of an efficient society, a breeding ground for success.”

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.

Our Core Values

Fairness

We will make decisions in a manner that conforms to generally accepted good practices, and that takes account, as far as possible, of our objectives, duties and functions.

Impartiality

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

Independence

Our decisions will be free from undue influence. As described elsewhere in this Manual, various mechanisms exist to protect our independence.

Timeliness

We recognise that delays cost money and cause frustration. We will endeavour to respond to issues that arise as quickly as possible.

Transparency

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

Objectivity

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

Consistency

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

Long-Term Goals

The following SMART Goals have been set for the electricity sector for achieving by the respective target year through regulatory interventions.

Power Quality

- Goal 1 - All electricity consumers receive the statutory quality levels, 230 V \pm 6% for voltage and 50 Hz \pm 0.5% for frequency by the year 2020

Supply Quality

- Goal 2 - The total electricity outage time experienced by a consumer within a year is below 24 hours (on an average basis) by the year 2025
- Goal 3 - The total number of electricity interruptions experienced by a consumer within a year is below 30 (on an average basis) by the year 2025
- Goal 4 - The electricity breakdown restoration time for consumer service line faults is below 2 hours (on an average basis) by the year 2025

Service Quality

- Goal 5 - Average time spent by a consumer to know his/her Rights and obligations in connection with the electricity or supply of electricity is below one day by the year 2020
- Goal 6 - The average time taken by an electricity service provider to serve consumer inquiry/request/complaint is below 14 days by the year 2020
- Goal 7 - The average time taken by PUCSL to serve consumer is below 14 days by the year 2020

Electricity Tariff and Service Charges

- Goal 8 - The total cost incurred in the supply of electricity in 2013 is reduced by 10% in real terms by the year 2020 (subjected to adjustment for the generation mix and fuel prices)
- Goal 9 - Charges levied by the service provider on services in 2013 is reduced by 10% in real terms by the year 2020

Electricity Safety

- Goal 10 - Number of fatal electrical accidents is below 20 per annum by the year 2020

Electricity Demand

- Goal 11 - Electricity generation capacity is installed to ensure that the electricity demands in the country are met all the time and under any circumstances by the year 2030 and thereafter

Efficient use and conservation

- Goal 12 - 250 GWh of energy and 30 MW of capacity is saved by the year 2025 through utility driven energy efficiency and conservation programs

THE REPORT

Our core purpose shapes the work that we do to protect consumers and ensure they benefit from:

Outcome 01 - Improved productivity & convenience for electricity consumers

Outcome 02 – Affordable Price for consumers and sustainable financial stability for licensees

Outcome 03 – Improved safety of every living being and properties of general public, licensees & operators

Outcome 04- Improved environmental conditions for humans, animals and plants

The report is published annually and sets out the work we think will deliver these outcomes and make a significant difference to consumers and our stakeholders.

The objectives and functions stipulated in the Public Utilities Commission Act No 35 of 2002 and the Sri Lanka Electricity Act No. 20 of 2009 is the base framework for the planning. Vision, Mission, Goals and Outcomes of the organisation also guided the planning process and the activities based on the organisational result framework were reshaped through a public consultation held with all the stakeholders.

The activities for the year 2019 include activities for the electricity industry that are presented under four outcomes identified by the Commission to achieve long-term goals, preliminary activities for the water services and petroleum industries and lubricant market.

Activities for routine functions are based on the functions stipulated in the relevant Acts.

The strategies and activities were formulated with the analysis of the present status and causes/issues/barriers in achieving the set goals. Some activities span over more than one year, while some activities have to be repeated over several years.

The implementation plan in respect of each activity has been prepared by the project manager. The responsibilities of each main / subtasks have been assigned among the team members of the project.

The total budget for the Activity Plan 2019 is 324 million rupees. The budget includes 107 activities in achieving the outcomes, routine functions and activities of the Consumer Consultative Committee respectively. The execution of the plan is carried out by nine functional divisions of PUCSL. The Activity Plan also comprises annual budget estimate, annual procurement plan, human resource development plan and internal audit plan.

Electricity Industry

Roadmap of 2019 towards the improved productivity and convenience for electricity consumers

What we aim to achieve

Consumers are one of the main stakeholders of the PUCSL. Therefore, activities have been listed to improve the productivity of both the regulator and the licensees to make the service more convenient for the electricity consumer.

The electricity sector in Sri Lanka comprises the regulator, the PUCSL, the state utility provider, the Ceylon Electricity Board (CEB) who owns a monopolistic market in a generation, transmission and distribution of electricity and Lanka Electricity Company Private Limited (LECO) being the other company who only distribution business.

About 20 per cent of the electricity, generated by the independent power producers.

Productivity improvement ultimately results in shrinking the losses of the licensees and helps to provide an improved and convenient service to the consumer.

How we will achieve it

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

The PUCSL receives a significant number of complaints related to investigations carried out by Distribution Licensees (DL's) 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 investigations are not professional enough.

Therefore, the need for a proper guideline to be followed by DLs during such investigation has become very important to safeguard the rights of consumers, while protecting the DLs rights to investigate such cases. The Activity will be done through an External Consultancy (the team possessing expertise in law and electricity distribution).

It is expected to increase compliance with legislative requirements to protect consumer rights while protecting the DLs rights to investigate, take legal actions against alteration of the register of any meter through the activity.

By doing so, it is expected to bring convenience to electricity consumers through a transparent and consistent procedure for investigation of suspected alteration of the register of any meter and also to reduce commercial losses of DLs.

Implementation of Electricity (Distribution) Performance Standards Regulations (AP19/CP/COA/01)

Electricity (Distribution) Performance Standards Regulations published in the Gazette Notification No. 1975/44 of 2016 are to regulate the performances of licensees to improve the levels of Power Quality, Supply Quality and Commercial Quality (Distribution System Losses and service Quality) to the specified standards. Implementation of Regulations concerning Power Quality and Supply Quality is undertaken by the Licensing Division while implementation of regulations with respect to Commercial Quality is undertaken by the Consumer Affairs Division.

As per the notification, implementation of the Regulations is in three stages: Preliminary, Adaptation and Hands-on. Under the preliminary stage, licensees are required to submit their resources requirements and the annual revenue requirements for Commission approval. Such approval by the Commission and the revenue requirements are expected to be available to licensees at the end of the year 2018.

Implementation of the adaptation stage with respect to Commercial Quality will be carried out as specified in the said Regulations during the year 2019.

Interactive sessions with Deputy General Managers (DGMs) of CEB and Head of Operations (HO) of LECO with their Chief Engineers and Branch Managers etc. on the application of regulatory tools with case studies (AP19/CP/COA/02)

Most of the officers of licensees, who have to implement the regulatory tools prepared by the Commission are not fully aware of them and differently apply them in resolving complaints. Thereby complaints are not resolved or delay in resolution.

Select cases concerning each regulatory tool from the complaints received by PUCSL, both resolved and unresolved and aware officers of the licensees on such regulatory tools and the way of applying them to resolve complaints.

Conduct one interactive session for each distribution division at a place convenient to each DGMs of CEB and HO of LECO and their Chief Engineers, Branch Managers and Engineers.

Interactive sessions with Divisional Secretaries and their deputies on the application of Wayleave Guidelines with case studies (AP19/CP/COA/03)

Most of the Divisional Secretaries do not exercise or apply the powers vested to them by the Electricity Act correctly, and hence consumers/licensees are dissatisfied on the decision given by them, thereby consumer complaints with respect to Wayleave are on the increase.

To interact with Divisional Secretaries and their deputies with the past cases identified and referred to the Commission, where Divisional Secretaries failed to exercise their powers effectively and to make them aware on the effective way of applying the Wayleave Guidelines.

Conducting six interactive sessions covering 12 districts (Jaffna, Killinochchi, Mullaitivu, Manner, Vavuniya, Trincomalee, Batticaloa, Ampara, Kegalle, Ratnapura, Badulla, Monaragala) as 1st phase and 2nd phase for next 13 districts is to be continued in 2020

Interaction Sessions for members of societies registered under DSs through consumer network members on the availability of consumer rights and obligations statement and Introduce Information Demanding System and aware existing NCN members on newly updated and developed regulation tools (AP19/CP/COA/04)

Although the National Consumer Network (NCN) for Consumer Consultative Committee members is established in 2018, knowledge of NCN committee members and other members of village societies have significantly lower knowledge on Electricity Consumer Rights and Obligations (ECR&O). The lack of knowledge has led them not to demand their rights and understand the obligations of them when an issue arises about the use of electricity.

As per the observations of Regional Public Consultations 2018, we have observed that General public or Electricity consumers do not have enough ways to get idea or knowledge about their Rights and Obligations on electricity. Sustainability of existing NCN members is essential and important to maintain the durability of consumer network.

To address the issue, the PUCSL plans to, identify and collect a list of names of village level societies registered under Divisional Secretariats in each district and conduct nine interaction sessions in nine provinces and carry out a continues awareness campaign through distributing statements and pocket meetings.

Review and Approval of Least Cost Long Term Generation Expansion Plan 2020-39 ((AP19/LIC/01)

The objective of this deliverable is to review and approve the Least Cost Long Term Generation Expansion Plan 2020-39 that is required to be submitted by the Ceylon Electricity Board for the approval of the Commission.

The approval process is planned to be conducted in two stages, first, approving the input data and parameters and second, approving the draft plan. It is planned to conduct two public consultations under the two stages prior to approval of the each.

Review and approval of Long-Term Transmission Development Plan (AP19/LIC/02)

Subsequent to the approval of the Generation Plan, long term transmission plan also needs to be approved. The objective of this deliverable is to review and approve the plan.

The deliverable includes two parts, first, capacity building of the Commission staff on reviewing the approval of the plan. For this it is planned to enter in to agreement with consultants (e.g. University of Moratuwa) for capacity building of the Commission staff as well as to provide assistance to the Commission on conducting transmission studies as well as review of the plan.

Implementation of Transmission Performance Regulations (AP19/LIC/02)

The objective of this activity is to implement the Transmission Performance Standards Regulations. The regulations require Transmission/generation Licensees and PUCSL to identify present level of performance (through set of performance indices specified in the regulations) and gradual improvement of the performance through setting performance targets.

The regulations stipulate the activities that are required to be completed by the Transmission/ Generation Licensees as well as PUCSL, including the milestones to be achieved until first set of targets are identified and the first round of performance is measured against the targets.

It is planned to obtain the first set of performance indices from the Licensee and review and determination of the first set of performance targets by the Commission in 2019.

Implementation of Electricity (Distribution) Performance Standards Regulation (Power quality and Supply quality) (AP19/LIC/04)

As per the Electricity (Distribution) Performance Standards Regulations published on 2016, all distribution licensees are required to implement the tasks identified therein. Basically, that regulation is to improve the power quality and supply quality of distribution network by giving targets to be achieved by the

distribution licensees. Regulation consists of mainly three stages called preliminary stage, adaptation stage and hands on stage. Each stage has been defined with a set of specific functions to be implemented. At the moment PUCSL is working with distribution licensees and task identified for the preliminary stage is about to Complete. During year 2019, adaptation stage of that regulation will be worked out. Mainly, power quality and supply quality related functions will be carried out by Licensing Division, commercial quality part will be handed by Consumer Affairs Division. IT division will carry out the necessary modification for LISS in order to receive data as specified in the regulation.

Evaluation of MV Development Plan 2019 of DLs for regulatory compliance and Review the progress of MV Development Plan of year 2017 (AP19/LIC/05)

Distribution Code and Distribution License have given specific guidelines to be followed when preparing MV Development plan of Distribution Licensee. But it is observed that MV development plans which are prepared by DLs are not fully complied with such guidelines. It is required to examine the MV development plans of DLs and in order find out the deviated areas and those will be informed to DLs to consider in their next planning round. Further, progress of the Implementation of previous plan is required to be evaluated. Evaluate MV development plan 2019 of DLs and identify the deviations from the given regulatory directions. Identified such deviations will be communicated to DLs and instruct them to incorporate them in next Revision. And the progress of the MV development plan 2017 plan will be evaluated.

Amending Distribution Code (AP19/LIC/06)

Existing Distribution Code was prepared in year 2012 and it was approved by the PUCSL in July of 2012. It has been observed that several developments in the distribution system has taken place recently especially in integration of Roof Top Solar PV (Solar Battle, Net Metering, Net Accounting, Net Plus), integration of embedded generators (Mini hydro, Solar, Wind, Biomass, etc.), These developments have caused for various changes in power quality, supply quality, islanding, fault level, protection coordination of the distribution network. Therefore, it is required to amend the distribution code considering above matters in order to incorporate those changes into Distribution Code in appropriate way considering present context. A committee with necessary expertise will be appointed to conduct a study on amending the Distribution Code and obtain a recommendation report to the Commission

Roadmap of the year 2019 to establish an affordable price for consumers and sustainable financial stability for licensees

What we aim to achieve

Over the past decade, Sri Lankan consumers' electricity costs have not risen compared with the average inflation rate, or increased network tariffs, supply price and taxes. According to the underlying market principle, reasonable may imply "economically efficient." However, in line with the principle of service for households, reasonable should be understood to mean "affordable." However, the electricity bill should be able to justify the supply cost, supply quality, service quality, etc. On the other hand, the sustainable financial stability of the utility provider also should be maintained to keep providing a better service to the consumer. Establishing transparent systems is the first step to move ahead.

How we will achieve it

Development of merit order dispatch procedures (AP19/CP/TEA/01)

Licensee procedures at System control center are not documented properly. As a result, it is not possible to audit the dispatch process. Dispatch Audit is essential to increase the efficiency in generation dispatch which will lead to lower electricity cost. Under this activity, local consultants will be hired to prepare procedure documents and to develop database features.

Review of allowed charges methodology (AP19/CP/TEA/02)

The evolution of distribution network topology and the emergence of new technologies and services demands an update to allowed charges methodology to better serve the consumer. Under the present average new connection lengths, the present scheme produces unfair allowed charges for short connections and also for minor modifications of service connections. Even Charges for other new services can be made more rational and cost-reflective. Therefore, a review and revision of the existing allowed charges methodology in a forward-Looking manner will be carried out to address the issues identified above.

Study on Vehicle to Grid and Stand-by Tariff (AP19/CP/TEA/03)

With storage costs going down and with the penetration of solar rooftops, there will be a demand for systems and standby tariffs. To cater to this requirement, an international comparison will be carried out, and then a tariff structure will be proposed under this activity.

Guidelines to handle a request for multiple connections for same location (AP19/CP/TEA/04)

With the urbanisation and economic development, there is an intense demand from consumers for obtaining multiple connections for the same premises. At the moment there are different businesses, involving categorically different business activities but are compelled to share connections due to this constraint. Therefore, a study will be carried out to allow multiple connections based on the utilisation of electricity.

Reconciliation of submitted data in the tariff filings with the actual data (AP19/CP/TEA/05)

It has been noted that the licensees do not submit prudent data in their submissions. The expenditure systems and standby tariffs figures (E.g. Fuel costs, operational expenditure, capital expenditure), efficiency factors, etc. are observed to be different from the actual figures. Under this activity, the submitted data will be verified and reconciled with the actual data.

Cost-benefit analysis of Bare lines and ABC lines in distribution networks (AP19/CP/TEA/06)

Both bare conductors and ABC lines are used in LV, and MV distribution networks at present and the costs for each type of line are approved under allowed charges each year. However, the decision of whether to use ABC or bare lines depends on multiple factors such as convenience, interruption time, cost of unserved energy, safety etc.... Therefore, a detailed analysis of the total costs including maintenance/rehabilitation, interruption frequencies and durations of Bare and ABC lines in different feeder classes, will be carried out which will enable both the utilities and regulator to gain a better understanding of the cost implications of using or not using ABC lines.

Survey on Electricity Affordability - Phase 2 (AP19/CP/TEA/07)

A comprehensive survey on electricity affordability to analysis and review the existing electricity tariff structure and subsidies embedded therein. The project was started in 2018 and will be completed in 2019.

Reviewing of the Water Sector Tariff Methodology with external parties and Initial Tariff Review (AP19/CP/TEA/08)

It is expected that PUCSL will receive regulatory powers about the water sector in the near future. Therefore, PUCSL should be ready with the required legislative requirements by the time it receives the regulatory powers of the water sector. An approved Tariff Methodology for water sector is one of those legal requirements. A draft Tariff Methodology has already been prepared internally. It has been discussed to a certain extent within the organisation. However, there is a need for reviewing it with external parties and amend accordingly. The Tariff Methodology is to be reviewed, under this activity

with the help of a consultant and with the participation of all the identified stakeholders. After the methodology is finalized, the first tariff setting will be done with the help of the consultant as well as the participation of all the stakeholders.

Examine the first set universal of regulatory accounts submitted by the Ceylon Electricity Board and Lanka Electricity Company (Private) Limited and provide training on a review of same

The regulatory accounting guidelines were prepared and issued to the licensees and training were given to the licensees on the same. The first set of regulatory accounts were submitted by the licensees and PUCSL is required to examine the first set of Regulatory Accounts of the licensees. Therefore, it is identified that the staff of the PUCSL is needed training on the same and therefore training will be provided to review the Regulatory Accounts.

Our plan for the year 2019 towards establishing improved safety for every living being and properties of general public, licensees & operators

Conducting workshops and surveys on the implementation of licensing of electricians and standardisation of socket outlets (AP19/CP/INS/01)

Licensing of electrical technology workers is a very important critical regulatory tool in assuring the electrical safety of lives and property. Given implementation and monitoring the licensing process smoothly and effectively, the Commission intends to conduct workshops and surveys for electrical technology workers in the Island. Therefore, island-wide workshops will be conducted through electrician clubs of electrical appliances/cables manufacturing companies. Further regional workshops and surveys will be conducted on the license of electrical technology workers, and standardisation of plugs and sockets.

Expansion of Incident Reporting System for the public (AP19/CP/INS/03)

Incident Reporting System (IRS) is the application/ platform used by the licensees to report any near misses, incidents or accidents taken place within their premises. Expansion of Incident Reporting System enables the IRS to be utilised at various platforms such as Police, Hospitals and the General Public to identify the root causes of the reported near misses, incidents. Enabling Police & Health services to engage in this project would pave us a way through to access on matters which were not reported/ overlooked (e.g. near misses) because of not costing much to the lives and properties; yet are indispensable in identifying the root cause to mitigate accidents imminent in time.

Implementation of Safety and Technical Management Plan (AP19/CP/INS/04)

Safety and Technical Management Plan is the code to be considered as the bible in terms of electricity utility is concerned. Electricity safety culture among the utility licensees across their work spectrum is expected to be improved through the implementation of the safety and technical management plan.

Safety Awareness Program (AP19/CP/INS/05)

In Sri Lanka, 106 deaths have been reported from contact with, or as a result of electricity during last year (2017). Among the functions assigned to the PUCSL, the Commission has an objective to protect the public from danger arising from the generation, transmission, distribution, supply and use of electricity in accordance to the Section 4(1) (e) of the Sri Lanka Electricity Act No. 20 of 2009. A large number of electrical accidents are occurred due to unawareness of the people about the danger of the electricity. Therefore, the Public Utilities Commission of Sri Lanka has decided to launch various awareness programs to aware the public of the safe use of electricity during the year 2019 as well, with the aim of ensuring the safety of lives through reducing electrical accidents.

The planned programs under the above activity are as follows;

- Organising Safety Poster/Essay/Short Movies Competition
- Organising an electricity safety day
- Conducted stalls at Exhibitions
- Distributing safety materials (Posters, Leaflets, DVDs)
- Conducting awareness programs in Schools
- Displaying electrical safety awareness advertisements on TV Screens at Public Places
- Conducting awareness programs in common forums

Electrocution Mitigation Program (AP19/CP/INS/06)

In Sri Lanka, 106 deaths have been reported from contact with, or as a result of electricity during last year (2017). PUCSL analyses the root causes of the electrocutions occurred in the island based on the monthly electrocution reports submitted by the Sri Lanka Police to formulate the long-term and short-term plants to reduce the electrical accidents. However, since the causes of the electrocutions are detailed in brief in the above electrocution reports the exact cause of the accident cannot be identified in certain cases. Therefore, PUCSL plans to investigate at least two electrocutions per month and preparation of a report per each incident. Consequently, awareness programs in the above areas on prevention of electrocutions will be conducted and newspaper articles on the prevention of electrocutions linked to the actual incidents.

Prevention of electrocutions occurring due to illegal electricity extractions and improper use of electricity in Kandy, Rathnapura and Vavuniya Police Divisions through the Community Police Units (AP19/CP/INS/07)

Through the Electrocution Reports received by Sri Lanka Police, it has been observed that 20% of the total electrocutions recorded during past two years has happened due to drawing power lines illegally for cultivation protection and killing wild animals, mainly in rural areas of Galle, Kandy, Rathnapura, Vavuniya, Ampara and Anuradhapura Police Divisions. Therefore, it is intended to obtain the contribution of Community Police Units and Civil Security Committees to aware the village communities on the safe use of electricity and general domestic electrical safety measures to prevent electrical accidents and electrocutions within their living places. Meetings will be conducted with OICs of all Police Stations in the following Police Divisions separately to obtain their contribution to aware the village communities through the Civil Security Committees which are operating under the Community Police Units in all Police Stations.

Public survey on electrical accidents due to household electrical appliances (AP19/CP/INS/08)

In this fast-moving society there are more electrical appliances in houses such as TVs, refrigerators, PCs, electric irons, pedestal fans, grinders, mixers, etc. to uplift the living standards and to make the life more convenient. Hence, the risk of electrical accidents in homes is much higher than in the past era. The electric shock could be caused as a result of a lack of protection against the access to live parts, use of substandard/insufficient insulation material, substandard manufacturing process/workmanship etc. Types of household electrical appliances having electrical safety concerns will be identified by consulting households (sample) through an island-wide survey. Survey data will be analysed, and a report will be prepared for discussions with other relevant authorities and establish a way forward to standardise household electric appliances.

Plan for improved environmental conditions for humans, animals and plants

Energy Efficiency Improvement Awareness Campaign (AP19/CP/EER/01)

Energy efficiency identified as the first fuel to accommodate the increasing energy demand in the world. It is the cheapest solution for energy supply. There are many opportunities for efficiency improvement in the domestic level and school level as well. However, the awareness of energy efficiency improvement and energy conservation opportunities by the consumers is not adequate. Increase the awareness in school levels would be an effective and sustainable way to transfer the knowledge on how to improve the energy efficiency in day to day applications. By inculcating the best practices at the child age, the behaviour of the society on energy conservation and efficiency would change gradually.

Therefore, achieving the following outputs are expected through this activity.

1. Energy Efficiency Painting Competition for primary school students.
2. Energy Efficiency Essay Competition for lower secondary school students.
3. Distribute energy efficiency printed materials among the schools.
4. Conduct energy efficiency awareness programs.
5. Conduct energy efficiency awareness campaign through mass media.

Reduction in energy intensity of the domestic consumers and thereby diminishing the rate of generation cost escalation will be the outcome of the activity.

Monitoring Environmental Performance and Mitigation Action Plans in Thermal Power Plants (AP19/RU/EER/16)

Many environmental issues are caused by the Lakvijaya power plant operation as identified during the study conducted by the expert committee appointed by the Commission. Mainly the fly ash and coal dust dispersion around the nearby villages with the wind, fugitive emissions from the coal stock considered as the top priorities in the list. Also, main water treatment plants also are not in operation as at now. The farmers and villagers are affected due to the coal dust which needs to be resolved. Ambient air pollution has intensified due to the dispersion of fly ash.

Environmental impact mitigation action plan has been prepared for Lakvijaya power plant by the expert committee addressing the key issues identified.

In addition to the above, conduct an environmental impact study in Kelanitissa, and Sapugaskanda power stations are planned to be done in 2018. Action plans to mitigate the environmental impact also will be implemented in those power plants as well in 2019.

Implementation of recommended mitigation actions according to the schedule is the output of this activity. Improved environmental conditions for humans, animals and plants will be the outcome of this activity.

Study on Implementation of Mandatory Energy Audits for high energy consumers (AP19/RU/EER/17)

Utilities compel to purchase expensive thermal power from private power producers due to a shortage of low-cost generation capacities during peak demand times and dry seasons. Increasing generation cost due to purchasing emergency power reflects in the tariff structure which has to be ultimately borne by the electricity consumers, or it will affect the financial performance of the utility providers. On the other hand, the shortage of power supply badly influences on the supply quality and availability as well. Besides that, utilities face enormous challenges in meeting the growing energy demand year on Year. Opportunities are available in improving energy efficiency in domestic, industrial and commercial sectors. However, only a few initiatives have been taken on that matter so far due to various reasons. Prior to implementation of energy efficiency improvement programs in a particular establishment, energy efficiency improvement opportunities need to be explored through energy audits.

Study the feasibility and prepare a methodology of implementing mandatory energy audits in selected consumer category will be the output of this activity. Reduction in generation cost escalation rate will be the outcome of this activity.

Lubricant Market

Review and update Sri Lanka Standards for lubricants

Sri Lanka Standards for automotive lubricants and greases were published by the Sri Lanka Standards Institute (SLSI) commencing 2007; during the public consultation held on the lubricant market, the SLSI stated that some of the standards based on API classifications which are currently obsolete need to be revised and industry experts recommend that the minimum standard for two-stroke engine oils be changed to API TC and JASO FC or JASO FC as well as introduction of a minimum standard for four-stroke engine oil for scooters as JASO MB.

Therefore, it is identified that reviewing and updating the existing standards for lubricants in Sri Lanka is required and to formulate standards for new vehicle categories.

PUCSL plans to coordinate with the Sri Lanka Standards Institute to review and update the existing Sri Lanka Standards as required for lubricants as well as formulate of Sri Lanka Standards for new vehicle categories.

Draft procedure for compulsory import inspection of lubricants by the Sri Lanka Standards Institute and Sri Lanka Customs

It is expected that PUCSL will receive regulatory powers with regard to the Petroleum and Lubricant sector in the near future. Further, during the Public Consultations conducted recently by PUCSL, issues related to the quality of lubricants were pointed out by the public. In particular, the sale of substandard lubricants, lubricants adulterated with used lubricants were identified as issues.

To control the quality of imported lubricants, implementing a mechanism for compulsory import inspection of lubricants is identified as a remedy for the said issue.

Preparation of a draft procedure for compulsory import inspection of lubricants by the Sri Lanka Standards Institute and Sri Lanka Customs.

Advise to the government on duty differential of imported and locally blended lubricants for increased competition

Ministry of Petroleum Resources Development has requested the PUCSL to advise them on the duty differential of imported and locally blended lubricants. Further in the Public Consultation held on the subject of lubricant industry it was raised that mentioned Duty differential cause barriers to competition.

PUCSL plans to study on current duty differential of imported and locally blended lubricants and maintain same at ten per cent and conduct an independent and in-depth study on local value addition and ascertain optimal duty differential to promote fair competition.

Preparation of a solution for collection, recycling and disposal of used lubricants (AP19/LIC/07)

At the moment there is no proper mechanism in practice to collect and recycle or dispose the used lubricants. This is one main reason for adulteration of lubricants, further it causes severe environmental damages as well. There are various ways and means for collection, recycling and disposal of used lubricants. And various government and non-government agencies are involved in this process. But no proper all agreed mechanism has been identified so far. Need to study available methods to collect and recycle or dispose the used lubricants and one proper method should be agreed for said purpose with the consultation of all stakeholders. A consultancy will be conducted to identify a proper solution for collection, recycling and disposal of used lubricants

Petroleum Industry

Advise to the Government on a mechanism for testing the quality of petroleum fuels

Sale of substandard petroleum fuels – It was highlighted in regional public consultations that the Petroleum fuels sold are substandard. Either mixed with Kerosene or does not meet the minimum Standards set for that specific fuel.

Formulate mechanism for testing the quality of petroleum fuels - A mechanism will be identified to how the retail testing outlets will be selected, who collects the samples from the retail outlets, who does the testing, How the testing is carried out, etc

Procedure for identifying the presence of kerosene in petrol and diesel

Sale of substandard petroleum fuels - It was highlighted in the Public Consultations held regionally that petrol and diesel are adulterated with Kerosene.

It is identified that the price of kerosene at its correct market value and grant targeted subsidy to reserving people such as Samurdhi recipients or for a specific user group such as fishing boat operators. This will also stop the use of subsidised kerosene for purposes other than as fuel for fishing boats, cooking and lighting etc.

Therefore, the PUCSL plans to develop a procedure to; Add a “marker” chemical to kerosene where the presence of the marker can be detected by a portable handheld field instrument and verification of the presence of the marker in petrol or diesel as conclusive proof that those products have been adulterated with kerosene.

Draft procedure(s) for calibrating metering pumps at petroleum fuel retail outlets and verification (AP19/CP/INS/02)

Currently, there is no proper procedure to verify the accuracy of petroleum fuel pumps at retail fuel outlets. Therefore, the fuel consumers cannot get ensured the measurement displayed on the fuel pump meter. PUCSL plans to introduce a procedure for calibrating meter pumps at retail outlets.

Formulate a procedure for submission and review of consumer complaints in the petroleum Sector (AP19/CP/COA/05)

Currently, there is no proper mechanism for an intervention of a third party to help in finding a solution to complaints of petroleum consumers. However, due to nature in the petroleum industry especially in the petroleum fuels market, resolution of consumer complaints by a third party has become essential. To overcome issues faced by petroleum consumers as well as service providers and for an acceptable resolution for complaints submitted by consumers, the necessity has been arisen to formulate a procedure for submission and review of consumer complaints in petroleum fuels market.

PUCSL plans to conduct a series of meetings with stakeholders (service providers, Consumer Affairs Authority, Sri Lanka Standards Institute, consumer organisations etc.) to formulate a complaint handling procedure for petroleum fuels market.

Formulate a regulatory framework for the Natural Gas (NG), Liquefied Natural Gas (LNG) and Re-gasified Liquefied Natural Gas (RLNG) market

In 2006, a resolution was passed by the Parliament to include petroleum amongst the industries to be regulated by the PUCSL, which includes NG, LNG and RLNG; In 2017, concurrence was granted by the Cabinet of Ministers to assign the PUCSL as the regulator of the NG, LNG and RLNG market: the PUCSL has been identified as the regulator of the midstream and downstream NG, LNG and RLNG market in terms of the draft National Policy on Natural Gas prepared by the Ministry of Petroleum Resources Development; the CEB is to purchase 500,000MT of LNG per annum commencing 2020 for the generation of 1,000MW; the GOSL is considering two projects for the supply of LNG to existing power plants; an MOU has been executed between India, Japan and Sri Lanka for a Joint Venture project; Therefore, the PUCSL needs to build requisite regulatory capacity immediately.

Establish an appropriate regulatory framework for the NG, LNG and RLNG market in line with proposed amendments to the Petroleum Products (Special Provisions) Act, No. 33 of 2002.

Prepare regulatory instruments for licensing, tariffing (tolling fees), HSE (health, safety and environment) and third-party access pertaining to infrastructure (terminal and pipeline(s)) is required for receipt, storage, regasification and delivery of LNG.

Water Services Industry

Reviewing the Water Sector License Templates with external parties

It is expected that PUCSL will receive regulatory powers with regard to the water sector in the near future. According to the draft industry bill, there are legal requirements to be fulfilled.

Therefore, PUCSL should be ready with the required legislative requirements by the time it receives the regulatory powers of the water sector. License templates for licensing water sector service providers is one of those legal requirements.

Draft License templates have already been prepared internally. It has been discussed to a certain extent within the organisation. However, there is a need for reviewing it with external parties and amend accordingly.

Draft License templates have to be reviewed with the help of a consultant and with the participation of all the identified stakeholders.

Draft License templates are to be reviewed with the help of a consultant and with the participation of all the identified stakeholders.

Regulation of Water Service Industry (AP19/CP/COA/06)

Sri Lanka piped water supply is about 36% of the population which is provided by NWSDB, and another 8% of the population is provided piped water supply from rural water supply schemes. Despite the improved sanitation for 91% of households, the piped sewer has only 3.4% of the population. There is a significant opportunity for water services industry to expand and contribute to economic development of the country. Evidence collected in the public consultation confirmed that the insufficient capital investment in the water services is the root cause of the problem of service expansion. If regulation comes into the water services, the room for administrative expropriation could be minimised, and it gives a conducive environment for investment. Decisions, on Dispute Resolution, allowed revenue and investigations on Consumer Complaint are the areas where we could contribute to improving the transparency, consistency and fairness in the water services industry, which will eventually improve the status of the water service industry.

It is needed to introduce Independent Ex-Ante Regulation to the Water Service Industry, improve the Transparency, Consistency, Fairness, Timeliness, Independency of the decision in the water service industry. Consequently, investment in Water Service industry will increase and service coverage and Consumer Satisfaction may increase.

PUCSL plans to get the Water Services Industry Act to be enacted and start regulatory work in Licensing, Revenue Approval, Dispute Resolution, Inspection and Investigation to improve the above.

Preparation of regulatory tools (procedure, rules, regulation) for Dispute Resolution (AP19/CP/COA/07)

As per the draft water service bill available, following to be prepared to start the dispute resolution process:

- Procedure for Dispute Resolution by the Parties (disputes between licensee and Tariffs Customer, another licensee, any other affected party)
- If parties themselves not be able to resolve the dispute the Commission shall determine the dispute in terms of the rules made in that behalf.
- A regulation also to be made prescribing the procedure to be followed by the Commission
- All three regulatory tools to be drafted, get approval from the Legal Draftsman and published in the Government Gazette, the table in the parliament (in case Rules and Regulations)

Therefore, the PUCSL plans to prepare a dispute resolution procedure for the water sector in addressing all the issues mentioned above.

OUR EMPLOYEES ARE OUR BIGGEST STRENGTH

Public Utilities Commission of Sri Lanka plans to initiate new programs to develop the employees of the organisation while continuing the existing programs to build employees of the organisation giving them the opportunity to enhance knowledge, skills and performance to provide a better service to the country.

Formulation of a Scheme of Recruitment

Employing the right people for the job is the most important part of an organisation. It is essential to have a good recruitment process to attract the right kind of employees for your needs. In the same time, the recruitment process should be cost effective as well as time effective.

The existence of a streamlined Schemes of Recruitment will facilitate to recruit persons to replete with most appropriate knowledge, skills and attitudes to the respective positions in a transparent manner with a view to efficiently maintaining the productivity providing equal opportunities to all those who fulfill required qualifications.

Therefore, year 2019 is delegated to formulate comprehensive Scheme of Recruitment in order to conduct written examinations, interviews and trade tests relating to recruitment, promotion and efficiency bar examinations more systematically.

Preparation of Standard Operating Procedures

PUCSL plans to develop printed set of every procedure specific to all divisional operations that describes the activities necessary to complete tasks in accordance with all administrative procedures, regulations, and standards and requirements. This will facilitate achieving efficiency, quality output and uniformity of performance, while reducing miscommunication and failures to comply with the standards.

Further development of the existing HRIS by integrating Activity Plan (progress monitoring), Performance management system & budget measurements

Due to the need of collecting data from several printed documents and pre-prepared soft documents in report preparation, consume considerable time of employees annually while there are many occasions in repeating work of report preparation for performance appraisals/ Activity plan monitoring/ Budget disbursement monitoring.

Therefore, the PUCSL plans to prepare a centralized system where staff will enter their planned activities for the next year only once enabling required parties to obtain/monitor information accordingly.

FINANCIAL SUMMARY

Estimated expenditure for the year 2019,

- The PUCSL receives annual levies from the licensees that it regulates to finance the activities of the organization.

The Financial Summary clustered into industries comes under the purview of PUCSL,

Financial Summary		Budget 2019 Rs.
ELECTRICITY SECTOR		
Outcome 01: Improved productivity & convenience for electricity consumers (Goal 1,2,3,4,5,6,7,11,12)	Rs. 94,427,845	
Outcome 02: Affordable Price for consumers and sustainable financial stability for licensees (Goal 8,9)	Rs. 50,145,802	
Outcome 03: Improved safety of every living being and properties of general public, licensees & operators (Goal 10)	Rs. 56,797,737	
Outcome 04: Improved environmental conditions for humans, animals and plants (Goal 13)	Rs. 3,462,576	204,833,960
PETROLEUM SECTOR		78,873,909
WATER SECTOR		37,826,731
TOTAL BUDGET		324,504,600

The Financial Summary clustered into corporate and routine activities of PUCSL,

Financial Summary	Rs.
Corporate Activities (53 activities)	181,382,078
Routine Activities (54 activities)	143,122,522
Total Budget	324,504,600

AUDIT PLAN -2019

1. Objectives of Internal Audit

- A. To participate in the system internal control of the financial and management of the Commission and carry out a continuous survey and an independent appraisal of such operation and the soundness and adequacy of the internal checks adopted in the prevention and detection of frauds and errors.
- B. To assist the accounting officer/Public Utilities Commission (PUCSL) and monitoring committee in ascertaining the progress made on development works, programs of works and schemes and fulfillments of plans and deliverables setup by the commission.
- C. To act where appropriate as a liaison between those engaged in these tasks.
- D. Providing necessary instructions and guidance for protection of assets.

Functions and the scope of the Internal Auditor

- A. Ascertaining whether the systems of internal checks and control for the prevention of errors and frauds are effectively designed.
- B. Ascertaining the reliability of accounting and other records for preparation of reliable and correct financial statements.
- C. Appraising the quality of performance of staff in carrying out the responsibilities assign to them.
- D. Ascertaining the extent to assets of the commission is safeguard from loser or damaged.
- E. Ascertaining the effectiveness of the system of the internal control adopted in preventing and detecting of wasting or idling assets and human resources,
- F. Examine the effectiveness of the accounting procedure of the commission which has any financial implications safety and proper usage of assets. Assisting to the accounting officer to ascertain the progress of the works and achievement of the expected deliverables.
- G. Inspecting and reporting of the operational functions whether they are being followed rules regulations and the decisions of PUCSL.
- H. Appraise the progress of the works done and works to the extent which are scheduled to be achieved.
- I. Appraise and review of the controls adopted in the supervision of such operations and activities.
- J. Ascertaining the fulfillment of requirement laid down in Financial Manual adopted by the commission with the Rules and Regulations made time to time.

2. Office address

06th Floor, B.O.C. Merchant Tower,
No: 28, St. Michels Road,
Colombo 03.

3. Line Ministry

Ministry of National Policies and Economic Affairs

4. Establishment Act

Public Utilities Commission of Sri Lanka Act No.35 of 2002
(Certified on 20th December 2002)

Other Acts relevant to the PUCSL Activities

Sri Lanka Electricity Act No.20 of 2009

Sri Lanka Electricity amendment Act No.31 of 2013

Reference and supporting document for conducting audit

- A. Annual estimates for the year 2019 approved by the PUCSL
- B. Activity plan for the year and the future plan
- C. Budget proposals approved by the PUCSL
- D. If there are any kind of proposals of foreign aid projects
- E. Reference Circulars, Parliamentary orders, Treasury Guidelines, Commission decisions and other directives given by the authorized institution,

5. Steps for conducting of internal audit activities

- A. Collecting and arranging the data for preparing the available man power budget
- B. Evaluation and identification of risky areas of safeguard of assets/and identification of weaknesses.
- C. Collection of data for identification the short comes of revenue /income and expenditure incurring
- D. Identification the targeted to be achieved and finding reason for the stagnation,
- E. Identification and verifying the effectiveness of management systems causing to delaying or omitting the essential reports submission:

Auditor General

Ministry of Finance & Planning

Department of Inland Revenue

Department of Labour

Parliament/Cabinet/COPA

Any other request made by the PUCSL

6. To ensure that there is an effective management system for the following areas of activities to be done

- Ascertaining the Economy Efficiency and Effectiveness of the year for 2018/19
- Delegations of Authority for the year 2018/19
- Preparation of budget and performance evaluation achievement, 2018/19
- Identification of postponed activities with reason to postponement
- Systems introduced to controlling expenditure
- Systems introduced to controlling expenditure and expediting the revenue collection.
- Identification and verification of assets custody preservation of money and stores
- Collection and recording of fees, charge levies and other receipts and dues,
- Effective management of finance and banking,
- Relevancy levels of approved manual of procedure and financial manual
- Human resource management and recruitment procedure

- Audit of assets recording and inventorying
- Acquisition and disposal of vehicles and office equipment,
- Hired vehicles and equipment
- Maintenance of equipment's and vehicles
- Systems of reordering and recording receipts
- systems for issuing f inventoried items,
- Supervising Verification/stock taking of in ventures and assets
- Follow up action to be taken for the board of survey decision
- Examination of disposal of assets and systems followed.

7. Mechanism made which accountability exercised and reporting

To the commission

To the parliament

Cabinet of Minister

Ministry of Finance and Planning/Treasury

8. Reference document and activities to be carried out

Activity plan with vision, mission and objectives, Availability of man power and Resources, Annual I budget, Commission decisions/tender boards/board of survey, Revenue and investments, Payment of staff loan and recoveries, Publicity expenditure, Allowances and fees payable, Payment for communication, Transport charges and allowances, Insurance facilities, Human resource and recruitments, Training and budgeting, Pay structure and salaries etc., Traveling and overtime, welfare expenses, Conducting the audit committee meeting, Coordinating with Auditor General Department,

9. Identified main objectives of the PUCSL

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

10. Audit plan for the period 01-01-2019 to 31-12-2019

Assuming 5 days of work for a week

	<u>Month</u>	<u>Working Days</u>
Available working days for the above period	JAN	21
	FEB	21
	MAR	23
	APR	21
	MAY	21
	JUNE	22
	JULY	21
	AUG	23
	SEP	22
	OCT	21
	NOV	22
	DEC	<u>22</u>
		260
Allow for public holidays		(12)
		248
Allow for leave (sick or any other requirement)		(48)
Expected total working days and hours can be spend		<u>200</u>
Total hours can be employed	200 x 8	- <u>1600</u>

Distribution of the working days and hours to conduct the under-mention audit activities during the year 2019

Activities to be perform during the period	Allocated man days
a) Studying the systems of internal control and identifying the Weakness of the systems as risky areas	10
b) Conducting Audit Committee Quarterly	18
c) Checking casting, posting and taking over vouchers (2 days per month)	24
d) Examination of revenue collection by annually (30 th March and 30 th August)	06
e) Checking of reimbursement of telephone bills, insurance claims for medical bill Settlement	05
f) Examination of monthly reconciliations of banks transactions	30
g) Examine and checking of remunerations payment of allowances and overtime Payment	24
h) Checking and examination of expenses incurred for training and knowledge Enhancements	05

i) Assisting to drafting replies to auditor general/s audit queries raised to the PUCSL	15
j) Checking and examine the running charts and vehicle log books with fuel and Maintenance expenses occurred during the year	05
k) Examine the assets recording and verifying periodically	08
l) Checking the welfare or refreshment expenses made during the year (quarterly)	20
m) Preparation of internal instruction circulars after discussing with relevant head of Section for preventing the unauthorized payment, transactions and questionable Performance occurred (for remedial actions)	10
n) Checking, comparing, posting and casting of ledger accounts and financial statements	<u>20</u>
o) Total man days available for auditing activities	<u>200</u>

11. Expected goals after completing the internal audit activities

- Ensure the collection of fees/ charges/ levies regularly and accurately
- Safe guarding of assets and prevention wasting and idling of assets,
- Adhering to the government policy/development requirement, (minimize non-compliances)
- Prevention of uneconomical / wasteful transactions and frauds,
- Ensuring the fulfillment of legislative requirements to the government
- Getting unconditional and good opinion on Audit Report,

12. Dates expected for submission reports and conducting of main audit activities are as follows,

AUDITING AND REPORTING TIME TABLE FOR THE YEAR 2016

MAIN FUNCTION/ACTIVITY	AUDIT PERIOD	TYPE OF REPORT	DATE EXPECTED TO BE SUBMIT
Half yearly report of Audit carried out	01.01.2019-30.06.2019	First half year observation -2019	23-07-19 or third week of July
Second half year Audit carried out	01.07.2019-31.12.2019	Second half year observation-2019	24-01-2019 or third week of January-2019
Anticipated date of conducting Audit Committee Meeting	1-1-19/31-3-19	First quarter	24 April 2019 or convenient day of the Month
	1-4-19/30-6-19	Second quarter	19 June 2019 or other convenient of the June
	1-7-19/31-12-19	Third quarter	24 September 2019 or other convenient date of the month
	1-10-19/31-12-19	Fourth quarter	24 December 2019 or other convenient date of the month

Auditing Activities: Comparing the ledger accounts with the financial statements	01.01-2019 to 30-01-2019	Deficiency observation	10 th February of the year 2019
Asset Verification	01 st to 30 th December	Observation and recommendation report	20 th January of the year 2019
Comparing the ledger accounts with the draft financial statements	15 Jan to 30 th Jan 2019	Rectification Report	10 th Feb of the year 2019
Vouching Paid Documents	Two months after the payments made	Deficiency observation report to the Director General	Quarterly (after three months)
Examine bank transactions	When the bank reconciliation statements submit	Observation report of dilapidated and unrealized cheques	Third week of the end of quarter
Examine collection of fees charges etc.	Month of July and month of January	Under charge and omissions report Accrued revenue/debtors	31 of August 2019 and 28 of February 2020 End of the year (20 th December)

K.G. Keerthisena

(Internal Auditor)

PUBLIC UTILITIES COMMISSION OF SRI LANKA

17.08.2018