



**PUBLIC UTILITIES COMMISSION  
OF SRI LANKA**

Annual Report 2015





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# Who We Are.....

The Public Utilities Commission of Sri Lanka (the Commission) plays a pivotal role in the national economy as the watchdog of economic, safety and technical regulatory affairs in 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, the Commission ensures 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 2009 by the Parliament of Sri Lanka, the Public Utilities Commission of Sri Lanka (PUCSL) was designated to regulate the electricity sector.

The Commission's 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.

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.

The Commission has also been given authority to regulate water service industry and petroleum industry through the PUCSL Act.

However the respective acts to regulate those two industries are yet to pass through the Parliament.

The Government announced its policy direction on petroleum and water services industry, in the Budget Speech 2015, providing legislative backing for PUCSL.

## The Budget - 2015

*390. "Having recognized that a robust regulatory mechanism is vital in developing self-reliant SOEs, Government will also provide legislative backing to broaden and strengthen the Public Utilities Commission of Sri Lanka (PUCSL) to include the National Water Supply and Drainage Board (NWSDB) and the Ceylon Petroleum Corporation (CPC) enabling a more cost reflective transparent pricing mechanism."*

Accordingly, the Commission has taken foundation steps to commence the regulation of the water services sector and the petroleum sector as soon as the relevant acts passed by the Parliament.

# 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 during the year 2015

**Mr. Saliya Mathew - Chairman**

**Mr. Sanjaya Gamage - Deputy Chairman**

**Prof. Rahula Attalage - Member**

**Mr. Prasad Galhena - Member**

## Director General

Mr. Damitha Kumarasinghe

## Secretary to the Commission

Mrs. Janaki M Vithanagama

## Registered Office

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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. Michael's Road, Colombo.



# MEMBERS OF THE COMMISSION



**Mr. Saliya Mathew**  
Chairman



**Mr. Sanjaya Gamage**  
Deputy Chairman



**Prof. Rahula Attalage**  
Member



**Mr. Prasad Galhena**  
Member

# Chairman's Statement

Dear Colleagues, Public Utilities Commission of Sri Lanka outlined a suitable enabling framework for the overall development of the power sector in the country throughout the year 2015.

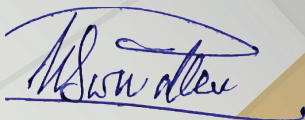
As a result, the power sector in Sri Lanka is on the brink of witnessing a gradual transformation as an economically viable entity with the competitive milieu characterized by self.

I sincerely believe that similar to any industry, in the case of electricity supply also, the client interface or the distribution segment is the most critical element of the business because distribution is the area where energy flows are converted into cash flows. Generation and transmission also play a vital role at the same time. Thus, for the operation of the power utilities to be sustainable in the long run, the performance of the distribution segment, generation segment and the transmission segment plays an extremely dynamic role.

It is in this context that our major focus should be to improve all these segments through effective loss reduction, better collection efficiency and improved consumer care.

Accordingly, we must attempt to introduce advanced technology interventions and regulations in the electricity sector.

The power sector is the flag-bearer of development of any economy, and the state of the power sector is often an accurate reflection of the state of the economy. Therefore, it is for us to take note of this important social and economic responsibility that has been cast upon us and take necessary measures to propel the State ahead.



**Saliya B Mathew**  
Chairman





# Director General's Letter

Dear Stakeholder, I am pleased to introduce the Public Utilities Commission of Sri Lanka, the Electricity Regulator's 2015 annual report.

It details our work in year 2015 and comments on our performance against a range of indicators. It also provides more transparency about our work and the organisation.

Energy services are in the midst of significant change. Much of this change is driven by consumer concerns about the ability of conventional energy markets and services to meet their needs at reasonable prices. After a period of significant price increases and an intense period of review and reform, the consumer is now looking to us, utilities and government to show results. The primary aim of our work program in 2015 was to deliver on those expectations.

Our strategic priorities in 2015 focused on improving the economic, technical and safety regulation of licensees and on engaging consumers to participate in the decision making process. We carried this focus, in making every decision and awareness programme through the period of 2015.

This year, we expanded our safety awareness campaigns for public and also proposed number of initiatives to enhance the efficiency of the electricity market.

We continued to participate in reforms to empower consumers to save on energy costs by shifting consumption away from peak times. We also developed new ways of including consumer representatives in our approach to regulation and have now embedded channels for consumer views in our network decisions.

The Commission has 12-goal- ambitious plan to address issues in the electricity sector and turn around the performance of the national power supplier in Sri Lanka. Accordingly, the Commission has developed the Activity Plan 2016 comprises the projects that are envisaged for the year 2016 to achieve the objectives set for 2020.

The strategic plan was designed to enhance the quality of power, supply and services that would help to minimize losses to the licensees and provide a satisfactory service to consumers.



**Damitha Kumarasinghe**  
**Director General**  
**Public Utilities Commission of Sri Lanka**



# WHERE WE ARE HEADING; STRATEGIC DIRECTION OF PUCSL

Our strategic direction is for our independent regulation to make a positive difference to every energy consumer.

This means producing better outcomes for consumers through regulation in achieving our vision, mission and objectives. It is critical to recognise that independent regulation doesn't only involve setting and enforcing rules and regulations. It also includes building trust and confidence in these arrangements so that consumers engage and companies invest. We also have an essential role in setting and enforcing standards that people expect from an essential service.

## 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.*

# Functions

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

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



# Objectives

**The above functions are carried out by the Commission to meet its objectives set out in PUCSL Act. These objectives are identified below,**

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

# Our Core Values

## FAIRNESS

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

## IMPARTIALITY

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

## INDEPENDENCE

Our decisions will be free from undue influence.

## TIMELINESS

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

## TRANSPARENCY

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

## OBJECTIVITY

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

## CONSISTENCY

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

We at Public Utilities Commission believe that consumers are at the heart of everything we do. We clearly have recognized this in our newly introduced 2020 goals which outline the key consumer outcomes we are aiming to achieve.

# Activities For Long Term Goals

The Commission has set twelve long term goals for the electricity sector. 35 activities have been undertaken in 2015 as steps towards achieving those goals by the respective target year. Details of those activities are given in the Annual activity Plan 2015. The physical progresses of most of these activities are over 80% by 30 September 2015. The total budget of the year 2015 is 247.6 million.

## Power Quality

**Goal 1:** The electricity supplies to consumers are in compliance with the statutory quality levels, 230 V  $\pm$  6% for voltage and 50 Hz  $\pm$  0.5% for frequency and harmonics

As the regulator for the electricity industry, the PUCSL has to ensure the quality of the electricity supply provided to consumers by the licensees. The following activities were undertaken during the year 2015 in order to achieve this goal.

## Supply Quality

**Goal 2:** The system average interruption duration index is below 24 hours per consumer per year

The System Average Interruption Duration Index (SAIDI) is commonly used as a reliability indicator by electricity utilities. It is the average outage duration for each customer served and is measured in units of time, often minutes or hours. It is an indicator of the quality of power.

**Goal 3:** The total number of electricity interruptions experienced by a consumer within a year is below 30 (on average basis)

SAIFI is also a commonly used reliability indicator and is the average number of interruptions that a customer would experience. It is measured in units of interruptions per customer and is usually measured over the course of a year.

**Goal 4:** The average restoration time for consumer service line faults is below 2 hours per consumer

The average restoration time for consumer line faults is an indicator of the reliability of a system. It is the average time it takes for the electric utility to restore its service following a power interruption. The PUCSL, as the regulator, has to ensure that the optimum service is provided to consumers and reducing the restoration time as much as possible is a priority.

## Service Quality

**Goal 5:** Information on consumer Rights and Obligations is made available to consumers in advance and when such information is required by them

Stakeholders in the industry including consumers and licensees are better aware of their rights, duties and responsibilities when they have better access to education on these issues. This information should encompass those on consumers' rights and obligations when receiving the service of electricity as well as the regulatory framework so that the licensees are also in a better position to provide an uninterrupted service. This in turn will help the Commission in collaborating with the Government, in framing regulations and policy guidelines which would all contribute to the betterment of the industry. The goal would be achieved through the creation of awareness and providing access to information.

**Goal 6:** The average time taken by an electricity service provider to serve consumer inquiries/requests/complaints is below 30 days

This goal states that matters referred to PUCSL are resolved significantly quicker in 2015 than in 2014, towards achieving the set target by 2020.

**Goal 7:** The average time taken by PUCSL to serve consumers is below 30 days

A better service for consumers means faster and more efficient solutions for their problems and issues. Once a consumer's complaint is received, all possible steps should be taken to ensure that a satisfactory solution is offered to him/her at the earliest possible time. The objective of reducing the average time taken to serve consumers to an average of 14 days is to provide a better and even more efficient service than is currently provided.

## Electricity Tariff and Service Charges

**Goal 8:** The total cost incurred in the supply of electricity in 2013 is reduced by 10 %.( Total cost is subject to adjustment for the generation mix and fuel prices, in real terms)

As stated in the Sri Lanka Electricity Act, No. 20 of 2009, one of the main functions vested in the PUCSL is to regulate the electricity tariff and various service charges levied by licensees from consumers. These charges are levied by the licensees for the process of generation, transmission and distribution of electricity throughout the island. The Act stresses the need for the licensees to provide the best possible service while also ensuring them fair tariffs to sustain their businesses. The Commission will be carrying out the following activities during 2015 with the objective of ensuring fair tariffs and service charges.

**Goal 9:** Charges levied by service provider on services in 2013 is reduced by 10% in real terms  
Ensuring fair and affordable charges for consumers is one of the main goals of the Commission and it takes many steps in this regard. One way is to provide an environment under which service providers can lower their charges.

## Electricity Safety

**Goal 10:** Number of fatal electrical accidents is below 20 per annum

The number of electrocutions in Sri Lanka, which stood at a high of 180 in 2012, declined significantly to 76 in 2013. The myriad of electrical safety awareness campaigns conducted by the PUCSL is believed to have made a major contribution to the decreased number of electricity-related fatalities. An earlier analysis had revealed that illegal power tapping, defective equipment, power line clearance, unsafe internal wiring, not employing a competent workforce, mistakes and carelessness, working under an unfavorable environment and various side faults of service providers were the main reasons for the large number of electrocutions in Sri Lanka.

Anuradhapura, Ratnapura, Kandy, Ampara and Vavuniya had been identified as high-risk areas for electrocutions through surveys carried out from 2008-2012. Drawing illegal power lines to kill wild animals and protect cultivations, getting illegal access to the electricity supply and using damaged, broken electrical appliances which are not properly insulated have been identified as the main reasons for these electrocutions. It was revealed that 28 per cent of the island-wide electrocutions had occurred in these areas, requiring urgent attention to be paid to mitigating such incidents.

The Commission has set a goal of bringing down the number of electrocutions to 0 by 2020 and has intensified its plans and activities towards achieving this objective. As the independent regulator of Sri Lanka's electricity sector, the PUCSL considers ensuring the safety of the public one of its major objectives. Some of the measures the Commission had identified to reduce the number of electrocutions are providing awareness to electricity users, standardizing licensee practices through the preparation of regulations and codes and rewarding people who support the identification of illicit practices.

## Electricity Demand

**Goal 11:** Minimum 10 percent reserve margin is maintained at all times by 2020 to ensure the electricity demands in the country are met all the time

To ensure that the country will not face any grave problems related to the supply of electricity as it had done on several occasions in the past, a reserve margin has to be maintained at all times. One of the 2020 Goals of the PUCSL is that a minimum of 10 per cent of a reserve margin in electricity is maintained at all times so that all demands for power which rise in the island are met.

## Efficient use and conservation

**Goal 12:** At least 250 GWh of energy and 30 MW of capacity are saved by year 2020 through utility driven energy efficiency and conservation programs

Among PUCSL's obligations as the regulator for Sri Lanka's electricity industry are its environmental obligations. Foremost among its focuses during 2015 will be encouraging and developing procedures to reduce wastage and enhance efficiency during the use of power. This goal focuses on the projects and deliverables related to its achievement.



# Electricity Consumer

Ensuring electricity consumer protection through the establishment of their rights and obligations is one of the main functions vested upon PUCSL as the regulator of the electricity industry. Its' role includes ensuring consumer rights and protection, advising and assisting consumers in resolving their grievances while empowering electricity consumers on their rights and obligations with regard to electricity. It also assures that the objectives of licensees and other stakeholders are met, while adhering to Government rules and regulations. One of its main objectives is to ensure that consumers are safe and satisfied in various interactions with electricity in their day to day lives.

Safeguarding the Electricity Consumer were carried through various initiatives by the Commission.

## Statement of Electricity Consumer Rights and Obligations

Section 3 (1) (e) of Sri Lanka Electricity Act 2009 requires the Public Utilities Commission of Sri Lanka (Commission) to publish a statement outlining the Consumer rights and obligations of the electricity consumers.

The Main objectives of publishing this statement are to create an awareness among the electricity consumers of their rights which is vital for consumer protection, make them aware of the levels of the quality of service that a licensee is expected to provide and also to educate the consumers of their obligations, fulfillment of which will be an essential requirement for the provision of an efficient electricity service.

Accordingly, PUCSL launched the statement of Rights & Obligations of electricity consumers in the year 2015.

The following rights and obligations have been explained in the Statement of Rights & Obligations of electricity consumers

### Consumer Rights:

- Access reliable and safe electric power to commensurate with the quality standards licensee has agreed to provide
- Access to information on matters related to electricity supply service
- New service connections, change of service capacity/tariff category
- Disconnection and termination of agreement
- Reconnections
- Complaint handling
- Meters, meter reading and billing procedures
- Electricity bills
- Service charges, price structure, and bill payment
- Entry into the consumers' premises
- Consumer education
- Equality of treatment
- Privacy and confidentiality

## Consumer Obligations:

- Legitimate Bill payments
- Cooperate with the licensee & its authorized officers
- Adhere to the terms & conditions of the Tariff Agreement entered into with the licensee
- Ensure the security of electricity lines installed in the premises
- Disclose all relevant information to the Licensee when applying for a new connection



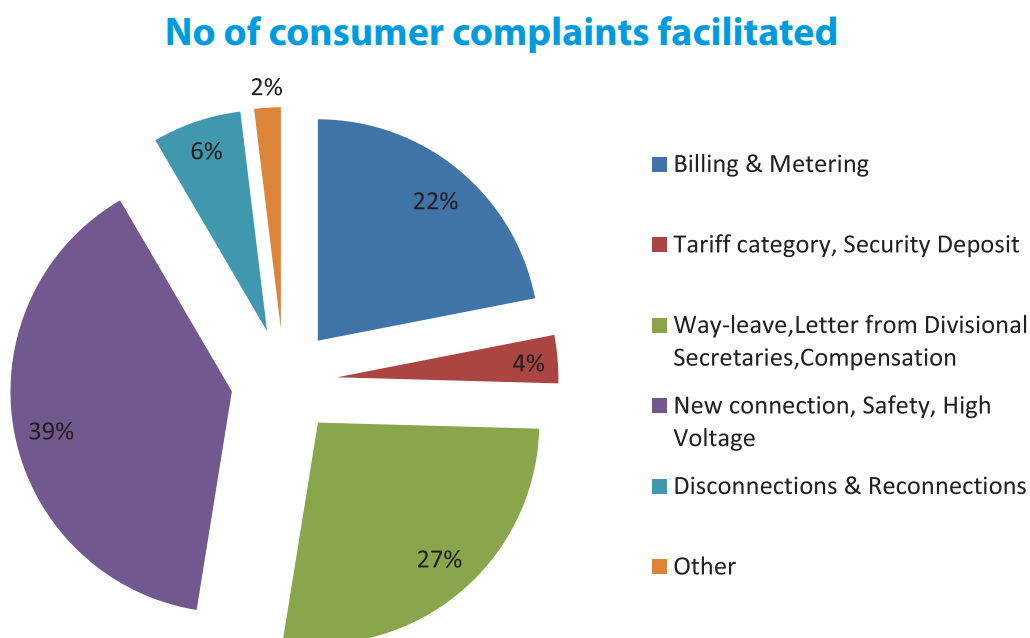
Presentation of the Statement of Rights and Obligations of Electricity Consumers to the Hon. Minister of Power and Energy by the Chairman of the commission

## Dispute Resolution Rules

Disputes arise between a licensee and a consumer or another licensee; or any other affected party can refer to the Commission, to get the dispute resolved under the Electricity (Dispute Resolution) Rules prescribed by the Commission. As a result of the Amendment Act, No. 31 of 2013 to the Electricity Act, No. 20 of 2009, it became mandatory to revise the Dispute Resolution Rules that were in force. A committee was appointed to study and prepare a draft incorporating all changes required. The final draft, approved by the Commission was submitted to the Legal Draftsman's Department for approval. It is expected to be published by Gazette notification in 2016.

## Electricity Consumer Complaints

The Commission has received 1140 complaints from electricity consumers during the year 2015 and all these complaints have been facilitated. 39 percent complains were raised in the category of new connection, safety and high voltage while 4 percent of complaints represent the category of tariff and security deposit.



## Awareness Campaigns – Electricity Consumer Rights and Obligations

PUCSL printed 20,000 copies of Electricity Consumer Rights and Obligation statement and 19,118 copies were distributed among CEB, LECO, District, Divisional Secretaries and Grama Niladari officers to make the statement accessible to any electric consumer who wishes to know about their rights and obligations and seek commission help in any matter.

### Awareness through Media

A series of newspaper articles and Television interviews were published in newspapers to make aware the public about their rights and obligations on electricity and to fill the knowledge gap in the community and to resolve their disputes in a transparent and speedy manner.

### Awareness through posters, leaflets and booklets

PUCSL commenced an awareness campaign to provide publicity among the general public on the availability of the Statement of Rights and Obligations of Electricity Consumers through posters, leaflets and booklets on resolving consumer complaints and disputes.

Accordingly, by the end of 2015, posters in Sinhala and Tamil languages, leaflets and booklets in all three languages were distributed among 14,200 Grama Niladari officers to be made available at their respective offices for public reference.

## Measure the average time taken to serve the consumer

PUCSL visited selected Area/Branch offices of all Licensees and identified five common services and prepared formats to collect information which were accepted by the licensees. Licensees have agreed to send the first set of information during the first week of February, 2016. The project carried forward to 2016.

## Measure the average time taken to resolve matters referred to PUCSL

This was initiated to resolve and address various matters referred to PUCSL in a quicker manner towards achieving the set target of 14 days. Accordingly, all cases reported to PUCSL for the year 2014 was identified and the respective received dates and resolved dates were extracted.

The time taken to resolve each case was calculated and the average time taken to resolve a case referred to PUCSL during the year 2014 was 64 days. Similarly, the average time taken to resolve a case referred to PUCSL during the year 2015 was calculated and it was 42 days.

## Establishment of Consumer Network

In terms of Section 28 of PUCSL Act, the Commission shall protect the rights of the electricity consumers. Among the rights ensured in the PUCSL Act are, the consumer to be heard and to be assured that their interests will receive due consideration and consumer education. In general, consumers of corporate sector in Sri Lanka are fairly organized and express their views during formal discussions; hence fair hearing could be assured in case of corporations. However, the commission observed that the voices of un-organized large number of small consumers have not been properly heard since there are no formal organizations to express their views.

In this regard, the Commission intended to create a National Consumer Network that has interest to work on consumer issues on a voluntary basis, which will enable them to formally communicate/submit their views to the Consumer Consultative Committee. However, the Commission's own experiences in similar initiatives have proven that the long-term sustainability of such initiatives to be ensured if the desired objective to be achieved. Considering long term sustainability the scope of the activities of this network did not limited to electricity and opened for any other sectors which has a common interest for network membership. PUCSL is of the view that the broader the scope, the higher the sustainability of the network since that would enable activists to get involved in diverse activities on a more regular basis.

As the first phase of the National Consumer Network, PUCSL initiated creating a network of consumer activists in the region-IV of CEB service areas including LECO areas (southern province) with the objective of empowering consumers on their rights and obligations as a foundation which could yield high quality citizen/consumer representation in public decision making of the country. Towards this goal, the PUCSL hired a team of consultants to establish consumer networks empowering electricity/energy consumers on their rights and obligations.

Procurement of the Consultant started in the year 2014 and completed in August 2015 signing a contract between Energy Forum and PUCSL on 19th August 2015. Subsequently an action plan was submitted by the consultant and was approved by the Commission. The Consumer Affairs Authority also extended their support considering the synergies of working together with other regulators. The Commission collected contact details of registered CBOs, NGOs and INGOs in the Galle, Matara and Hambantota Districts and invited them to participate in the consumer network activities. Three District workshops were organized on 17th, 21st and 22nd Dec. 2015 in Matara, Hambantota and Galle respectively. Work extended to the year 2016.

## **Capacity building for Consumer Network members on Consumer Rights and Obligations**

This initiative was taken place to protect the interests of consumers by building the capacities of consumer network members and making them available for consumer consultations and get their problems related to electricity and electricity supply resolved. Accordingly, the Commission approved to establish Consumer Network in Southern Region of CEB and LECO areas and consultant was appointed in September 2015. Consumer Rights and Obligation statement were launched at awareness programsheld in Galle, Hambantota, Kalutara and Ratnapura for Administrative Grama Niladaries in 2015.

## **Convention of electricity dispute resolution system compatible with the manual system in use**

The existing dispute resolution system software could not accommodate all subsequently developed manual grievances handling process. Therefore, it became necessary to convert the manual processing system into computerized system in order to provide quicker service.

Accordingly, every processing stages and grievance handling procedure was explained to the software developer selected. Software development was completed in 2015 but testing and launching was carried forward to 2016.



# Public Consultations

Public Consultation considered as an essential interactive mechanism to obtain the views and feedback from the public on issues of national importance as it allows stakeholders to comment on issues which bear an impact on them.

Accordingly, the following Public Consultations were completed during 2015.

## **Formulation of Guidelines for the Purpose of being satisfied that a Person does not have sufficient means to Defray Expenses Incurred by Distribution Licensees in Connecting and Supplying Electricity**

The Public Utilities Commission of Sri Lanka (Commission), in its capacity as the economic, technical and safety regulator of the electricity industry and with the objective of protecting the interests of future consumers in relation to the supply of electricity with regard to prices charged for connection and supply of electricity, hereby calls for public comments in the above regard.

In terms of Section 27 of the Sri Lanka Electricity Act, No. 20 of 2009 as amended, any person who requires a supply of electricity, but does not have sufficient means to pay, in total and at once, the expenses incurred by a distribution licensee in providing a connection and supply of electricity, may request the distribution licensee to recover such expenses in reasonable monthly instalments along with the tariff.

If the distribution licensee is satisfied that the person does not have sufficient means to pay, in total and at once, the expenses incurred by the distribution licensee in providing a connection and supply of electricity, prior to the connection and supply of electricity, such person shall be required to enter into an agreement with the distribution licensee relating to the manner in which the expenses would be paid to the distribution licensee.

In this connection, the information required by the distribution licensee for the purpose of being satisfied that the person does not have sufficient means to pay, in total and at once, the expenses incurred by the distribution licensee in providing a connection and supply of electricity is to be based on guidelines to be prescribed by the Commission as Rules under the said Act, No. 20 of 2009.

The Commission consulted all stakeholders on the consultation document prepared by the Commission with regard to the formulation of guidelines for this purpose for comments and suggestions.

## **Public Consultation on Annual Activity Plan -2016**

As per the requirement of the PUCSL Act, the draft Activity Plan 2016 of the Commission was made available for public consultation in the year 2015. The Activity plan details the projects which would be undertaken by the Commission in its role as the regulator of the electricity industry and as the shadow regulator of the lubricant market. The Commission goals and the action plan are lengthily discussed in this report. Interested parties were invited to send their comments or suggestions on the projects identified in the plan.

Comments, especially in relation to tariffs, safety and substandard equipment were received from various sectors. These comments were taken seriously and the Commission made necessary changes where it's needed and some of the ideas were already addressed in the activity plan 2016.

## **Implementation of a Single Standard for Plugs and Socket Outlets in Sri Lanka for non-industrial applications**

PUCSL has decided to create an enabling environment, issue the necessary regulations and facilitate the participation of other regulatory agencies to ensure that Sri Lanka systematically moves to using one type of plugs and socket outlets.

Accordingly, the Commission decided that the Type G plug and socket outlet (widely known as the 13 ampere plug and socket outlet, commonly referred to as the "square pin" plug and socket) to be the only national standard to be used in Sri Lanka.

In this regard, the Commission has issued a consultation paper under Section 3 1(g) and 4 1(a) of the Sri Lanka Electricity Act No 20 of 2009 (the "Act"), and in terms of Section 17 (b) of the Public Utilities Commission of Sri Lanka Act No 35 of 2002 to hold a public consultation to enable electricity consumers and other interested parties to submit their views on the standardisation of a single non-industrial plug and socket outlet for Sri Lanka. The Commission invited public comments on the following specific areas (i) to (vii) addressed by consultation paper.

- (i) **Plugs:** The Commission proposes to prohibit the import or manufacture of appliances with plugs other than the type G plug, from 1st May 2016.
- (ii) **Sockets:** The Commission proposes to allow wall sockets of any type already fixed to remain in place until the end of their useful life.
- (iii) **Wiring:** The Commission proposes that the transition to the type G standard plug and socket should not require any premises to be re-wired purely for the purpose of accommodating the new standard, and that the existing wiring may remain until the end of its useful life.
- (iv) **Transition arrangements:** The Commission proposes that customers replacing an existing socket with the standard type G socket would be able to purchase a type G socket with a special embossed marking, describing its restrictions in use and protection requirements. This specially marked socket would be available for purchase until the end of 20 years from 1st May 2017.
- (v) **Instructions to users:** To ensure sockets are wired with the correct size of wire and protected with the appropriate fuse or circuit breaker, the Commission proposes that all type G sockets to be sold from 1st May 2017 should carry an instruction sheet to that effect or instructions printed on the box.
- (vi) **Adaptors:** The Commission proposes to prohibit the import of adaptors (widely known as "multi-sockets") that compromise safety, from 1st May 2016, and their sale from 1st May 2017

(vii) Extension cords: The Commission observes that unsafe extension cords and multiple sockets with non-shuttered poor contacts are in widespread use. The Commission proposes to prohibit the import of such extension cords from 1st May 2016, and their sale from 1st May 2017. A new standard for extension cords will be announced for this purpose.

(viii) Two pin plugs: In terms of accepted international standards, equipment with two pin plugs requires double insulation inside the appliance and connecting wires. However, two pin plugs would not fit into the proposed type G standard. Therefore the Commission proposes that from 1st May 2016, equipment imported into the country or manufactured in the country with approved double insulation, should carry a third pin, as provided for in the standards, so that such equipment can be conveniently fixed to a type G socket.

## **Public Consultation on Long Term Generation Plan 2015 -2034**

Section 17 (b) of the PUCSL Act, No. 35 of 2002 and Section 3(k) of the Sri Lanka Electricity Act, No. 20 of 2009 make it mandatory for the Commission to go for a public consultation before any major policy decisions are made. Thus, the Commission conducted a public consultation on the long term generation plan 2015-2034, submitted for its approval by the Transmission Licensee, CEB, under Section 43 of the Sri Lanka Electricity Act, No.31 of 2013(amended).

The report provides a comprehensive view of the existing generation system, future demand, proposed candidate, energy supply technologies, their costs and efficiency parameters, reliability criteria used in the plan, fuel prices forecast, discount rate and etc.

Comments were received from different stakeholders, including licensees, environmentalists and member of the public. Considering the comments received and issues identified by the Commission, it was decided to advise the transmission licensee to rectify the identified issues and submit the long term generation plan to the Commission again.

# Electricity Safety

As an Independent regulator of Sri Lanka's electricity industry and under the authority bestowed on it by the Sri Lankan Electricity Act, No. 20 of 2009, ensuring the safety of the public is a major objective of the PUCSL. Hence the commission is implementing various programs to reduce and mitigate electrocutions in the country.

It was revealed that the number of electrocutions reporting per year in Sri Lanka is very high compared to the international benchmarks associated with electrocution, the Electrocution Analysis in Sri Lanka (report) by Public Utilities Commission of Sri Lanka (PUCSL) revealed. The Commission has taken various actions to address above disastrous condition of the country with a goal of reducing the number of fatal electrical accidents to below 20 per annum by the year 2020.

About 180 deaths have been recorded in 2012 due to Electrocution and reduced to 73 in 2014, data showed. The deaths have been increased to 95 in 2015.

## Mechanism to avoid construction of buildings near power lines

PUCSL initiated work with Sri Jayawardenpura Kotte Municipal Council and decided to implement the Sri Jayawardenpura town as a Model City for electrical safety.

Accordingly, PUCSL visited Obesekarapura and inspected house premises which had been violated the minimum power line clearance and conducted awareness programme of minimum power line clearance violation for the public of the Obesekarapura area and it was decided to remove all the houses which violated the minimum powerline clearance. The PUCSL also conducted meetings with Urban Development Authority (UDA) and USDA to allocate funds to resettle people and handed over the programme to Sri Jayawardenpura Kotte Municipal Council to continue the process.

Apart for that, PUCSL together with LECO and the provincial office of the education department inspected 21 schools in Sri Jayawardenpura Kotte Municipal area to identify electrical shortcomings in the electrical system of the schools and advised to rectify those shortcomings from the funds available in the Municipal Council.

## Comprehensive survey to check the household safety in five licensee areas

Since most of the electrocutions are not reported to the licensee, it was identified that the most effective means of collecting information is through the Department of Police. Accordingly, the department of police handed over the information on 593 electrocutions occurred during the period from 2008 to 2012 to the Commission.

Analysis of the data on these electrocutions reveals that on average, 180 electrocutions take place for an annum and highest number of electrocutions has been recorded in the Katugasthota Police Area. Among them, about 36% of the electrocutions were due to non-availability or non-operability of Residual Current Devices (RCDs) in domestic dwellings.

In this context, the Commission conducted a pilot survey in the Katugasthota Area of the Ceylon Electricity Board (CEB). The findings of the survey are as follows:

- Availability of RCDs does not have any relationship with the income level of the consumers.
- Only about half of the consumers are equipped with RCDs.
- The consumers those who are falling into the energy segment of 180 and above are not very much concerned about the operability of the RCDs. However, they are somewhat better than other consumers in testing their RCDs.

This is an alarming situation as RCDs are used to provide protection against the specific dangers that may arise in electrical installation including protection against indirect contact, supplementary protection against direct contact and protection against fire and thermal effects.

Hence, a comprehensive survey was conducted to check household safety in five licensee areas, namely Colombo North, Galle (both CEB & LECO), Jaffna, Nuwara Eliya and Anuradhapura.

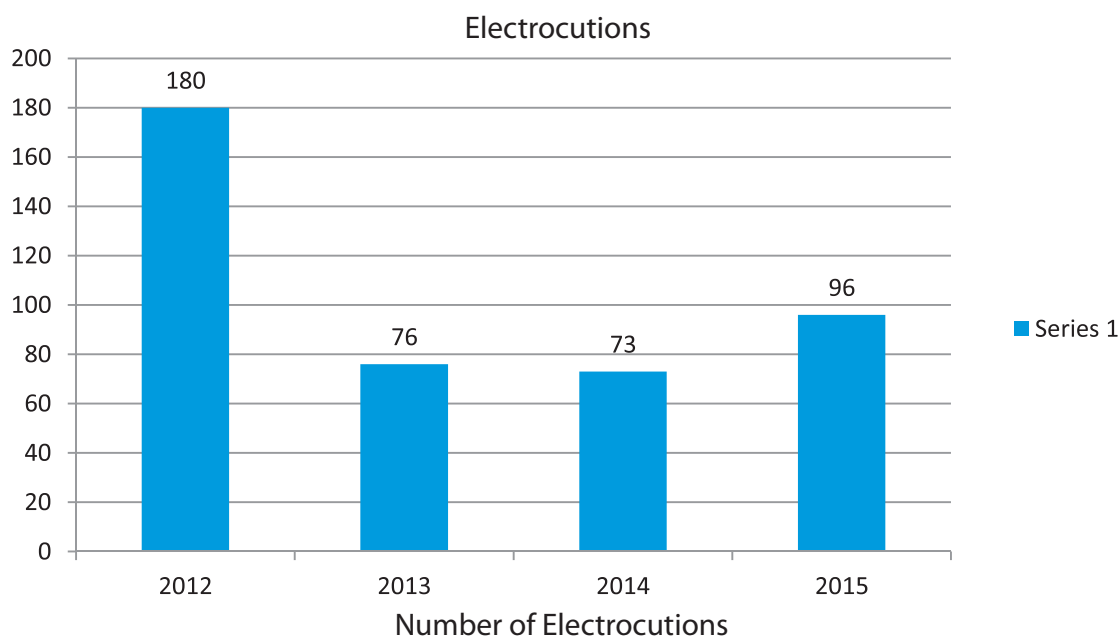
Data gathered from Nuwara Eliya was analyzed while 90 percent of the data was analyzed of the districts of Galle and Anuradhapura. 80 percent of the sample data were collected from Colombo North and 60 percent of sample data were collected from Jaffna.

PUCSL has prepared the structure of the final report and carried forward it to the year 2016.

**Chart 01: Number of Electrocutions (Yearly Basis)**

Year	Number of Electrocution
2008	103
2009	108
2010	122
2011	119
2012	180
2013	76
2014	73
2015	95

**Graph 01: Number of Electrocutions (Yearly Basis)**





## Database for reporting safety incidents as per new safety regulations

PUCSL developed an ICT based tool for the purpose of notification of events specified under Electricity safety regulations (subsidiary legislation 1956) and also in line with provisions of proposed Electricity Safety Quality and Continuity Regulations [2014].

The types of events identified therein includes, death of any person, an injury to any person, any fire, or any explosion or implosion.

The regulations require licensees to notify the commission with respect to these events in a manner specified by the commission.

As the first stage of this exercise, the Commission has developed an initial version of a web-based incident reporting system, to electronically submit the information related to accidents. The first version of the aforementioned software tool is currently finalized and commissioned. The formal official commissioning of the system will be held soon subsequent to future discussions with IT division of CEB, and fixing bugs that might crop up at the initial stage of commissioning.

## Preparing Health and Safety Indices

Public Utilities Commission of Sri Lanka had embarked a project to prepare Health and Safety Indices for Electricity Licensees, in view of streamlining Electrical Safety performance of all Electricity Licensees, in line with Condition 16 of their respective License.

The intended outcome of the project is to prepare suitable Health and Safety Indices and measures to quantify and assess the safety performance of all Electricity licensees.

A stakeholder consultation was held to obtain feedback from stakeholders on the methodology of calculating the Safety Index and sub-indices, along with details of measures and sub measures that will be used in the process.

The methodology was finalized at the end of 2015 and licensees are required to compile and submit Safety statistics to the commission, as per the prepared safety performance index, from 2016 onwards.

## “Safe Use of Electricity” – Awareness Programmes

PUCSL conducted 18 awareness programs in 18 schools, 12 awareness programs at the National Institute of Education, 18 awareness programmes in Sri Lankan Police and Island wide to educate public on electrical safety.

Also PUCSL conducted awareness programmes based on the request made by various organizations (Bentota Pradeshiya Sabha, Madurawala Divisional Secretariat).

Adding to that PUCSL conducted an electricity safety competition among school children in order to raise the awareness about electricity safety measures. Also PUCSL conducted a mass scale awareness campaign through newspapers while displaying electrical safety awareness advertisements using large screens in public places.

Leaflets on electrical safety (English, Sinhalese, and Tamil) were distributed at every awareness programme.

# Regulations/rules/procedures/ Codes/methodologies/guidelines

In terms of the Sri Lanka Electricity Act, No. 20 of 2009 (amended) and licenses issued under it, regulatory tools in the form of regulations, rules, codes, methodologies and guidelines are necessary to lay down and enforce standards related to the safety, quality, continuity and reliability of the electricity supply and metering services.

To achieve these goals, during the year 2015, the Commission implemented action in areas such as demand side management, safety and quality, trading agreement standards and etc.

The following are the initiatives carried out during the period to strengthen the regulatory role of the Commission within the electricity industry.

## Guidelines on Regulatory Accounting for Licensees

Public Utilities Commission of Sri Lanka, being the technical, safety and economic regulator of the electricity industry in the Island, need information to cater for the existing and prospect regulatory activities, including the determination of allowed revenues and monitoring the performance of licensees.

In terms of Electricity Generation Licenses, Electricity Transmission and Bulk Supply licenses and electricity distribution and supply licenses granted by the Commission, it may call for accounting information which is more extensive than or differs from the statutory accounts submitted by the licensees and may be of any description and any format specified by the Commission.

Since, statutory accounts submitted by licensees presently do not contain sufficient information for regulatory purposes and are not comparable amongst licensees, the Commission decided to formulate guidelines for the preparation of regulatory accounts by licensees to source information required for its regulatory activities, including reduction of the costs incurred in the supply of electricity/fairness in tariff and charges in the electricity sector.

Accordingly, the Commission obtained consultancy services and developed guidelines for the preparation of regulatory accounts. The Commission completed the interim report and consulted with the Ceylon Electricity Board and Lanka Electricity Company (Private) Limited.

## Regulation on Electricity Trading Arrangements

In terms of the Sri Lanka Electricity Act, No. 20 of 2009 (amended), the Transmission Licensee is the only party authorized to procure electricity produced by generators. In terms of the Electricity Transmission and Bulk Supply License, the Ceylon Electricity Board is required to enter into Power Purchase Agreements and Power Sales Agreements. In terms of Section 43 of the said Act, No. 20 of 2009, the Commission should be satisfied that the recommended price for the purchase of electricity generating capacity meets the principal of least cost. In terms of Section 56 (1) (a) of the said Act, regulation may be made for the purpose of allowing and securing appropriate electricity trading arrangements between Licensees.

In the view of the above and to allow and secure appropriate electricity-trading arrangements between licensees, the Commission procured consultancy services and completed the interim report and consulted with the Ceylon Electricity Board and Lanka Electricity Company (Private) Limited.

## Policy advice on Tariff Setting

In terms of the Sri Lanka Electricity Act, No. 20 of 2009 (amended), the Commission is authorized to regulate tariffs and other charges levied by licensees and other electricity undertakings, in order to ensure that the most economical and efficient service possible is provided to consumers.

Accordingly PUCSL undertook a study to advise the Government on the use of electricity in Sri Lanka, especially the impact of tariff levels. The study aims to understand the impact of tariffs on the use of electricity as well as well-being and productivity; and implications of the above for the broader development policies of the Government.

PUCSL has prepared the terms of reference for the study and the short –list of consultancy organisations which interest in Carrying out the study. The project was move forwarded to the year 2016.

### **Guidelines on information required by Distribution Licensees to ascertain whether a person requiring a supply of electricity does not have sufficient means to defray in total the expenses incurred by the Distribution Licensee in providing the line, plant or supply of electricity**

In terms of the Sri Lanka Electricity Act, No. 20 of 2009, as amended, under section 27, the Commission prescribe guidelines on information that should be used by Distribution Licensees to identify consumers who do not have sufficient means to defray expenses incurred by Distribution Licensees to provide new connections, and recover such expenses in reasonable monthly instalments along with the tariff and any other charges levied by the Distribution Licensee as per the standard tariff agreement.

Accordingly, PUCSL prepared the proposed guildlines, then had a consultation with the Ceylon Electricity Board (CEB) and Lanka Electricity Company (Private) Limited and conducted a public consultation, including the consumer consultative committee. The Commission then, submitted the proposed guidelines to the Legal Draftsman.

### **Regulations on Electricity (Transmission) Performance Standards**

In terms of the Sri Lanka Electricity Act, as amended, No. 20 of 2009, on the recommendations of the Commission, the Minister of Power and Renewabel Energy may prescribe regulations on standards of performance to be attained by the Transmission Licensee in connection with bulk sales of electricity.

Accordingly the Regulation on Electricity (Transmission) Performance Standards areprepared and recommended to the Ministry of Power and Energy on 2nd July 2015.

### **Rules on procurement of new generation plant and extension of an existing generation plant**

In terms of the Sri Lanka Electricity Act, No. 20 of 2009 as amended, the Commission may prescribe rules relating to procurement, according to which the transmission licensee required to call for tenders to develop new generation plant or to expand existing generation plan.

PUCSL had submitted the final draft of the rules to the legal draftsman.

The rules (English) were approved by the PUCSL and is in the process of being translated into Sinhala and Tamil. The project carried forward to 2016.

### **Regulation on information to accompany a request for supply of electricity**

In terms of the Sri Lanka Electricity Act, No. 20 of 2009, as amended, on the recommendation of the Commission, the Minister of Power and Renewable Energy may prescribe regulation on information that an owner or occupier of any premises requesting a supply of electricity is required to provide to the relevant distribution licensees.

The Commission formulated regulations on additional information to be provided to distribution licensees in consultation with CEB and LECO and recommended to the Ministry of Power and Energy in 2014.

These regulations were revised as requested by the Ministry of Power & Energy based on their letters dated 2nd November 2010 and 17th October 2011 addressed to the CEB and LECO under the heading “Implementing the programme of Electricity for everyone”.

Subsequently, these revised regulations have been revised again based on the recommendations of the Ministry of Power & Energy and submitted to the Ministry on 29th January 2015.

## Rules of Procedure for Review of Tariffs

In terms of the Sri Lanka Electricity Act, No. 20 of 2009, as amended, the Commission is required to prescribe a procedure for the review of electricity transmission and bulk sale as well as distribution and supply tariffs.

The Rules specify a timetable for the review of tariffs by the Commission and provision for consumers and other interested parties to participate in the procedure for review.

The Rules of Procedure for Review of Tariffs were prepared and were revised based on comments received from CEB, LECO and the Ministry of Finance and Planning, and submitted to the Legal Draftsman in 2015.

## Grid Code

In terms of the Electricity Transmission and Bulk Supply License granted by the Commission, the Transmission Licensee is required to develop and implement a Grid Code approved by the Commission.

The Grid Code specifies the criteria, guidelines, basic rules, procedures, responsibilities, standards and obligations for the operation, maintenance and development of the Electricity Transmission System of Sri Lanka to ensure a transparent, non-discriminatory and economic access and use of the Grid, whilst maintaining a safe, reliable and efficient operation of the same to provide a quality and secure electricity supply as reasonably as practicable.

The CEB rejected the grid code prepared under the Asian Development Bank (ADB), Technical Assistant Project executed by the Ministry of Power and Renewable Energy, and submitted an alternate Grid Code seeking approval of the Commission.

The Commission has engaged the services of the Consultants, and reviewed the alternate Grid Code submitted by the CEB.

Accordingly PUCSL completed the final report with consultation of the Ceylon Electricity Board.

## Guideline for Industrial Energy Efficiency

The World is facing an energy crisis adversely due to the shortage of energy sources available while energy plays most important role in every sector in the world. Hence this available energy should be used in a very efficient way so then only energy can be saved for the future generations. Energy is used mostly in industry sector.

In energy efficiency point of view, industries can be categorized into main two categories. One is a high end category who uses energy in a very effective manner in which all processors in the industry are being under the monitoring of energy professionals. Meantime, there are some industries which have not paid much attention to this energy efficiency. Especially small scale and medium scale industries can be found under this category. Mainly those industries don't have proper knowledge on energy efficiency and its benefit. PUCSL has decided to fill that gap, and based on that aim, PUCSL conducted numbers of visits in industries all over the country covering various sectors to identify energy efficiency knowhow of those industries and up to how much they are implementing those energy efficiency measures in order to save energy. As a result of those inspections PUCSL decided to prepare a guideline to improve the energy efficiency of those industries and this is the primary output of that.

This guideline contains main factors to be considered in order to improve the energy efficiency of industries. Implementation of these guidelines cannot merely ensure the energy efficiency unless employees of the organization take this in mind and change their perception and attitudes towards energy efficiency. Hence top level goal makers, strategy makers should modify their plans to create an environment and a culture through which minds, perception and attitudes of employees can be driven towards energy efficiency.

12 members of industries were selected to carry out the energy audits. PUCSL visited those selected industries and carried out inspections how they have utilized energy efficient methods to reduce energy waste. Accordingly, the Commission identified the areas where energy efficiency can be further improved and data were gathered and analyzed accordingly. Using the findings, the Commission prepared the energy efficiency guideline.

# Tariff, Service Chargers and Economic Affairs

## Introduction of Time of Use Tariff for Domestic Users

The Public Utilities Commission of Sri Lanka approved the Time of Use tariff (TOU) for the domestic consumers with effect from September 2015. This has been designed as an optional tariff for domestic users who consume a 3-phase, 30 A or above power supply.

TOU tariff has been identified as it would be beneficial for the domestic users and also aims to demote power usage during the peak time and promote power usage during the off peak time. This basically targets to encourage the use of electricity during off peak times for the purposes such as charging electric vehicles.

According to TOU tariff, there are three separate time blocks, namely off peak (2230-0530), Day (0530-1830) and Peak (1830-2230) which are separately metered and billed. During the off peak hours only Rs. 13 charged per unit (kWh) which is a fair amount for the electric vehicle charging purposes. During the peak hours, the tariff per unit is Rs. 54 and during the day hours, Rs. 25 per unit is charged.

**Chart 02 : Time of Use Tariff**

Time of use	Energy charge (LKR/kWh)	Fixed charge (LKR/month)
Off Peak (2230 - 0530 hrs)	13.00	540.00
Day (0530 - 1830 hrs)	25.00	
Peak (1830 - 2230 hrs)	54.00	

## Allowed Charges 2015 – CEB and LECO

Allowed Charges include the charges that a Transmission or a Distribution licensee is allowed to charge from a consumer for services such as, supplying a new electricity connection, energy meter testing, installation testing, pole shifting, and any other services which the Licensees are required to provide at the request of an electricity consumer.

The Licensee has to bear a certain cost in the provision of such services and the consumer is, therefore, expected to pay for them.

The PUCSL, as an independent third party and the regulatory body, approves the Allowed Charges (for the other services) suggest by the Licensees, to ensure that what the consumers pay the Licensees for these services is fair and impartial and that the procedure is transparent.

The Licensees prepared the allowed chargers according to the methodology introduced by the Commission in September 2010.

The methodology introduced by the Commission has improved the transparency of setting allowed charges by the licensees and these charges are revised annually to reflect the changes in the cost.

Accordingly, Licensees submitted their proposals for Allowed Chargers to the Commission, and the Commission evaluates the proposals to see whether they comply with the methodology. An approved proposal will be valid for a year.

## **Develop Dispatch Audit Guidelines**

PUCSL identified the Ex-post analysis of dispatch tool and practices of the electricity system and identified areas where the dispatch can be more cost effective.

Accordingly PUCSL identified the gaps in the technology/ tools used for dispatch decision making and identify information requirements to make the dispatch more efficient.

Interim Report was received in this regard and meeting to consult Ceylon Electricity Board was held. Establishment of guidelines will be continued to 2016.

## **Study on Extension of NCRE (Non-Conventional Renewable Energy) and SPPA (Standardized Power Purchase Agreement)**

Energy permit granted by the Sustainable Energy Authority (SEA) is valued only for 20 years from the date of Commercial Operations. The objective of this paper is to explore the possible policy options to be considered upon the completion of the 20 year period of SPPAs.

As per Section 13 of the Sri Lanka Electricity (Amendment) Act, No. 31 of 2013, the commission shall grant approval to the transmission licensee to procure new generation plant or the expansion of generation capacity, upon the satisfaction of; necessary permit had been issued by SEA prior to the coming into force of the amendment. However, in situations where expansions of capacity of the plant exceed 25 MW aforesaid provisions shall not be applicable and in such situations competitive procurement is required. Apart from these provisions there is no provision to address the issue of what would be the solution to SPPAs expiring near future. Hence there is a vacuum in the procedures to be followed when the existing SPPAs expired.

According to the data available to the Commission, 15 SPPAs are to be expired during next three year period. Thirty (30) of SPPAs will be expired during 4-6 year period from 2015. This indicates that there is a need to think in advance of available options to work on those SPPAs.

Accordingly, the study was carried out to find the NCRE Sector Development through a transparent mechanism to extend the existing SPPAs. NCRE sector development with the objective of harvesting the full potential of the Sector was discussed in the study while exploring possible options to ensure fair price for energy purchasing and issues in decentralized generation. Final report submitted to the commission on 10/09/2015.

## **Report on prices of the most commonly used items included in allowed charges**

PUCSL is the economic, technical and safety regulator of the electricity industry in Sri Lanka. The Commission is entrusted with the function to collect and record information relating to the electricity industry of the country.

The long term goals for electricity sector of Sri Lanka published by the Commission consist of a set of long – term goals, one of which being “Charges levied by service provider in 2014 is reduced by 10% in real terms by 2020”, (goal number 9).



The intention of this report is to identify the cost drivers of the charges levied by the Distribution Licensees and present it in a way of comparison. The Commission approves the allowed charges of Licensees since 2012 and the methodology to determine allowed charges was approved by the Public Utilities Commission in September 2010. After that the licensees were directed to follow that methodology and since then they have been practicing it. During the last few years the Commission could learn that there is a possibility to introduce improvements to some of the areas of the methodology.

Accordingly the report is prepared and published which contains a comparison of international practices on cost recovery of the services covered under “Allowed Charges” pertaining to electricity distribution business.

## **Report on benchmarking allowed charges related costs among licensees**

This report contains a comparison of the approved allowed charges among the Licensees with a view to use each other as benchmarks. PUCSL collected the internal comments with regard to the improvement needed for benchmarking allowed charges related costs among licensees. Stakeholder consultation was conducted and PUCSL published the final report. Further, the differences in determination of charges among Licensees and other important aspects are discussed in this report.

## **Report on international practices related to allowed charges**

PUCSL conducted a survey on international practices and issued a report on these practices. This report contains a comparison of international practices on cost recovery of the services covered under “Allowed Charges” pertaining to electricity distribution business. The objective of this activity is to identify the internationally accepted methods with respect to the determination of allowed charges and thereby to identify the potential improvable areas to the allowed charge methodology which is currently being followed in Sri Lanka.

## **Cost benefit study on solar net metering with storage**

The Public Utilities Commission of Sri Lanka is entrusted with the function to collect and record information relating to the Electricity industry of the Country. Further, the Commission has the responsibility to collect information and conduct studies on the new trends of the electricity industry to strengthen the future electricity industry, with the aim of issuing accurate and practical policy advices.

Roof top solar power generation with net metering is a new trend in Sri Lanka, mainly to reduce electricity cost of a premise and to show a green image. However, solar electricity with battery storage is yet to become mainstream.

PUCSL conducted a study to carry out a preliminary analysis on the feasibility of solar net metering with storage; including a cost benefit study using the current market prices and other current parameters.

The data collection with regard to this study has been completed and the analysis report published in October 2015.



## Study on impact of TOU rates introduced in 2013

Time of Use tariffs was made mandatory for Hotel and industrial users of electricity from 1st January 2011 to reduce the peak time energy demand. Those rates were amended periodically on February 2012, April 2013 and November 2014.

This particular study analyses the effect of Time of Use tariffs introduced on 20th April 2013.

“At least 250 GWh of energy and 30 MW of capacity is saved by the year 2020 through utility driven energy efficiency and conservation measures”, is identified as a goal of the Public Utilities Commission of Sri Lanka in the corporate plan 2015 and this activity is specified under this goal.

This study identified possible areas for improvement in the TOU tariff structure that would incentivize energy conservation in order to achieve the above goal.

Also the study identified possible TOU tariffs for different users of electricity to incentivize them to shift their peak time energy consumption activities to the off-peak time.

## Benchmarking Transmission and distribution costs

Benchmarking is typically carried out to assess the efficiency of licensees by comparing their input costs or output parameters with their national and international counterparts or the performance of licensee itself over time.

One of the key elements of power sector reforms across the globe is to introduce competition in the sector to bring cost efficiency, reduce the cost of supply and improve customer service. However, till such time wherein a perfect competitive market is created, the Commission provides for performance based regulations to protect consumers from monopolistic characteristics of the market. In order to do so, the performance of licensees is benchmarked with other licensees to identify areas of improvement and encourage licensees to optimise their business costs (both, Capex and Opex related costs) and to improve operational performance.

The interim report in this regard was finalized and the final report preparation was carried out in 2016.

## Report on Cost (OPEX) benchmarking (Relative) of Distribution Licensees

Electricity sector regulators are practicing benchmarking of electricity distribution companies to regulate allowed revenue to each company. Mainly this is done by using the relative efficiency scores produced by frontier benchmarking techniques. This report focuses on prominent benchmarking techniques used in international regulatory regime and evaluates the applicability to Sri Lankan context, where only five Distribution Licensees are operating at present.

This report has produced relative efficiency scores which give directing signals on possibility to control allowed revenue of Distribution Licensees according to their efficiencies. As the regulator these methods/results can be taken as inputs to future price reviews.

# Power, Supply and Service Quality

Power quality, Supply quality and Service Quality were identified as three main areas which the PUCSL wanted to achieve in the long run. Seven goals were recognized and categorized under these three main segments.

The Commission carried out aforesaid goals through below initiatives.

## Report on measuring of harmonics in energy intensive industries

Harmonics are electric voltages and currents on an electric power system that can cause power quality problems. With the recent development of the country, increased use of power electronic controlled equipment in industries, such as variable speed drives, automated production lines, personal computers and non-linear electronic devices, telecommunications equipment in power systems have given rise to harmonics. Presence of power system harmonics results in increased losses, equipment heating and loss-of-life, and interference with protection, control and communication circuits as well as customer loads.

In order to ensure the harmonic free power system, as the regulator, PUCSL decided to carry out a survey to measure harmonics which are generated through various kinds of industrial processes for the beneficiary of both licensees and industries. Under this program harmonics of twelve numbers of various industries were measured and those measured harmonic values were compared with the corresponding limits specified in IEEE standard (519-1992 – IEEE). According to the inspections carried out, all those 12 industries are complied with the IEEE harmonic standard.

## A study to identify the reasons for high SAIDI/SAIFI in a selected area as a pilot project

This report is prepared to present the results of the case study which was carried out to identify the situations of the System Average Interruptions Duration Index (SAIDI) which is a measure of duration and System Average Interruptions Frequency Index (SAIFI) defined as the average number of times a customer has been out of service during a specified period in Ceylon Electricity Board (CEB) and Lanka Electricity Company (Private) Limited (LECO) as a pilot project under the Corporate Plan 2015 of the Public Utilities Commission of Sri Lanka (PUCSL).

The study carried out in the distribution areas of CEB and LECO for the year of 2014 which is the distribution area of Negombo in the distribution network of Western Province, North in the Distribution Division-02 of CEB and the distribution area of Negombo branch in the LECO.

## Measuring Metering Management Plan

This activity was to measure whether the variance in geographical factors having any significant influence on meter accuracy is ascertained.

In this regard, PUCSL completed the test work of Jayawardenapura and Galle LECO meter testing and respective licensees are advised to compile data to accompany the final report.

The Commission initiated the testing of meters in the areas NuwaraEliya, Ampara and Anuradhapura and carried forward to the year 2016.

## **Design and Integrate electronic tables into LISS (Licensee Information Submission System) which required for obtaining SAIFI, SAIDI (outage related) information**

The section 2.4 of the Distribution Code (DC) states that, it is the responsibility of the Distribution Licensee(DL) to plan the system, ensuring that the Distribution System will have the capability to meet the laid down standards in relation to voltages, loading of switchgear, equipment ratings, power quality, system loss, reliability, and security of supply. Further to assess the reliability levels PUCSL requires outages related data to be submitted by DLs periodically.

By reviewing proposed regulations on electricity distribution performance standard and obtaining input from the discussions with the Distribution Code Enforcement & the Review Panel (DCERP), PUCSL has developed formats to obtain information related to power outages via Licensee Information Submission System (LISS). Aforementioned formats are integrated to the LISS; hence licensees can conveniently submit relevant information electronically.

## **Design and Integrate electronic templates into LISS (Licensee Information Submission System) which required for Voltage Measurement Program**

The section 6.4 of the Distribution Code (DC) states that, it is the responsibility of the Distribution Licensee(DL) to plan, develop and operate its distribution system in accordance with the standards specified in the distribution Code. The section 6.5.2 of DC specifies the limits for declared distribution voltages.

By reviewing proposed regulations on electricity distribution performance standard and obtaining input from the discussions with the Distribution Code Enforcement & the Review Panel (DCERP), PUCSL has developed formats to obtain information related to declared voltage via Licensee Information Submission System (LISS). Aforementioned formats are integrated to the LISS; hence licensees can conveniently submit relevant information electronically.

The reporting comprised two stages per quarter. In the 1st stage the DL has to report the list of selected locations for voltage measurement by the end of the first month of each quarter. In the 2nd stage DLs are required to report the list of bulk consumers having voltage deficiencies out of the list of consumers reported in the 1st stage.

## **Analyzing of restoration time in the CEB Negambo area**

A study conducted to analyze the restoration time of electricity in CEB in the area of Negambo. Accordingly PUCSL collected the data of all service calls to CEB in the area of Negambo and tabularized and analyzed the data collected. PUCSL has started compiling the final report and the project was carried forward to the year 2016.

# Licensing

The PUCSL, in its role in granting licenses, is entrusted with the tasks of evaluating, selecting (in concurrence with the Ministry of Power and Energy) and granting electricity generation licenses to private power producers. It also regularly monitors the distribution activities of the two licensees (CEB and LECO) and requests monthly information on generation and selling costs from them.

## Granting of generation licenses

The Sri Lanka Electricity Act, No. 20 of 2009 makes it mandatory for any party planning to establish or operate an electricity generation plant to obtain the approval of the Commission. This is also necessitated by the need to ensure the safety, quality and efficiency of electricity produced in the country and to regulate the required standards in electricity generation. Accordingly, generation licenses are issued by the PUCSL to all parties producing electricity in the country. The CEB remain the largest generation licensee.

71 Electricity generation licenses were issued by the PUCSL in 2015 under the following categories.

**Chart 03 : No. of generation licenses issued in 2015**

Category	No. of generation licenses issued in 2015
Hydro	63
Dendro	05
Biomass - Solid Waste	01
Solar	01
Solar Thermal	01

## Exemption from licenses

In 2015, seven applications were received from parties seeking exemption from the requirement of obtaining licenses to generate and distribute electricity.

The Commission, under the power vested on it by the Sri Lanka Electricity Act, No. 20 of 2009, may exempt certain parties from the requirement of obtaining licenses to generate electricity. Approvals for these exemptions were granted after the consideration how electricity is generated or distributed by that party. Accordingly, two applicants were given exemptions in 2015.

## Execution of energy audits at thermal power plants in Sri Lanka as per the prepared guidelines by PUCSL

This project was carried out to prepare guidelines for energy auditing of the thermal power plants in Sri Lanka and to get executed the energy audits at their generation plants as per the guideline.

Accordingly, a workshop on Energy Auditing of Thermal Power Plants in Sri Lanka was conducted by the consultants with the participation of 35 officials, including Thermal Generation Licensees' officials and relevant officials of PUCSL and based on the views and the comments of the participants of the workshop; some amendments were requested to be made in the guideline and the final audit guideline was submitted by the consultant.

PUCSL forwarded the prepared audit guidelines to the relevant generation licensees and advised to execute the energy audits at their facilities. Finally, by making the necessary efficiency improvements identified through energy audits, net generation contribution fed into the grid can be raised and ultimately the cost of net energy fed into the grid will be reduced.

## Generation Performance Report

The Generation Performance Report contains a summary of information and performance statistics of the generation units and electricity network in Sri Lanka.

All the index and other calculations in this report have been done based on the data received through Licensee Information Submission System (LISS) and details obtained from CEB Monthly Operational Data Reports.

Accordingly, the Commission released reports daily, monthly, mid-year and annual basis.

During the first half of the year 2015, maximum recorded electricity demand in Sri Lanka was 2210.4MW (excluding the contribution of SPP Mini Hydro, Solar and Biomass) which is a higher value compared to the maximum demand of 2151.7MW in the year 2014.

In order to reach this demand and to cater the electricity requirement in Sri Lanka, altogether 196 Grid connected power plants with total installed capacity of 3917MW was operated in the first half of 2015.

Out of these power plants 27 have been owned and operated by Ceylon Electricity Board, including 17 hydro plants, 9 thermal plants and 1 wind power plant. Withal, 6 thermal power plants have been operated by Independent Power Producers (IPPs) and 163 renewable power plants have been operated by Small Power Producers (SPPs) including mini hydro plants, solar power plants, wind power plants and biomass power plants.

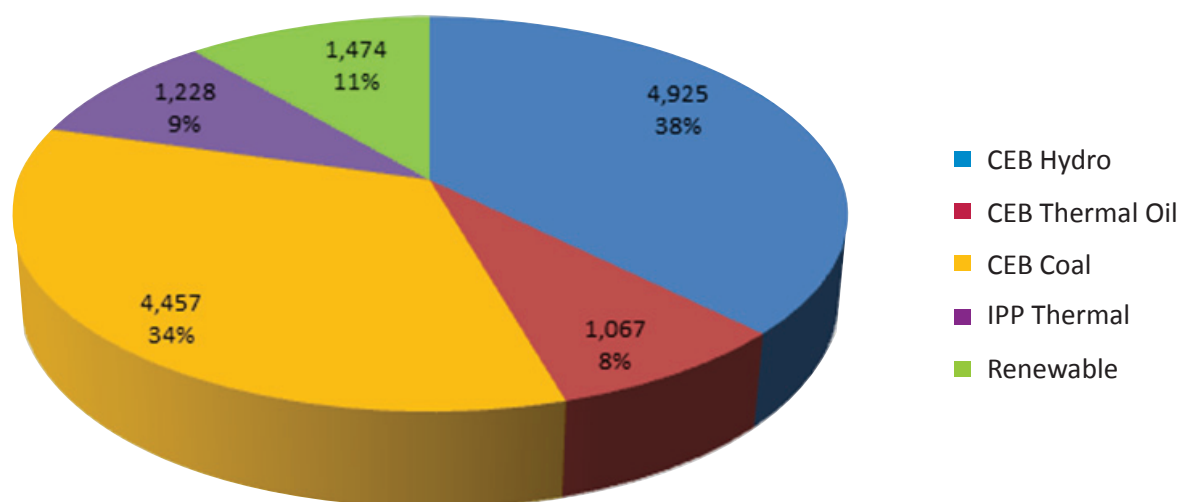
The chart and graph below shows the semiannual generation figures in 2015 in GWh.

**Chart 04: Annual generation figures in 2015 in GWh**

	CEB Hydro	CEB Thermal Oil	CEB Coal	IPP Thermal	Renewable	Total
<b>Jan</b>	499	24	393	31	95	1,043
<b>Feb</b>	361	68	389	63	92	973
<b>Mar</b>	313	89	528	132	62	1,124
<b>Apr</b>	382	40	484	30	96	1,032
<b>May</b>	481	14	493	6	136	1,131
<b>Jun</b>	326	119	380	140	140	1,105
<b>Jul</b>	283	158	374	194	153	1,163
<b>Aug</b>	277	176	295	266	137	1,151
<b>Sep</b>	273	183	257	254	136	1,103
<b>Oct</b>	445	123	330	82	149	1,129
<b>Nov</b>	626	20	283	2	149	1,080
<b>Dec</b>	659	54	251	26	129	1,118
<b>Total</b>	4,925	1,067	4,457	1,228	1,474	13,151

The graph below shows the generation mix in Sri Lanka for the first six months of 2015.

**Graph 02: Generation mix in Sri Lanka**



**Total Generation - 13,151 GWh**

# Other Activities

## Metering and Measurement Masterplan

The deliverable was carried out in view of preparing a metering plan as per provisions in Grid Code, distribution code, new metering regulations and other regulatory requirements to promote transparency and fairness in relation to measurement activities as a measure to achieve goal 12 (At least 250GWh of energy and 30MW of capacity are saved by the year 2020 through utility driven energy efficiency and conservation programme. Preliminary discussions were carried out with licensees, Sri Lanka Standards Institute and Measurements Department to prepare a tentative outline. The regulatory requirements of other countries were studied subsequently in order to get a better understanding of what is plausible and realistic in Sri Lankan context. The draft metering regulations prepared by the regulations committee had been reviewed in the light of these studies, the re-drafting of regulations is underway, in relation to this process. The project was carried forward to the year 2016.

## Comprehensive Study on Generation Planning Process

PUCSL conducted a comprehensive study on the generation planning process by reviewing the planning data inputs with the help of International Atomic Energy Agency, in order to ensure the long term electrical energy security of the country. The Viability of the assumptions used by the Transmission Licensee in preparing of LCLTGEP (Least Cost Long Term Generation Expansion Plan) were also analysed to review generation planning process. Based on the study, Ceylon Electricity Board was advised to improve their generation planning process.

Transmission Licensee was directed to revise and resubmit the LTGEP 2015-2034. This deliverable was conducted to achieve Goal 11 (Minimum 10% reserve margin for any condition is planned to ensure that the electricity demand in the country is met all the time).

## Report on Efficiency of Energy Intensive Processes Commonly used by Small Industrial Consumers in Sri Lanka

This study was executed to identify the common areas where utilization efficiency can be improved in industrial processes. Accordingly an online survey was circulated among the industrial facilities registered under Ceylon Chamber of Commerce and information also was gathered from Sri Lanka Sustainable Energy Authority.

Energy Audits were conducted at 07 industrial facilities and 03 individual energy audit reports were forwarded to the relevant factories. The process carried forward to the year 2016.



# Petroleum Sector

## Shadow Regulator of the lubricant Market

As the shadow regulator of the lubricant sector, the PUCSL collects and records the operational information of the market. It also advises the Ministry of Petroleum Industries on policy and regulatory matters regarding the liberalization of the lubricants industry.

Authorized Parties/Brands

As at end of year 2015, there were thirteen (13) parties authorized to import, export, sell, supply and distribute lubricants (Activity 2) and three(3) parties were authorized to import, export, sell, supply, distribute and blend lubricants (Activity 1) under following authorized brands in Sri Lanka.

## Sales and Market Share

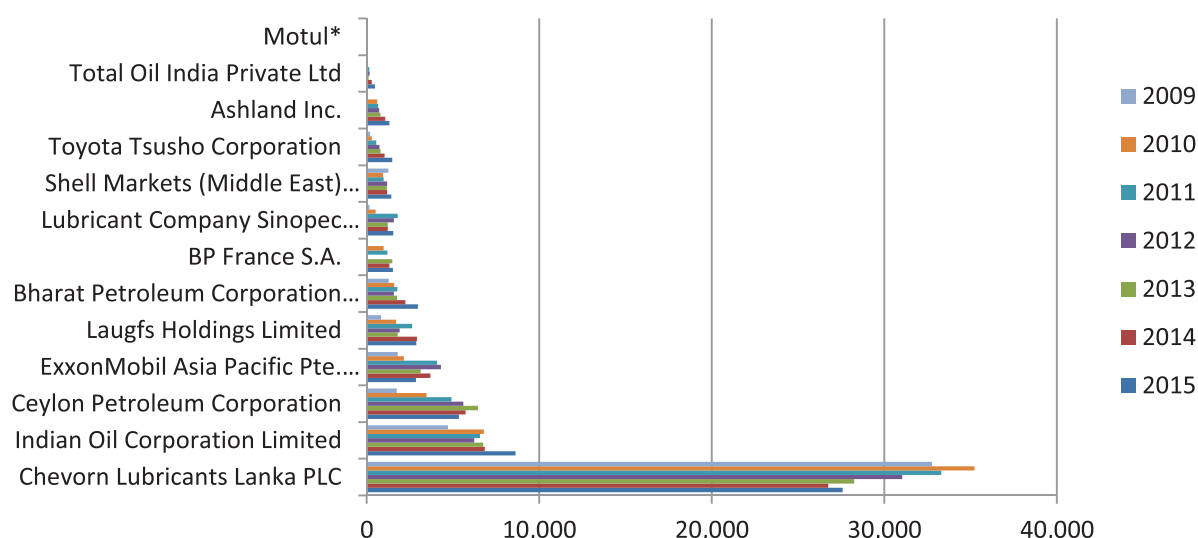
A total of 57,978 kL of lubricants worth of LKR 23.4 billion was sold during the year 2015, up 6.8% compared to the total sales (quantity) of the year 2014.

**Chart 06: Total Sales History**

Year	Lubricants - Total Sales		Annual Increase(%)	
	Quantity (kL)	LKR (Mil.)	Quantity (KL)	LKR (Mil.)
2015	57,978	23,463	6.8	3.6
2014	54,265	22,640	1.0	11.0
2013	53,708	20,397	(4.7)	(2.2)
2012	56,334	20,854	(3.8)	11.1
2011	58,554	18,775	7.7	33.8
2010	54,369	14,035	21.0	27.1
2009	44,945	11,039		

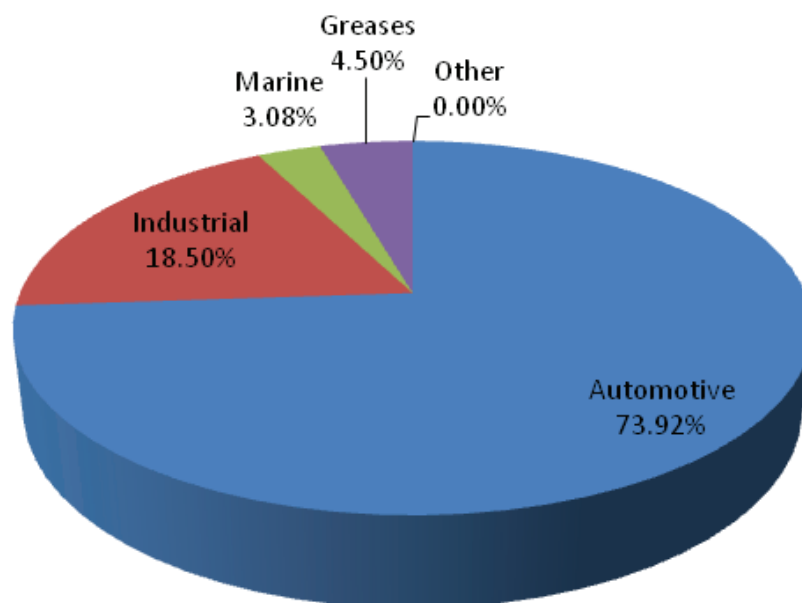
**Graph 03 : Lubricant Sales (KL) by Company**

### Lubricant Sales (kL) by Company



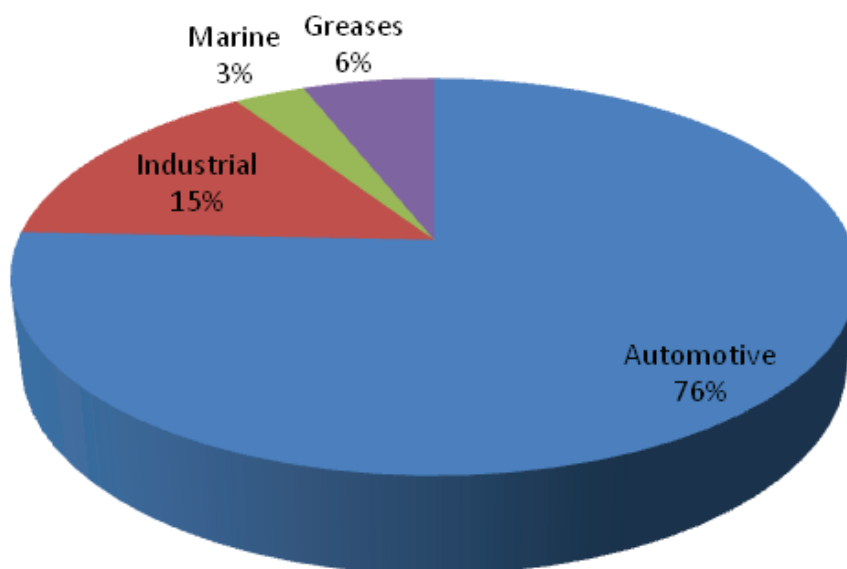
**Graph 04: Lubricant Sales ( Quantity- KL) – 2015**

### Lubricant Sales (Quantity-kL) - 2015



**Graph 05: Lubricant Sales (Revenue) - 2015**

### Lubricant Sales (Revenue) - 2015



#### **Awariness Programme**

As part of its activities in the petroleum industry, the PUCSL conducted several workshops on “The Lubricants Industry” for technical students and other institutions. PUCSL also finalised The Lubricant Market Report 2015 to disseminate the information about the industry.

# Human Resources

The Public Utilities Commission aims for the highest standards of professional and personal competencies of people in providing an incredible service to the Sri Lankan nation. We believe our present success also has been achieved the greater efforts of our unique team.

In that line commission continuously invests in developing the human capital to take advantage of growth opportunities, more room to succeed, ripen the togetherness of members and to enhance standards of working environment in the journey of creating an extraordinary team of professionals.

## The staff strength of PUCSL as at 31.12.2015,

Designation	Approved Carder	Existing Carder	
		Permanent	Contract
Director General	1	1	0
Deputy Director General	1	1	0
Secretary to the Commission	1	1	0
Director	11	7	2
Deputy Director	6	3	3
Assistant Director	17	12	3
Management Assistant	9	7	0
Driver/Office Assistant	4	2	2
		<b>34</b>	<b>10</b>
	<b>50</b>	<b>44</b>	

# Annual Plan - 2016

**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**

Se. No	Reference	Activity - 2016	Output/Outcome
01	CP16/INS/03	Pilot survey on impact of introducing capacitor for motors used in cottage industries	Identifying the possibility of improving the voltage level and stability of distribution system by introducing capacitors for cottage industries
02	CP16/INS/05.	Investigation of harmonic content of electrical distribution system in commercial buildings which could affect the power quality	Report on harmonic content present in the electrical system of the commercial buildings.
03	CP16/INS/07	Study on regional self-generation techniques and possibility of adapting such techniques in to Sri Lanka	<p>Identify renewable energy systems used in the distributed generation</p> <p>Identify regional renewable self-generation techniques</p> <p>Identify such self-generation systems suitable for the 33 kV distribution network in Sri Lanka</p> <p>Identify such self-generation systems suitable for the low voltage (400 V) distribution network in Sri Lanka</p>
04	CP16/LIC/06	Voltage monitoring program of electricity distribution system and study report on power Harmonic	<p>Starting Voltage Monitoring program as a pilot project in selected areas where there is low voltage</p> <p>Prepare a comprehensive report on harmonic in regulatory point of view</p> <p>Ensure the smooth implementation of the Voltage monitoring program</p> <p>Availability of Comprehensive report on harmonics in order to take necessary regulatory actions</p>
05	CP16/LIC/13	Monitoring of power quality	Measurement of current status

**Goal 2 - The total electricity outage time experienced by a consumer within a year is below 24 hours (on average basis) by the year 2025**

Se. No	Reference	Activity - 2016	Output/Outcome
01	CP16/INS/01	Survey to identify average duration of power outages experienced by a consumer (System Average Interruption Duration Index -SAIDI).	Prevailed situation of SAIDI in four (04) distribution areas of CEB (Nuwara Eliya, Rathnapura and Galle) and LE CO (Galle) in the year 2015 will be identified.
02	CP16/LIC/07	Analysis report on System Average Interruption Duration Index (SAIDI) at Medium Voltage(MV) level	To identify the existing SAIDI level of MV level and identification of areas where having low values  To ensure that the SAIDI does not exceed the limits.
03	CP16/LIC/14	Monitoring of System Average Interruption Duration Index (SAIDI)	Measurement of current status

**Goal 3 - The total number of electricity interruptions experienced by a consumer within a year is below 30 (on average basis) by the year 2025**

Se. No	Reference	Activity - 2016	Output/Outcome
01	CP16/INS/02	Survey to identify average number of power outages experienced by a consumer (System Average Interruption Frequency Index - SAIFI).	Prevailed situation of SAIFI in four (04) distribution areas of CEB (Nuwara Eliya, Rathnapura and Galle) and LECO (Galle) in the year 2015 will be identified.
02	CP16/LIC/08	Analysis report on System Average Interruption Frequency Index (SAIFI) at medium voltage(MV) level	Identify the existing SAIFI level of MV level and identification of areas where there are low SAIFI values  Ensure that the SAIFI does not exceed the allowable limits.
03	CP16/LIC/15	Monitoring of supply quality System Average Interruption Frequency Index (SAIFI)	Measurement of current status

**Goal 4 - The electricity breakdown restoration time for consumer service line faults is below 2 hours (on average basis) by the year 2025**

Se. No	Reference	Activity - 2016	Output/Outcome
01	CP16/LIC/09	Study on restoration time of consumer service line faults	Analysis of current status of restoring service line faults
02	CP16/LIC/16	Monitoring of the restoration time of consumer service line faults	Measurement of current status

**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 1 day by year the 2020**

Se. No	Reference	Activit - 2016	Output/Outcome
01	CP16/CCO/02	Empowering Electricity Consumers on their rights	Increasing awareness
02	CP16/CCO/03	Materials and Application for PUCSL pro le building	Increasing awareness.
03	CP16/COA/01	Capacity Building on Rights & Obligations of Electricity Consumer for Consumer Network members:	<p>The Consumer Network comprises of community representatives/ leaders who could carry the message to the electricity consumers. The representative will serve a middleman job between the licensee and electricity consumer in case of solving grievances and access to services provided by licensee. Hence the expected outcome of the deliverable is to inform the consumer rights and obligations to the members of Consumer Network and socialize the concept of "consumer right and obligations". The expected impact is that the consumers channel their grievances to the licensees making references to the Documents prepared by the Commission empowering consumer rights/obligations. There will be a behavioral change in electricity consumers when they are made aware of their rights and obligations.</p>

Se. No	Reference	Activity - 2016	Output/Outcome
04	CP16/COA/02	Assessment on Program implementation and Sustainability of the Consumer Network	Independent assessment on Sustainability of Consumer Networks established in Southern Province.
05	CP16/COA/03	Conduct four workshops on Rights & Obligations to Administrative Grama Niladaries of Divisional Secretaries in Sri Lanka	Consumers in each Divisional Secretary area will be aware that the Statement of Rights and Obligations of Electricity Consumers is available for their reference at the respective Gramaniladary's office
06	CP16/COA/06.	Establish National Consumer Network in CEB, Distribution Region-4	The members of the National Electricity Consumer Network will be aware of the existence of statement on Consumer rights and obligations for them to benefit in bargaining with service provider
07	CP16/COA/07	Goal-5 monitoring report	A report on assessment of achievement on Goal 5

**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**

Se. No	Reference	Activity - 2016	Output/Outcome
01	CP16/COA/04	Customize licensees manual complain/request handling system with Dispute Resolution System (DRS) developed by PUCSL	Data can be collected Independently and on time for measuring the time taken to serve –five selected services
02	CP16/COA/08	Goal-6 monitoring report	A report on assessment of achievement of Goal 6
03	CP16/INS/06	Preparation of Metering Management Plan	Preparation of draft metering management plan
04	CP16/ITM/02	Modifying the Dispute Resolution System to access licensees	To facilitate information exchange with licensees electronically
05	CP16/REA/01	Guidelines on provision of electricity supply and metering services	The imposition of guidelines on the provision of electricity supply and metering services aimed at addressing identified consumer complaints pertaining to the provision of such services.



### Goal 7 - The average time taken by PUCSL to serve consumer is below 14 days by the year 2020

Se. No	Reference	Activity - 2016	Output/Outcome
01	CP16/COA/05	Develop Dispute Resolution System of PUCSL and complaint/request handling system of licensees to communicate electronically	Major part of time spent for communication between PUCSL and licensees can be eliminated
02	CP16/COA/09	Goal-7 monitoring report	A report on assessment on achievements of Goal No. 7
03	CP16/ITM/03.	Enhancing the Dispute Resolution System so that licensees too can use it to provide information to PUCSL electronically	Currently, information is requested from licensees via post & licensees also provide information by post and electronic communication can save time.

### 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)

Se. No	Reference	Activity - 2016	Output/Outcome
01	CP13/REA/01	Guidelines on Regulatory Accounting	Source information required to determine allowed revenues and monitor performance of Electricity utilities/Reduce the cost of electricity supply in the long run.
02	CP14/REA/03	Regulations on electricity trading arrangements between licensees	Allow and secure appropriate electricity-trading arrangements between licensees namely, Power Purchase Agreements (PPA) and Power Supply Agreements (PSA) to be entered into by the Transmission Licensee
03	CP15/REA/01	Policy advice on tariff setting	Provision of advice to the Government on the use of electricity in Sri Lanka with a view to formulate a tariff pricing policy as well as to identify disadvantaged groups of consumers

Se. No	Reference	Activity - 2016	Output/Outcome
04	CP16/LIC/05	Study on optimized Reserve Margin	<p>Study report assessing the possibility of relaxing reserve margin during certain times of the day as a mean of cost reduction</p> <p>Making recommendations on maintaining variable reserve margin during the day to reduce cost of generation.</p>
05	CP16/LIC/11	Review the discount rate value which is used in the development plans of licensees	A report which will discuss the discount rate which is used in the development plans of licensees for its necessary improvements /Improve the accuracy of the discount rate which is used by the licensee of their development projects
06	CP16/LIC/12	Cost (Operational expenditures) benchmarking of Distribution Licensees (DL) for year 2013.	To carryout feasibility study on applying overall performance measuring methods as described in the "Report on electricity distribution Utilities Performance Indicators", PUC/2013/158/EL/LI/05./To improve the overall performance of DLs
07	CP16/REA/02	Study on requisite information concerning the Transmission Licensee.	Identification of requisite information concerning the Transmission Licensees as well as legal provisions which provide for collection and format of recording such information.
08	CP16/REA/03	Supply Tariff Methodology & Schedule for Exempted Persons (Persons exempted from the requirement to obtain a license to distribute and supply electricity)	Cost reflective methodology for supply tariffs and tariff schedule applicable to exempted Persons exempted from the requirement to obtain a license to distribute and supply electricity /ensure the consumers are charged fairly.
09	CP16/TEA/01	2015 Dispatch Audit and Training	Audit report on year 2015 dispatch, as per the dispatch guidelines prepared under CP15/TEA/01 and capacity building PUCSL staff on the auditing guidelines.

Se. No	Reference	Activity - 2016	Output/Outcome
10	CP16/TEA/02	Report on Variances in Generation Dispatch	Better Understanding on Generation Dispatch variances leading to lower generations costs in future
11	CP16/TEA/03	Goal 8 monitoring report	Report on electricity supply cost comparison (2013 vs 2015) based on a set of predetermined system/ economic conditions
12	CP16/TEA/05	Policy Advice on Economic cost of Generation Plant procurement overlooking competitive tender process	Policy advice to reduce future generation cost

**Goal 9 - Charges levied by service provider on services in 2013 is reduced by 10% in real terms by the year 2020**

Se. No	Reference	Activity - 2016	Output/Outcome
01	CP16/TEA/06	Goal 09 monitoring report	Comparison of allowed charges (2013 vs 2015)
02	CP16/TEA/07	Policy Advice on allowed charges and Amendment to allowed charges methodology	Changes in method of cost pass through related to allowed charges

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

Se. No	Reference	Activity - 2016	Output/Outcome
01	CP16/CCO/01	Awareness Campaign on Electricity Safety	Increasing awareness in regions of North, North Central, Central and South on electricity safety. Island wide awareness on Standardization of the Socket Outlets
02	CP16/INS/04	Electrocution mitigation program	Improved awareness among the general public on Safe use of electricity, Identifying electrically unsafe conditions, ways and means to avoid and rectify or how to safely handle them, danger and illegality of illicit power tapping and related penalties under penal code

Se. No	Reference	Activity - 2016	Output/Outcome
03	CP16/INS/08	Electrician training program	Persons who are engaged in domestic wiring become aware of the requirement of having a license to practice as electricians in future.
04	CP16/INS/10	Implementation of safety and technical Management plan	Obtain –first safety and technical management plans prepared by the Licensees and monitoring compliance
05	CP16/INS/11	Implementation of Health and safety indices	Obtain health and safety statistics by the Licensees.
06	CP16/INS/12	preliminary study on independent Safety Audits	Establishing an accreditation mechanism for the appointment of safety auditors
07	CP16/INS/13	Expanding the database for noti-fication of safety related incidents	Expanding the existing Incident/ Accident Data base to obtain information of safety related incidents from Police Department
08	CP16/INS/14	Study on safety requirements to be incorporated in Low Voltage (LV) Electrical Appliances	Identifying the safety requirements to be met by common LV appliances manufactured in/ imported to Sri Lanka
09	CP16/INS/15	Monitoring of goal ‘Number of fatal electrical accidents are below 20 per annum”	Ensuring the timely achievement of the goal
10	CP16/ITM/01	Expanding the Information System for Reporting Safety Related Incidents - 2nd Phase	Expanding the existing (on trial) Information System for reporting safety related incidents to facilitate online submission of information by other stakeholders such as the Department of Police, Ministry of Health, etc. in addition to CEB & LECO

**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**

Se. No	Reference	Activity - 2016	Output/Outcome
01	CP16/LIC/01	Study on daily loading patterns of embedded generators (generators connected to electricity distribution system)	Study report that analyses the daily loading patterns of embedded generators and identify their impact to the night peak.
02	CP16/LIC/02	Review of the least cost long term generation expansion plan (LCLTGEP) prepared by the Ceylon Electricity Board (CEB) (Continuation)	Providing Commission approval for the LCLTGEP Planning for electricity generation for the next 20 years to meet the demand , by identifying new generation options and retiring existing ineffective generation plants, whilst minimizing the supply cost.
03	CP16/LIC/03	Study on input models of the Wien Automatic System Planning Package (WASP- software used by the transmission licensee for the preparation of long term generation plan)	Study report that compares the input models of WASP against the actual restrictions in the cost components considered for the preparation of generation plan.  Identifying whether input models of the WASP cover all the restrictions and operational features of the cost components used for preparation of the optimized generation plan
04	CP16/LIC/04	Monitoring fuel supply and storage levels of Generation Plants	Prepare and issue a template to ascertain information on fuel supply and storage levels of Generation Plants Obtain information required to monitor if the power plants maintain adequate storage of fuel to meet the required level of generation.
05	CP16/LIC/10	Electricity power and energy demand forecasting of each distribution licensee (DLs)	Electricity power and energy demand will be forecasted for each distribution licensees/ These forecasted values of each distribution licensees can be used for various study requirements
06	CP16/TEA/08	Goal 11 Monitoring Report	Measure the extent of achievement in Goal 11

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

Se. No	Reference	Activity - 2016	Output/Outcome
01	CP16/INS/09	Monitoring of goal "At least 250 GWh of energy and 30 MW of capacity is saved by year 2020 through utility driven energy efficiency and conservation programs"	Ensuring the timely achievement of the goal
02	CP16/TEA/04	Study on introducing TOU/ Interruptible tariff	Policy advice based on the analysis to change tariff structure



# Auditor General's Report



## විගණකාධිපති දෙපාර්තමේන්තුව கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம் AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය  
எனது இல.  
My No.

TRE/D/PUC/1/15/50

ඔබේ අංකය  
உமது இல.  
Your No.

දිනය  
திகதி  
Date

11 October 2016

The Chairman,

Public Utilities Commission of Sri Lanka

### Report of the Auditor General on the Financial Statements of the Public Utilities Commission of Sri Lanka for the year ended 31 December 2015 in terms of Section 14 (2) (c) of the Finance Act No.38 of 1971.

The Financial Statements of the Public Utilities Commission of Sri Lanka for the year ended 31 December 2015 comprising the Financial Status Statement as at 31 December 2015 and the Detailed Income Statement, Changes in Equity Statement and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13 (1) of the Finance Act No. 38 of 1971 and Section 34 of the Public Utilities Commission Act of Sri Lanka Act No. 35 of 2002. My comments and observations which I consider should be published with the Annual Report of the Commission in terms of Section 14 (2) (c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Financial Act was furnished to the Chairman of the Commission on 27 May 2016.

#### 1.2 Managements Responsibility for the Financial Statements

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

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව. - இல. 306/72, பொல்தூவ வீதி, பத்தரமுல்லை, இலங்கை. - No. 306/72, Polduwa Road, Battaramulla, Sri Lanka

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### 1.3 Auditor's Responsibility

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My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards, consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000-1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Subsections (3) and (4) of the Finance Act No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## 2. Financial Statements

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### 2.1 Opinion

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In my opinion, the financial statements give a true and fair view of the financial position of the Public Utilities Commission of Sri Lanka as at 31 December 2015 and its financial

performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

## 2.2 Comments on Financial Statements

### 2.2.1 Sri Lanka Accounting Standard 37

The Commission had paid Rs. 300,000 as legal fees during the year under review with regard to a court case filed by an external person against the method of recovery used by the Commission. This case which had not been completed even by 17 March 2016 had not been disclosed in the financial statements.

### 2.3 Non – compliance with Laws, Rules, Regulations and Management Decisions

The following non – compliances were observed.

Reference to Laws, Rules, Regulations and Management Decisions	Non – compliance
<p>(a) <b>Financial Regulations of the Democratic Socialist Republic of Sri Lanka</b></p> <p>(i) Financial Regulation 371 (2) (c)</p>	<p>Sub - imprests should be settled immediately after the purpose is completed. However, the advance of Rs. 55,000 paid in 2012 for the South Asia Infrastructure Regulatory Programme had not been settled even by 31 December 2015.</p>



- (b) Paragraph 3.3 of the Public Enterprises The Pay – As – You – Earn Tax of Circular No . 02/2013 of 11 September Rs.333,865 payable by the employees 2013. from January to March of the year under review had been paid by the Commission instead of being recovered from officers.

## 2.4 Accounts Receivable and Payable

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The Annual Regulatory Tax totalling Rs. 81,852,700 recoverable from the Electricity Board for the previous year and the year under review in terms of Condition No. 11 of the Electricity Generation Licence issued to licencees and the total tax of Rs. 460,676 recoverable from other institutions from 2011 to 2015 had not been recovered by the Commission even by 02 March 2016.

## 3. Financial Review

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### 3.1 Financial Results

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According to the financial statements presented, the financial results of the year under review amounted to a surplus of Rs. 4,048,768 as compared with the surplus of Rs. 24,670,710 of the previous year showing a deterioration in financial results by Rs. 20,621,942 in the financial results of the year under review. The increase in consultancy fees by Rs. 24,667,453 had mainly attributed to this deterioration.

An analysis of the financial results of the year under review and the past 4 years shows that the surplus of Rs. 55,978,423 in the year 2011 had deteriorated in the following 4 years and had decreased up to Rs. 4,048,768 during the year under review. While considering the employee's remuneration and the depreciation of non – current assets, the contributions from 2011 to 2015 had fluctuated and the contributions in 2014 had increased by 31 per cent as compared with the year 2013. It has again deteriorated by 13 per cent in 2015.

#### 4. Operating Review

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##### 4.1 Performance

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The objectives of the Commission as per Section 14 of the Public Utilities Commission of Sri Lanka Act No.35 of 2002 are as follows.

- To safeguard the rights of all consumers and to promote competition.
- To promote efficiency in the two aspects of activities and capital investments in the public utility industries such as electricity, water services and petroleum, their safety and promotion of quality of services and promotion of efficient allocation of resources for them.
- To benchmark utility services to be in line with international standards, wherever possible, and to take care to avoid misappropriation of money provided to public utility industries which are efficiently by operated price controlled institutions.

The following matters were observed with regard to checks carried out on fulfilment of the above objectives.

- (a) According to the above Act, the Commission should attend to regulatory activities pertaining to industries such as, electricity, water and petroleum which had been

shown as utility industries. However, so far, the legal provisions needed to obtain the services of the Commission for petroleum and water allied industries had not been included in the Acts establishing those industries by the respective institutions. As such, the services of the Commission had been restricted only to electricity related industries and it had barred the objective of supply of services for fulfilment of water and petroleum related industries.

- (b) Seven functions included in the Action Plan for the year 2015 had not been completed even by 31 December 2015.

#### 4.2 Operating Activities

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Performance bonds had not been obtained from contractors for 3 projects amounting to Rs. 900,382 which had been shown as work in progress in the Financial Status Statement as at 31 December 2015. An agreement had not been entered into between the contractor and the Commission with regard to one Project.

#### 4.3 Personnel Administration

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The following observations are made.

- (a) According to paragraph 9.2 (d) and (f) of the Public Enterprises Circular No. 12 of 02 June 2003, the organizational structure the new staff should be referred to the Department of Public Enterprises for approval. However, such action had not been taken.
- (b) According to paragraph 9.3 referred to at (a) above, proper methods had not been prepared with regard to recruitment and promotions.
- (c) According to the directives of the Committee on Public Enterprises of 17 October 2011, 09 August 2012 and 20 August 2014, it was directed that action should be



taken in terms of the Circular No. 39 of the Management Services dated 26 May 2009 for recruitment of employees and determination of salaries of staff. So far, such action had not been taken.

## 5. Accountability and Good Governance

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### 5.1 Action Plan

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The budget, procurement plan and the internal audit plan etc, had not been included in the Annual Action Plan prepared as stated in the Public Enterprises Circular No . 01/2014 dated 17 February 2014.

### 5.2 Internal Audit

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An internal audit programme pertaining to financial activities had not been prepared in terms of Financial Regulation 134 (2) and action had not been taken to furnish internal audit reports to the Auditor General in terms of Financial Regulation 134 (3).

### 5.3 Budgetary Control

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It was observed that the budget had not been utilized as an instrument of financial control as there were over provisions ranging from 25 to 59 per cent in 08 items of expenditure of the budget for the year under review.



## 6. Systems and Controls

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Deficiencies observed during the course of audit were brought to the notice of the Chairman of the Commission from time to time. Attention should be paid with regard to recruitment of employees and the method of promotions and obtaining of approval for the revision of salaries as per circular concerned.

H.M.Gamini Wijesinghe

Auditor General

# Response To Auditor General's Report



ශ්‍රී ලංකා මහජන උපයෝගීතා කොමිෂන් සභාව  
இலங்கைப் பொதுப் பயன்பாடுகள் ஆணைக்குழு  
PUBLIC UTILITIES COMMISSION OF SRI LANKA



මගේ අංකය } TRE/D/PUC/1/15/50  
உமது இல }  
Your No.

අපේ අංකය } PUCSL/IA/16/07 (FA.15)  
எமது இல. }  
Our No.

දිනය } 2016.06.24  
திகதி }  
Date

Auditor General,  
Auditor General's Department,  
Battaramulla.

Auditor General's Report on the Financial Statements of the Public Utilities Commission of Sri Lanka for the year ended 31st December 2015 in terms of the Finance Act No. 38 of 1971, 14 (2) (C)

Reference to your draft report and letter dated 16th June 2016 submitted to the Public Utilities Commission of Sri Lanka, I herewith forward my clarifications and the reasoning related to those facts in the report.

## 2.2 Comments on Financial Statements

### 2.2.1 Lack of compliance with the Sri Lanka Accounting Standards

The case of appeal is about a court decision that was in the benefit of the Commission. Since the case has a very remote emergence of contingent liabilities, in accordance with the provisions of Sri Lanka Accounting Standard No. 37, I would like to inform that there was no necessity to disclose a liability.

### 2.2.2. Accounting Deficiencies

(a) The surplus for the year and the asset value has shown Rs.450, 596 less due to the increase of depreciation shown for the year 2015:

The mistaken showed on the financial statements were corrected after the audit.

The adjustment has been made in the accumulated depreciation accounts and depreciation accounts (software and vehicles), in accordance with the No. 497 logs, of the computerized system of accounting.

See the revised financial statement for the year 2015.

(Aa) A lesser amount of Investment interest income been accounted:

Investment interest income has been entered into the accounts correctly and therefore there is no necessity to make corrections.

### 2.2.3. Receivable and Payable Account

In accordance with the No. 11 conditions of electricity generation license, an annual fee has to be paid to the commission on or before June 30 of the year. The invoices have been accounted as the revenue to be received, after sending the invoices to the licensees in advance. Information about the license fees that have already been outstanding is attached in Annex No. 01.

The due amount of licenses is Rs. 82,313,376 .00 for the 20th June 2016. From the amount, Rs. 81,852,700 should be obtained from the Ceylon Electricity Board. The Ceylon Electricity Board agreed to pay the due amount as soon as possible after the discussion held with the participation of National Policy and the Ministry of Economic Affairs (Ministry of line).

It is also informed that the due payment of Rs. 81,852,700 will be paid through a letter dated 30th May 2016. (A copy of the letter is attached herewith under Annex No.02.)

The due amount from other licensees is Rs. 460,676 and the relevant parties have already been informed and several reminders have been sent. Action will be taken under violating the licensing conditions, if a licensee fails to respond.

#### **2.2.4. Lack of Evidence in Auditing**

A) Rs.169,926 of Furniture and Fixing: 20 Executive chairs that have been valued per unit of Rs. 3,855.45 which were purchased in year 2004 have been removed from the book of the year 2015 after valuing for Rs. 77,169. In addition, fixed Glass partitions which purchased in the year 2004 were valued again in 2011 for Rs. 464,781.24 in books and 1/5 of the amount have been removed during the building reconstruction in the year 2015. Its book value is Rs. 92,956.24. The total value of these, two of Rs. 170,125 has been shown in the financial statement. The difference between the two figures of Rs. 200 has been adjusted in revised accounts.

#### **Aa) Absence of the report of procurement and Rs. 300,000 payments for consultancy services**

The payment has been made for the consultancy service in the year 2014 for the progress evaluation process of officers. The Commission approval for the payment and acquiring consultancy service is attached herewith in Annex 03. Kindly note that there was no necessity of a procurement report for the payment.

#### **2.2.5. Noncompliance of Law, Rules, Regulation and Management Decisions**

A) F. R. 371(2) (Aa) 2012

I accept the fact that despite several requests made to the company demanding reimbursement of the cost of the return air ticket fare of Rs. 55,000 which was utilized to participate the South Asia Infrastructure Regulatory Forum program in 2012, is not yet been recovered. I would like to inform, the participation in the programme has added value to the Commission activities and since the payment has not been made yet, the payment would be recovered from the annual membership fee, or not information will be submitted to the Commission and will act according to its recommendation.

#### **(1)F. R. 754**

I agree that the mobile phones that has been provided to the 12 officers of the organization been not returned due to expiring and not utilizing. However 11 mobile phones have been recovered out of 12 after the audit and will dispose in the future. Steps have been already taken to acquire the mobile phone that was not returned. The description of the mobile phone that were returned is attached herewith – Annex 04

#### **(11) F.R 760 the missing mobile phone worth Rs. 15000**

The mobile phone was purchased at Rs. 15,002.10 in 17th of December 2012 and misplaced in 28th of July 2015. An estimated value of Rs. 5000 were charged from the salary of May of the employee which the mobile phone was belonged to at the time of misplace, according to the recommendation made by the investigation officer of the issue, either to get the necessary payment from the salary or to buy a mobile phone with similar conditions.

(Aa) Paragraph 3.3 of Circular No. 02/2013 of Government Businesses 11th September 2013

The monies have been recovered from the remunerations and being transacted from the tax year 2015.

### **4. Operational Review**

#### **4.1 Performance**

I accept the facts that have been mentioned.

#### **4.2. Management Inefficiencies**

The project of the SAP Accounting Software project was not paid an advance payment, but a payment for the work done. The payment has been made after a satisfactory report on the work upon the report of services and tax invoice issued by the service providers.

#### **4.3. Controversial Transactions**

The Commission has accomplished and fulfilled the tasks given to the commission and there is no ability for the commission to work beyond its ability and the limit.

The Economic Management Committee has ordered the Ministry of Power and Energy to gazette the regulations without a delay after the discussion held with the participation of the Prime Minister. (A copy of the is attached as Appendix 07)

#### 4.4 Staff Administration

(A) One of the two vacant posts of director in 2015, was filled from January 2016 and the position of director of law is currently covered by the Secretary to the Commission and the posts of legal director, assistant director and management assistant posts will be filled in the future in supporting the expansion of the role of the Commission.

(A) (1) According to the 12.(1) of the Act of Public Utilities Commission, the provisions have been given empowering the Commission to decide, the staff requirements that would be needed to deliver the results and hence Commission approval has been obtained for the fulfillment of staff.

(11) The Commission has approved a system for recruitment and promotion following the provision of the Act and it has been followed. There was no necessity to obtain other approval as the Commission being given powers through the Act of Public Utilities Commission of Sri Lanka.

(Aa) This has been reported to Department of Management Services as per the recommendation of the Public Enterprises Committee

(Aaa) The officer who was engaged on a contract basis was upgraded to the position of Director Finance as the newly recruited officer to the permanent carder for the post of Deputy Director Finance needed to be guided and monitored till she gets the expertise. It is informed that the change would not affect the promotions of the permanent staff. The officer who was on a contract basis as the then head of the department of finance was lifted to a higher position only to train and monitor the newly recruited officer.

### 5. Accounting Status and Good Governance

#### 5.1 Annual Activity Plan

A) Please Note that the 07 activities of the Activity Plan could not be completed due to the reasons that were out of the control of the Commission. The reasons for the delay are attached herewith. (Attachment 05)

Aa) Please note that the following things has been included in the Activity Plan

##### 1) Organizational Structure – Attachment 06

Approved Staff – (Included in Human Resources chapter No 06)

2) It is admitted that the Budget 2015 has not been included in the activity plan of 2015. The budget has been included in the Activity Plan 2016.

3) Activities in accordance with priorities – The activities have been listed according to priorities, timeline and output, outcome and expenditure

4) It is admitted that the Procurement plan has not been listed in the Activity Plan. The procurement plan will be listed in the future activity plan reports.

**5) Internal Audit Plan** – It is admitted that the internal audit plan has not been listed in the activity plan 2015. However the commission approval has been granted after revising the plan according to the recommendations of the auditing committee. It is noted that these issues will be addressed in the Activity Plan 2017.

## **5.2. Internal Auditing**

There is only one officer for the internal audit unit and the internal audit observations of the contents of queries or reports being presented to the Audit Committee, which Audit superintendent takes part in, there was no necessity to present a special copy to the Auditor general. However, the internal audit plan was revised according to the recommendations of the Audit Committee and been granted the Commission approval in accordance with the code 18.5 of financial manual of commissions. It is noted the plan to be presented to the Auditor general in the coming years.

## **5.3. Budget Control**

The discrepancies in the utilizations of funds occurred due to the lack of money to achieve functions in a timely manner, because of the delay of licensee payments of the Ceylon Electricity Board and for the reasons which were out of the control of the Commission.

## **6. System and Control**

Special attention will be paid to recover the licensee payments and control of staff.

Chairman  
Public Utilities Commission of Sri Lanka

Copy: Secretary, Ministry of National Policies and Economic Reforms



# Audit Committee Report

According to the paragraph 7.4.1. Of the hand book on public enterprises guidelines for good governance, Audit committees were successfully conducted as follows

Name	Permanent position	Audit committee position	Date of Audit committee meeting held	Summary of the action/ Decision taken
1.Mr.Prasad Galhena 2.Mrs. Janaki Vithanagama. 3.Mr.M.R.V.R.Meepura. 4.Mrs.R.S.Katugampala. 5.Mr.K.G.Keerthisena. 6.Mr.B.S.Jayapala.	Member of the commission. Secretary to the commission. Director department of Public enterprises. Superintendent of Audit. Internal auditor of the commission. Deputy Director finance of the commission.	Chairman Secretary Observer Observer Convener Invitee.	22.01.2015	1). Discussion made and getting approval for the previous minute of the meeting held on 23.10.2014 2). Discussion made about the 13(7) a Report submitted by the Auditor General for the year 2013. 3). discussion made the internal auditors performance report for submission to the commission. 4.) Discussion were made to introducing the maintain of the fixed assets register for I.T.equipment.
1.Mr.Prasad Galhena 2.Mr.Sanjaya Gamage 3. Mrs.JanakiVithanagama. 4.Mr.M.R.V.R.Meepura. 5.Mrs.R.S.Katugampala. 6. Mr.K.G.Keerthisena. 7. Mr.B.S.Jayapala.	Member of the Commission. Member of the Commission. Secretary to commission. Director department of Public enterprises. Superintendent of Audit. Internal Auditor of the commission. Deputy director finance of the commission.	Chairman Vice chairman Secretary Observer Observer Convener Invitee.	08.04.2015	1.) Discussion made and getting approval the previous minute of the meeting 22.01.2015. 2.) Discussion made about quarries and replies. 3.) Discussion made about internal program me for the year 2015/16. 4) Approving the internal auditor's performance report for the first quarter 2015.

1.Mr.Prasad Galhena 2.Mr.Sanjaya Gamage 3. Mrs.JanakiVithanagama. 4.Mr.M.R.V.R.Meepura. 5.Mr.D.Kumarasinghe. 6. Mr.K.G.Keerthisena. 7. Mr.B.S.Jayapala.	Member of the Commission. Member of the Commission. Secretary to the commission. Director department of Public enterprises. Director General of the commission. Internal Auditor of the commission. Deputy director finance of the commission.	Chairman Vice chairman. Secretary. Observer. Invitee. Convener. Invitee.	09.07.2015	1) Approving the previous minute of the meeting held on 08.04.2015.  2) Discussed the internal auditor's observations.  3) Discussed the instruction and rulings given by the Audit and management committee meeting held on 03.07.2015 at the line ministry.  4) Discussed the internal auditor's 2nd quarter performance report and approved to submit to the commission.
1.Mr.Prasad Galhena 2.Mr.Sanjaya Gamage 3. Mrs.JanakiVithanagama. 4.Mrs.R.S.Katugampala. 5.Mr.M.R.V.R.Meepura. 6.Mr.D.Kumarasinghe. 7. Mr.K.G.Keerthisena. 8. Mr.B.S.Jayapala.	Member of the Commission. Member of the Commission. Secretary to the commission. Superintendent of audit. Director department of Public enterprises. Director General of the commission. Internal Auditor of the commission. Deputy director finance of the commission.	Chairman Vice chairman. Secretary. Observer. observer Invitee. Convener. Invitee.	15.10.2015	1) Approving the previous minute of the meeting held on 09.07.2015.  2) Discussed the internal auditor's observations.  3) Discussion made about Auditor general's final report for the year 2014.  4) Discussed the internal auditor's 3rd quarter performance report and approved to submit to the commission.
1.Mr.Prasad Galhena 2.Mr.Sanjaya Gamage 3. Mrs.JanakiVithanagama. 4.Mrs.R.S.Katugampala. 5.Mr.M.R.V.R.Meepura. 6.Mr.D.Kumarasinghe. 7. Mr.K.G.Keerthisena. 8.Mr.B.S.Jayapala.	Member of the Commission Member of the Commission Secretary to the commission Superintendent of audit Director department of Public enterprises Director General of the commission Internal Auditor Deputy director finance of the commission	Chairman Vice chairman Secretary Observer Observer Invitee Convener Invitee	17.12.2015	1) Approving the previous minute of the meeting held on 15.10.2015.  2) Discussed the internal auditor's observations.  3) Discussion made about Auditor general's (TRE/D/PUC/1/15/16) quarry for the examination of awareness program.  4) Discussed the internal auditor's performance report up to and of November 2015. Approved to submit to the commission.

# Financial Statements 2015

PUBLIC UTILITIES COMMISSION OF SRI LANKA  
Statement of Financial Position  
As At 31st Dec 2015

	Notes	2015 Rs	2014 Rs
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property Plants & Equipment	1	30,755,494	27,984,521
Capital work in progress	1.1	900,382	-
Distress Loan		2,402,453	3,250,783
<b>Total Non-Current Assets</b>		<b>34,058,329</b>	<b>31,235,304</b>
Current Assets:			
Investment	2	68,586,020	115,229,044
Inventories	3	60,212	86,635
Receivable	4	106,916,490	64,366,335
Deposit, Advances & Pre Payments	5	6,108,048	5,641,567
Cash & Cash Equivalents		50,194,831	9,602,867
<b>Total Current Assets</b>		<b>231,865,601</b>	<b>194,926,448</b>
<b>Total Assets</b>		<b>265,923,930</b>	<b>226,161,752</b>
<b>Funds &amp; Liabilities Funds</b>			
Accumulated Fund	6	207,128,049	196,138,821
Revaluation Reserves		3,027,878	3,027,878
ADB- TA Assistance		2,227,880	2,227,880
		<b>212,383,807</b>	<b>201,394,579</b>
<b>Non-Current Liabilities</b>			
Provision for Gratuity		9,492,922	7,729,525
		9,492,922	7,729,525
<b>Current Liabilities</b>			
Payable Accounts	7	32,707,201	5,897,648
Auditor General's Fees	8	740,000	540,000
Security Deposit - CEB		10,600,000	10,600,000
<b>Total Liabilities</b>		<b>44,047,201</b>	<b>17,037,648</b>
		<b>265,923,930</b>	<b>226,161,752</b>

The Accounting Policies and Notes appearing on pages 05 to 12 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

Damitha Kumarasinghe  
Director General

Saliya Mathew  
Chairman

PUBLIC UTILITIES COMMISSION OF SRI LANKA  
Statement of Comprehensive Income  
For the Year Ended 31 st Dec 2015

	Notes	2015 Rs	2014 Rs
<b>Revenue</b>			
Variable registration fee	9	43,562,900	38,633,431
Annual Regulatory Levies	10	173,946,525	154,090,150
Licences Application Fees	11	280,000	440,000
Other Income	12	5,010,359	7,365,483
<b>Total Revenue</b>		<b>222,799,784</b>	<b>200,529,064</b>
<b>Expenses</b>			
Personnel costs	13	81,347,494	75,017,875
Consultancy Services		41,053,981	16,386,528
Operational Expenses	14	96,334,574	84,426,653
Finance Cost	15	14,967	27,298
<b>Total Expenditure</b>		<b>218,751,016</b>	<b>175,858,354</b>
<b>Operating Surplus for the year</b>		<b>4,048,768</b>	<b>24,670,710</b>

The Accounting Policies and Notes appearing on pages 05 to 12 form an integral part of the financial statements.

PUBLIC UTILITIES COMMISSION OF SRI LANKA  
Cash Flow Statement  
For the Year Ended 31 st Dec 2015

	2015 Rs	2014 Rs
<b>Cash Generated from Operating Activities</b>		
Operational Surplus / (Deficit) in the year	4,048,768	24,670,710
<b>Adjusted for</b>		
Depreciation	11,454,707	11,503,469
Provision for Gratuity	1,763,397	2,211,641
Income on disposal of fixed assets	(122,075)	
Adjustment for Prior Year Period	6,940,460	1,669,201
Interest income	(4,689,873)	(7,143,435)
Finance Cost	14,967	27,298
	<b>19,410,351</b>	<b>32,938,884</b>
<b>Changes Working Capital</b>		
(Increase) / Decrease in Inventories	26,423	59,812
(Increase) / Decrease in Deposit	-	6,372,482
(Increase) / Decrease in Receivable	(43,068,944)	(45,422,477)
Increase / (Decrease) in Payable	26,809,553	3,457,754
Increase / (Decrease) in Provisions Made	200,000	(10,792,414)
(Increase) /Decrease Advance, Pre Payments & Distress Loan	381,848	(2,007,953)
<b>Net Changes in Working Capital</b>	<b>(15,651,120)</b>	<b>(48,332,796)</b>
<b>Cash Generated from / (Used in ) Operating Activities</b>	<b>3,759,231</b>	<b>(15,393,912)</b>
<b>Cash Flow from the Investing Activities</b>		
Fixed Assets Disposal Income Received	122,075	
Purchase of Fixed Asset	(15,126,061)	(11,803,914)
Interest Received	4,851,686	9,614,047
Withdrawn of Fixed Deposit	47,000,000	81,000,000
Increase in Investment of Gratuity		-
Invested in Fixed Deposits/TBS & Call Deposits		(63,908,788)
<b>Net Cash Flow from (Used in ) Investing Activities</b>	<b>36,847,700</b>	<b>14,901,346</b>
<b>Cash Flow from the Finance Activities</b>		
Finance Cost	(14,967)	(27,298)
Gratuity Payments		(442,500)
<b>Net Cash Flow from (Used in ) Finance Activities</b>	<b>(14,967)</b>	<b>(469,798)</b>
Less: Cash and Cash Equivalent at the Beginning of the Year	9,602,867	10,565,232
<b>Cash and Cash Equivalent at the End of the Year</b>	<b>50,194,831</b>	<b>9,602,867</b>
<b>Cash and Cash Equivalents,</b>	<b>50,194,831</b>	<b>9,602,867</b>
<b>Cash in Hand &amp; at Bank</b>	<b>50,194,831</b>	<b>9,602,867</b>

PUBLIC UTILITIES COMMISSION OF SRI LANKA  
Statement of Changes in Equity  
For the Year Ended 31st December 2015

	Accumulated fund	Revaluation Reserves	ADB- TA Assistance	Total
	Rs.	Rs.	Rs.	Rs.
Balance as at 1st January 2015	196,138,821	3,027,878	2,227,880	201,394,579
<b>Balance as at 1st January 2015</b>	<b>196,138,821</b>	<b>3,027,878</b>	<b>2,227,880</b>	<b>201,394,579</b>
Surplus in the Income Statement	4,048,768	-	-	4,048,768
Prior Year Adjustments	6,940,460	-	-	6,940,460
<b>Balance as at 31st December 2015</b>	<b>207,128,049</b>	<b>3,027,878</b>	<b>2,227,880</b>	<b>212,383,807</b>



# 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.

2.3 Financial period

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

## 03. Adoptions of Sri Lanka Accounting Standards

The Commission has adopted the following new and revised Sri Lanka Accounting Standards (LKAS) and accounting policies of the Commission have been revised where relevant, to reflect the revision of these LKAS. The adoption of the new and revised standards has resulted to changes to the method of presentation and additional disclosures being made in the financial statements

The following are the new and revised SLAS that are relevant to the Commission.

LKAS 1 Presentation of Financial Statements

LKAS 2 Inventories

LKAS 8 Accounting Policies, Changes in Accounting Estimate and errors

LKAS 10 Events after the Balance Sheet date

LKAS 16 Properties, Plant and Equipment

LKAS 20 Accounting for Government Grants and Disclosure of Government Assistance

LKAS 18 Revenue

LKAS 26 Accounting and Reporting by Retirement Benefits Plans

LKAS 24 Related party disclosures

LKAS 37 Provisions, Contingent Assets and Liabilities

## 04. 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.

## 05. 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.

## 06. Valuations of Assets and their Bases of Measurement

### 6.1 Property Plant & Equipment

The Property Plant & equipment are recorded at cost/less accumulated depreciation and revaluation gain and losses 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.

### 6.2 Revaluation of Property Plant and Equipment

The revaluation will be done if required by appointing the committee. The committee will appointed by the Director General.

### 6.3 Depreciation

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

1 Furniture and Fixtures	20%
2 Computer and Office Equipment	20%
3. Vehicles	20%
4. Software	33 1/3%

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.

### 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.

## 07. Inventories

Inventories are valued at the lower of cost. The cost of each category of inventory is determined on the following basis.

Stationery value at purchase price.

## 08 Investments

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

## 09 Receivable

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

## 10. Advances & Prepayments

Advance account includes a part of the premium paid to the Sri Lanka Insurance Corporation for the Medical Insurance for the staff. As the policy is effective up to 30th September 2015, it is required to treat the premium paid in proportionate basis.

## 11 Cash and cash Equivalents

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

## 12. Retirement Benefit Plan-Gratuity.

**12.1 Full provision has been made on account of retiring gratuity after completion of a year of service of an employee according to a policy decision of the Commission, in conformity with the Sri Lanka Accounting Standard Accounting and Reporting by Retirement Benefits Plans 'At half month's salary for each year of service from the date of commencement of service.**

According to payment of Gratuity Act No.12 of 1983, the liability for gratuity to an employee arises only on completion of one year of continued service with the Commission. Therefore, Gratuity Provision has been provided in accordance with the Gratuity Act.

The provision for liability is externally invested after Balance sheet date

### 12.2 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.

## 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.

## 14. Assets transferred under ADB TA Project

Under ADB TA Assistance Project, following IT related software and equipment were transferred to PUCSL. The related ADB Fund amount decided to reduce over the useful life of the funded software and equipment.

Web based Licensee Information Submission System	Rs. 451,880
9 Laptop computers	Rs. 1,418,580
4 Desk top computers	Rs. 357,420
Total Value Charged to ADB TA Project	<u>Rs. 2,227,880</u>

# Income Statement

## 15. Revenue Recognition

### 15.1 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 a fixed and a variable registration (License) fee equivalent to sum of rupees One Million of 0.5% of total invoiced sales for the period (whichever is higher), subject to a maximum of rupees five million. In the event 0.5% of a market participant’s total invoiced sales for a bi-annual period being greater than rupees one million, such additional amount is to be paid to the Public Utilities Commission, within 30 days of the end of the period.

### 15.2 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 thirtieth day of June of that year. This Act was certified on 8th April 2009 and implemented by the Commission from that date..

### 15.3 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.

### 15.4 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. Therefore net interest income shown in the financial statements after deducting 8% withholding tax as final tax according to section 133 (1) of Act No:10 of Inland Revenue Act 2006.

### 15.5 Government Grants

As the Commission has decided to cover estimated expenditure in pursuance of own income from June 2009 there were no government grants received during the year under review.

## 16. Expenditure Recognition

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

## 17. Disclosures

CEB Security deposit Rs. 10.6 M for the Case no. CA (Writ Application) 08/2013

## Related Party Disclosures

Name	Position	Other Positions	Related Party Relationships as prescribed in line with Sri Lanka Accounting Standard 24
Mr.C.N.W.Mathew	Chairman	Member of the commission to amend the boundaries of work	Non-related
		Member of the Council – University of Sri Jayawardenapura – (till – 13/03/2015)	Non-related
Mr.Sanjaya Gamage	Deputy – Chairman	Unofficial Magistrate – Chief Magistrate Courts, Colombo	Non-related
		Executive Committee Member – Bar Association of Sri Lanka	Non-related
		Panel Lawyer – Sri Lanka	Non-related
Prof.RahulaAthilage	Members of the Commission	Deputy Vice Chancellor – University of Moratuwa	Non-related
		Director – Environ Sustainability Global (Pvt) Ltd	Non-related
		Director - Polipo (Pvt) Ltd	Non-related
Mr.Prasad Galhena	Members of the Commission		

**Note01**  
**PUBLIC UTILITIES COMMISSION OF SRI LANKA**  
**Property Plants & Equipment**  
**As at 31 December 2015**

	<b>Furniture &amp; Fixtures</b>	<b>Computer &amp; Office Equipments</b>	<b>Vehicles</b>	<b>Tools</b>	<b>Software</b>	<b>Total</b>
	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>
As at Beginning of the year	12,529,572.00	22,004,072.00	25,969,060.00	30,305.00	4,549,884.00	65,082,893.00
Additions During the year	2,465,988.00	4,709,924.00	6,900,000.00	-	149,767.00	14,225,679.00
Disposal During the year	(170,125.00)	(895,469.00)				(1,065,594.00)
<b>As at End of the Year</b>	<b>14,825,435.00</b>	<b>25,818,527.00</b>	<b>32,869,060.00</b>	<b>30,305.00</b>	<b>4,699,651.00</b>	<b>78,242,978.00</b>
Depreciation						
As at Beginning of the Year	9,705,366.00	11,173,216.00	13,254,847.00	-	2,964,942.00	37,098,371.00
Charge for the year	1,152,357.00	4,156,809.00	5,089,000.00		1,056,541.00	11,454,707.00
Depreciation on disposal	(170,125.00)	(895,469.00)				(1,065,594.00)
<b>As at the End of the Year</b>	<b>10,687,598.00</b>	<b>14,434,556.00</b>	<b>18,343,847.00</b>	<b>-</b>	<b>4,021,483.00</b>	<b>47,487,484.00</b>
<b>Net Book Value as at 31 December 2015</b>	<b>4,137,837.00</b>	<b>11,383,971</b>	<b>14,525,213</b>	<b>30,305</b>	<b>678,168</b>	<b>30,755,494.00</b>

**Note :1.1 Capital working progress**

Project Management work flow & document management system	399,000
DRS Software solution	150,400
SAP Accounting software	350,982
	900,382



## 02. Invesments

Fiexd Deposit	60,500,000	107,500,000
Gratuity Fund Investment	8,086,020	7,729,044
	<b>68,586,020</b>	<b>115,229,044</b>

## 03. Inventories

60,212	86,635
<b>60,212</b>	<b>86,635</b>

## 04. Receivable

Variable registration fee		
Chevron Lubricant Ltd	4,000,000	4,000,000
Lanka IOC Ltd	4,000,000	4,000,000
Mclarans Lubricant	2,183,287	1,820,021
Ceylon Petroleum Corporation	4,000,000	7,000,000
Laugfs	1,313,494	1,322,039
Interocean Services Ltd	580,565	329,519
Associated Motorways	1,115,759	604,380
TVS Lanka (Pvt) Ltd (Bharat Petroleum Cor.)	1,842,638	1,173,779
United Motors	862,263	537,347
Toyota Lanka (Pvt) Ltd	2,651,831	1,593,362
N. M. Distributors (Pvt) Limited	1,694,698	1,467,430
	<b>24,244,535</b>	<b>23,847,877</b>

Annual regulatory levies	82,381,128	39,696,750
Fixed Deposits Interest receivable	228,499	747,288
Other-receivable	62,328	74,421
	<b>106,916,490</b>	<b>64,366,335</b>

## 05. Deposit ,Advances and Prepayments

Deposit		
Dialog Axiata PLC	1,500	1,500
BOC Property Development Ltd	826,571	826,571
Girl Friendly Association	8,800	8,800
	<b>836,871</b>	<b>836,871</b>

### Advance & Pre Payments

Advances	180,030	121,350
Postal Dept	6,595	30,500
Pre Payments	3,873,720	3,587,129
	<b>4,060,345</b>	<b>3,738,979</b>

PUBLIC UTILITIES COMMISSION OF SRI LANKA Notes to the Financial Statements 1st of January to 31 st December 2015		2015 Rs	2014 Rs
Distress Loan-		1,105,732	985,616
Festival advance		105,100	80,100
<b>Total Deposit,Advance and Prepayments</b>		<b>6,108,048</b>	<b>5,641,567</b>
<b>06. Accumulated Fund</b>			
Balance at 1st January 2015		196,138,821	168,164,175
Surplus / Deficit for 31/12/15		4,048,768	24,670,710
Special Fund Investment		-	1,500,000
Prior Year Adjustments (6.1)		6,940,460	1,803,936
		<b>207,128,049</b>	<b>196,138,821</b>
<b>6.1 Disclosure on prior year adjustments 2015</b>			
<b>Category</b>		<b>2014</b>	<b>2013</b>
Communication		(2,152)	-
Loss on Currency conversion		(1,791)	-
Public awareness		(12,000)	-
Annual regulatory levy		6,219,000	93,000
Variable Registration fee		596,403	-
<b>Total</b>		<b>6,799,460</b>	<b>93,000</b>
<b>Grand Total</b>		<b>6,940,460</b>	
<b>07. Account Payable</b>			
Consumable Materials		343	12,538
Printing & Advertising		4,243,151	154,476
Communication		237,144	245,226
Floral arrangement		8,617	-
Translation		7,209	-
Other allowances		2,279,617	-
News Papers		13,750	11,810
Overtime		134,352	125,613
Stationary		1,500	-
Transport		10,389	12,354
Travelling		25,375	23,500
Welfare & Public Relations		23,520	11,715
Maintenance of Office Building		-	10,855
Maintenance of Office Vehicle		23,420	-
Maintenance of Software		-	8,568
Maintenance of Computer and equipment		6,000	-
Water		18,087	25,221

	2015 Rs	2014 Rs
Electricity	98,594	93,197
Public Awareness	6,463,907	163,296
Consultancy	18,130,378	-
Stamp Duty Payable	3,650	3,525
Local Training Expense	907,609	4,995,754
Janitorial Servicers	849	-
Postal	860	-
Research & Survey	68,880	-
	<b>32,707,201</b>	<b>5,897,648</b>

#### 08. Auditor General's Fees

Balance B/F	540,000	360,000
Povision for year	200,000	180,000
	<b>740,000</b>	<b>540,000</b>

#### 09. Variable Registration Fees

Lanka IOC Ltd	8,000,000	8,000,000
Cheveron Lubricant Lanka	8,000,000	8,000,000
Mclarens Lubricant	3,278,998	5,032,692
Ceylon Petroleum Corporation	7,958,471	7,000,000
LAUGFS Lubricants Limited	2,622,232	2,785,151
Interocean Services Ltd	1,097,037	347,161
Assosiated Motorways	1,892,777	1,306,902
TVS Lanka (Pvt) Ltd	3,392,511	2,075,504
United Motors	1,411,358	537,347
Toyota Lanka (Pvt) Ltd	4,780,721	2,874,757
N. M. Distributors (Pvt) Limited	1,128,795	673,918
	<b>43,562,900</b>	<b>38,633,432</b>

#### 10. Annual Regulatory Levies

Generation	63,576,525	46,802,150
Transmission	21,370,000	21,800,000
Distribution	89,000,000	85,488,000
	<b>173,946,525</b>	<b>154,090,150</b>

#### 11. Licences Application Fees

	280,000	-
	<b>280,000</b>	<b>440,000</b>

## 12. Other Income

Interest	4,689,873	7,260,652
Exemption fee	6,000	6,000
Sundry Income	192,411	98,830
Income:Fixed Asset Disposal	122,075	-
	<b>5,010,359</b>	<b>7,365,483</b>

## 13. Personel costs

Personel Emoluments		
Commissioners Remu:	1,536,000	1,292,000
Salaries	44,165,785	42,440,802
Other Allowances	24,660,340	20,252,708
Over-time	1,366,988	1,191,124
Contribution for Employee Provident Fund	6,545,820	6,358,000
Contribution for Employee Trust Fund	1,309,164	1,271,600
Gratuity Expense	1,763,397	2,211,641
<b>Total</b>	<b>81,347,494</b>	<b>75,017,875</b>

## 14. Operational costs

Training &Traveling Expenses - Overseas & Local		
Overseas & Local Training	3,585,232	7,755,703
Foreign Travelling Expenses	1,148,209	2,708,287
Incidental / perdium	3,721,389	2,864,448
Travelling (Local)	1,118,400	1,374,741
	<b>9,573,230</b>	<b>14,703,179</b>

Consumable Materials		
Stationery	664,124	582,748
Open Stock 01-01-2014	86,635	146,447
Closing Stock 31-12-2014	-60,212	-86,635
Fuel & Parking	4,019,819	4,667,499
Consumable Material	122,072	68,690
Entertainment	201,324	264,368
	<b>5,033,762</b>	<b>5,643,118</b>

### Contractual Services

Transport & Hiring of Vehicle	10,131,748	9,961,739
Communication including Newspapers & Postal	3,138,228	2,862,878
Printing & Advertising	6,603,263	7,588,337
Survey	1,951,066	1,832,090
Rents and Rates for Building	10,025,397	10,111,276
Electricity	1,030,012	1,085,387
Medical	4,333,031	4,217,836
Water	308,755	310,300
Insurance	542,729	779,977
Subscription	737,169	503,554
Janitorial Services	860,284	863,415
Legal & Investigation Fees	517,000	480,720

**40,178,682**

**40,597,510**

### Other services

Public Awareness Cost	24,965,878	7,358,321
Auditor General's Fees	200,000	180,000
Welfare & Public Relations	1,233,099	1,781,293
Floral Arrangements	129,981	109,294
Consumer Consultative Committee Expenses	620,000	732,100
Others (Translation Fees)	115,847	217,514

**27,264,805**

**10,378,521**

### Repair & Maintenance and depreciation of Capital asset

Maintenance of vehicles	1,063,273	700,541
Maintenance of Office Building	60,279	30,225
Maintenance of Computer, Equipment & Software	1,705,836	870,091
Depreciation Charges	11,454,707	11,503,469
	14,284,095	13,104,325

### Total operational cost

**96,334,574**

**84,426,653**

### 15. Finance Cost

Bank Charges	10,605	10,815
Loss on currency conversion	4,362	16,483

**14,967**

**27,298**

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