



ANNUAL REPORT 2014



PUBLIC UTILITIES COMMISSION OF
SRI LANKA



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Vision and Mission

Our Vision

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 sustainable development agenda of the country.

Our Mission

Regulate all the 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 reliable and sustainable manner.



Overview

Goals specified as per section 03 of Sri Lanka Electricity Act, No. 20 of 2009

Protection of electricity consumers

Fairness in electricity tariffs

Energy security, conservation and efficiency

Quality and reliability of electricity supply

Electricity Safety of persons and property

Information to stakeholders

Promoting competition

Regulating downstream petroleum products

Report of the Public Utilities Commission of Sri Lanka for the period 1 January 2014 to 31 December 2014, to the Minister of Finance, the Parliament of Sri Lanka and all Stakeholders. The document comprises of a report made under Section 37 (1) of the Public Utilities Commission of Sri Lanka Act No. 35 of 2002



The Commission - An introduction

The Public Utilities Commission of Sri Lanka (PUCSL) currently functions as the regulatory body for Sri Lanka's electricity industry. At its inception in 2002, it was entrusted with the regulatory aspects of the electricity, petroleum and water services sectors. Its present role encompass the regulatory functions for the island's electricity sector and being the shadow regulator for the downstream petroleum industry (refining to retailing of petroleum products).

Its 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. Under the powers vested on the Commission through these Acts of Parliament and policy directives from the Government, it is mandated to ensure fairness in the setting of electricity tariff and service charges (retail and bulk); ensuring the safety of electricity to living beings and property; licensing (issuing of generation licenses and monitoring activities of the transmission and distribution licensees); regulatory affairs (formulating and reviewing regulations to ensure the safety and efficiency of the electricity industry); inspection (ensuring the adequacy of the quality and safety of the electricity supply); consumer affairs (assuring protection of electricity consumers, handling consumer disputes and raising public awareness on the electricity industry); energy security, energy conservation, efficient use of electricity and mitigation of environmental concerns resulting from power sector investments; establishing the electricity market structure to promote competition; and dissemination of information on the industry to stakeholders.

Its functions include the provision of advice and assistance to the authorities on policies and regulatory aspects related to lubricants and greases.

The Commission maintains a high degree of transparency and consistency in all activities, especially in the decision-making process related to the industries falling within its purview.

This report details the activities carried out and the progress achieved by the Commission in its initiatives for the period from January 1 – December 31, 2014. It also includes information on the plans and projects in the pipeline for the year 2015.



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 2014

Ms. Pushpa Wellappili	Actg. Chairperson (Up to 16/07/2014)
Mr. Saliya Mathew	Chairman (w.e.f. : 17/07/2014)
Dr. C.T.S.B. Perera	Deputy Chairman (Up to 30/09/2014)
Mr. Sanjaya Gamage	Deputy Chairman (w.e.f. : 1/10/2014)
Prof. Rahula Attalage	Commission Member
Mr. Prasad Galhena	Commission Member

Director General

Mr. Damitha Kumarasinghe

Secretary to the Commission

Ms. Janaki M. Vithanagama



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Auditors

Auditor-General's Department

Banker

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Members of the Commission



Mr. Saliya B. Mathew

Chairman

(w.e.f.: 17/07/2014)



Mr. Sanjaya Gamage

Deputy Chairman

(w.e.f.: 1/10/2014)



Dr. C.T.S.B. Perera

Deputy Chairman

(Up to 30/09/2014)



Mr. Prasad Galhena

Member



Prof. Rahula Attalage

Member



Chairman's Statement



The Public Utilities Commission of Sri Lanka has progressed tremendously during 2014 as the regulator of Electricity Industry in Sri Lanka. Established under the Public Utilities Commission of Sri Lanka Act of No 35 of 2002, the Commission was legally recognized as a multipurpose institute. Accordingly the Commission was entrusted with the regulations of Electricity Industry, Petroleum Industry and Water Supply Services.

The Parliament approved the Electricity Act No 20 of 2009 as each industry needed to be regulated under specialized commission thus initiating the regulation of Electricity Industry in the island.

In 2013 the Electricity Act was amended strengthening the regulations of the industry.

One of the main objectives of the commission is protecting consumer rights. Drafting the statement on consumer rights and obligations was a major implementation in 2014.

During the year, the Commission commenced drafting the consumer rights and obligations statement which electricity supplying companies should provide as stated in the Supply Services Code. Suggestions from all parties were taken into consideration in the process. The statement will be officially made public next year.

Regulation and surveillance of tariff and cost in compliance with tariff procedures approved by the commission were continued with the aim of reducing cost in a long term scale. In this sense the specialty is recognizing targets to reduce electricity cost in **2020**.

Results of safety measures regarding the electricity use, initiated by the Commission were also evident in 2014. There was a reduction in deaths caused by electrocutions. Safety programmes and procedures were widened and strengthened in order to reach desired target, to reduce deaths involving electricity to lesser amount.

With limited powers vested on the Commission as a shadow regulatory body the Commission also contributed to the progress of the Lubricant Industry. Apart from that the Commission also contributed of the amendments of the Lubricant Industry Acts.



I express my gratitude to all members of the commission, the Ministry of Finance and Policy Planning, Power and Energy Ministry and all government institutes and all members including the PUCSL Director General for their dedication and contribution for the success of the Commission in 2014.

Saliya B Mathew
Chairman



Director General's Review



A remarkable milestone has been marked in the electricity regulatory field in 2014. A significant progress in electricity industry was witnessed and safety of electricity supply was improved during the year. Progressive results of the economic, technical and safety regulation of electricity industry were visible with the completion of the sixth successful year after passing the Sri Lanka Electricity Act No 20 of 2009.

Medieval goals were set for 2020. under this, special goals were identified based on economical, technical and safety segments of electricity industry. To achieve these goals, implementation of Annual Activity Plan was completed with the purpose of meeting the objectives of the Sri Lanka Electricity Act.

Electricity supply safety programme done by the Commission to mitigate damages caused by electrocutions was further strengthened. Due to the different types of electricity safety awareness programmes carried out by the Commission, there was a significant decrease in the number of electrocutions from 2013 to 2014. This progress witnesses the possibility of decreasing the number of electrocutions to zero in 2020. A code of guidelines on electricity safety was set to ensure safe electricity supply and to prevent electricity related accidents in schools. Drafting of electricity safety regulations was completed in 2014. Specially the regulations regarding the minimum distance between electricity lines and constructions were drafted and recommended to the Minister of Power and Energy.

Supply Services Code was drafted during 2014 in cooperation with the electricity licensees to ensure a high quality electricity supply for the consumers.

As the shadow regulator of the lubricant market, the Commission mediated to regulate the lubricant market. Lubricant Market Report 2013 was launched in 2014. Necessary consultancy and assistance were provided to the Ministry of Petroleum Industries.



Initiatives were taken to enhance the effectiveness of human resources of the Commission in the fields of education and development, employee relationships and entire efficiency development.

I would like to express my sincere gratitude to the former Chairman, the present Chairman and the members of the Commission for their dedication and immense support for the smooth functioning of the Commission during 2014. I would like to thank the Deputy Director General and the entire staff for their hard work and commitment to carry out the Commission's activities successfully.

Damitha Kumarasinghe
Director General



Electricity Sector

Goals 2020

“Goals 2020”, the expected objectives to be encountered in the ambitious growth plan for the future of The Public Utilities Commission of Sri Lanka, the economic, safety and technical regulator of the electricity industry and the shadow regulator of the lubricants market, have been already documented.

There are 12 goals set for the electricity sector which reflect the performance level required by the year 2020 in terms of the product (electricity) attributes i.e. quality, reliability, safety, price, customer and service information.

The goals to be implemented between 2015 and 2020, have been identified on the format termed Specific, Measurable, Achievable, Relevant and Time bound (SMART) to ensure and enhance the intensity and emphasis of the action plans to accomplish them.

Once these primary level goals are achieved, the Commission intends to set further advanced goals for the electricity sector in terms of technical, economic and safety performance outcomes.

Discussions and evaluations of the required Action Plan for each division to achieve the expected goals were carried out by the officials of the Commission in separate teams by presenting the prepared deliverables to be executed.

Followings are the SMART Goals to be achieved by the Commission by year 2020 through regulatory interventions:





Power Quality

- **Goal 1** - The electricity supply to consumers is in compliance with the statutory quality levels, $230\text{ V} \pm 6\%$ for voltage and $50\text{ Hz} \pm 0.5\%$ for frequency and harmonics as specified

Supply Quality

- **Goal 2** - The System Average Interruption Duration Index is below 24 hours per consumer per year
- **Goal 3** - The System Average Interruption Frequency Index is below 30 occurrences per consumer per year
- **Goal 4** - The average restoration time for consumer service line faults is below 2 hours per consumer

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.
- **Goal 6** - The average time taken by an electricity service provider to serve consumer inquiries/ requests/ complaints is below 30 days.
- **Goal 7** - The average time taken by the Commission to serve a consumer is below 30 days.

Electricity Tariffs 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.)
- **Goal 9** - Charges levied by service provider in 2013 is reduced by 10% in real terms.

Electricity Safety

- **Goal 10** - The number of fatal electrical accidents is below 20 per annum.



Electricity Demand

- **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.

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.

Apart from the above stated goals, there are many additional short-term goals set on an annual basis by the Commission which come under the deliverables of the particular year. This report outlines the progress the Commission has accomplished with regard to each of these deliverables undertaken by its core divisions during the year 2014.



Consumer Safeguard

One of the main functions, vested on the Commission as the regulator of the electricity industry is to ensure electricity consumer protection by establishing their rights and obligations.

Its role comprises of ensuring consumer rights and protection, advising and assisting consumers in resolving their grievances while raising awareness on consumer rights in various interactions with electricity in their day-to-day life.

It also assures that the objectives of the licensees and other stakeholders are encountered, while adhering to Government rules and regulations.

National Consumer Network

A prime project introduced by the Commission to achieve this objective was the establishment of the National Consumer Network (NCN) to implement the recommendations made by the study 'Mechanism to Enhance Sustainability of Consumer Societies'. The Network would comprise of already active organizations. The Commission also approved the outsourcing of a secretariat to function as a consultancy for the establishment of the NCN in consultation with the Consumer Consultative Committee (CCC).

The CCC was formed under Section 29 of the PUCSL Act to represent the interests of existing and potential smaller consumers. It's a counterweight to the Government, service providers and large consumers in advocating their views. The Committee's functions include, advising the Commission on appropriate industry standards, monitoring that the consumers' needs with regard to goods and services provided by utilities industries are encountered and promoting awareness on prescribed or determined standards and consumer rights in relation to required standards.

The CCC members are selected to represent a range of consumer interests and participate in regular meetings on a voluntary basis to discuss various issues related to the industry. All the vacancies of the CCC which arose during 2013 were employed in 2014 except for the Uva Province for which the Commission is currently awaiting the approval of the Ministry.



The Code of Conduct approved by the Commission for CCC was introduced and adopted. Outsourcing a Secretariat for the CCC to establish NCN is in progress.

Establishment of Consumer Network

The Consumer Network (CN), to be established by the Consumer Consultative Committee, would represent consumers of all licensees and would protect the interests of electricity consumers in all parts of the country. Through many workshops and seminars, their capacities on the rights and obligations of electricity consumers would be built. The members of the CN would be made available for consumers throughout the island to consult and get the difficulties resolved related to electricity.

The project will be continued in 2015.

Statement of Consumer Rights and Obligations

The Statement of Rights and Obligations of Electricity Consumers was prepared by the Commission, with the consultations of the Transmission and Distribution Licensees (CEB and LECO). It details the rights and obligations of electricity consumers under the provisions of the Sri Lanka Electricity Act and the Supply Services Code. It specifies the rights and obligations of consumers mainly with regard to obtaining a supply, disconnection and reconnection; security deposit; electricity meter and metering; recovering charges; handling of consumer complaints; and entering into premises etc.

The Statement intends to promote awareness among consumers of their rights and obligations, so that they will be in a better position to know when their rights are violated and demand the service providers to make sure that their rights will be encountered. Further the statement conveys the obligations of the consumers which are to be well practiced by them. The Statement will also make service providers aware of their obligations and ensure effective discharge of their duties.

It has now been completed in all three languages, English, Sinhala and Tamil and is already been published on the PUCSL website and would be effective from January 1, 2015.



Electricity consumer education on regulatory framework

It is important for both consumers and licensees to be aware of their rights and obligations. It is only through better awareness that both parties will be able to enjoy their rights and fulfil their obligations in the provision of services of electricity and at the same time the sustainability of the industry will be assured.

Five awareness programmes were conducted in association with leading industrial bodies like National Chamber of Commerce of Sri Lanka, Ceylon Chamber of Commerce etc. in Colombo and Kandy.

Consumer survey to measure consumer protection

This activity was designed to assess the level of consumer protection prevailing in the electricity industry and to re-conduct or re-assess the complexity of the consumer education programme.

This activity was decided to be carried out in 2015 after the publication of the Consumer Rights and Obligations Statement and also after educating a sufficient number of consumers on the Consumer Rights and Obligations Statement and Regulatory Framework.

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 draft, approved by the Commission has been submitted to the Legal Draftsman's Department for approval. It is expected to be published by Gazette notification, after obtaining the approval of the Minister of Power and Energy in year 2015.



Facilitation of Consumer Complaints - 2014

Category No.	Complaint Category	Received in 2014	Facilitated in 2014
01	Electricity billing & meter	365	365
02	Tariff category	97	97
03	Way-leave	545	545
04	New connections	150	150
05	Disconnections and reconnections	68	68
06	Other	530	530
	Total	1755	1755
Replies to Div. Secretaries		161	161

Report on Net Metering concept in Sri Lanka

Net Metering is a new concept which could be beneficial for households as a mean of saving electricity costs. It is a powerful policy option for advancing renewable energy technologies which can help in harnessing renewable energy resources in a small scale.

Many countries have developed net metering programmes to enhance economic incentives to the owners of small renewable energy systems and to encourage private investment in renewable energy technologies without requiring public funding. Sri Lanka has also shown a rapid growth in the development of net metering schemes.

Through developing and analyzing the possibilities of expanding this technology in the island, electricity consumers will be able to connect their generators to the National Grid and save on expenditure for electricity through sources such as solar.



Identifying the advantages and disadvantages of Net Metering technology from the perspective of the consumer and the utility and implementing a proper mechanism to develop Net Metering technology are the main objectives of this project.

Preliminary studies with regard to this project were carried out and information gathered from CEB and LECO was analyzed to form a picture of such schemes in the country. A literature survey on the success of Net Metering technology in other countries was also carried out. The project was completed during the year and a report was published.

Metering Management Plan

With the long term objective of formulating regulations to assure fairness in energy metering, the Commission has initiated a program to formalize and implement an electricity meter management plan in Sri Lanka. Most countries have their own electricity meter management plan that benefits the electricity sector by ensuring fairness and reducing system losses. Accordingly the Commission conducted a pilot survey on electricity metering management among electricity consumers in Sri Jayewardenepura area.

Based on the results of the survey, the Commission implemented a more comprehensive survey to analyze the impact of meter brand and age on accuracy. In 2014 this survey was expanded to 5 areas namely Sri Jayewardenepura, Galle, Nuwara Eliya, Anuradhapura and Ampara.

The Commission received data of electricity meters installed in Sri Jayewardenepura Kotte, Galle and Nuwara Eliya areas and meter testing was initiated in Sri Jayewardenepura Kotte and Galle areas for meters manufactured 20 years back. The Commission is in the process of preparing meter samples pertaining to meters installed in Nuwara Eliya area while meter data in Anuradhapura and Ampara are expected to be collected within the first half of 2015

Electricity Meter Testing

As the Commission takes the responsibility of ensuring the meter standards of households, based on a complaint received, an electricity meter testing was carried out in Maharagama area in June 2014. Domestic electricity meters were inspected and identified that the meters installed in each house are correctly functioned.



Electricity Safety

Electrocution Mitigation Programme

The number of electrocutions in Sri Lanka has shown a gradual increase up to 2012 and was reported to be more than 180 in 2012 which was expected to increase further if no remedial measures were taken to prevent such unfortunate incidents.

The Commission, being the independent regulator of the electricity sector of Sri Lanka, authorized by Sri Lanka Electricity Act no 20 of 2009, aims the objective of ensuring electrical safety of the general public. Therefore the Commission implements various programmes to reduce and mitigate electrocutions in the country to bring down the annual electrocutions to at least 20 by 2020 by improving awareness among the general public on safe use of electricity, electrically unsafe conditions, ways and means to avoid and/or rectify situations or how to safely handle them and the danger and illegality of illicit power tapping and related penalties under the penal code.

The Commission implemented comprehensive awareness campaigns in collaboration with Sri Lanka Police, Electricity licensees and other governmental and non-governmental organizations. As a result, the number of electrocutions has reduced from 180 in 2012 to 73 in 2014.

The main focus of the 2014 campaign was to address electrocutions due to the following reasons.

- Illegal power tapping
- Absence of power line clearance
- Substandard electrical installations
- Employment of incompetent electricians
- Substandard electrical equipment



Preparing Health and Safety Statistics and Indices for Licensees

Many electricity-related accidents including electrocutions occur at licensees' work sites. The Commission decided to prepare health and safety indices to be implemented within this framework so that the rate of accidents will be reduced and the safety standards within the work environment will be improved.

The Commission, based on the past statistics, is suggesting vital safety measures that will bring down the number of electricity-related accidents. A Terms of Reference was prepared and in October, competitive bids were invited by the Commission to select a qualified consultant to carry out relevant studies and surveys to assess the status of electrical safety in Sri Lanka, study international practices, and prepare suitable Health and Safety Indices and measures to quantify and assess the safety performance of electricity companies in Sri Lanka. The contract was awarded to the selected party before the end of the year.

Awareness Programmes on Electrical Safety

A series of awareness programmes were conducted in schools and district secretariats for different audiences such as local authorities of Hambantota Galle and Matara districts, Central Provincial Council and Sabaragamuwa Provincial Council.

A safety walk and leaflet distribution campaign was conducted in collaboration with Sri Jayawardanapura Municipal Council. An electrical safety competition for school children was initiated and electrical safety awareness programmes were conducted in 20 schools. Thirteen awareness programmes for school principals at National Institute of Education Training Centre, Meepe; were conducted in both Sinhala and Tamil languages. Many awareness programmes were carried out at Police Training Centers as well.

A mass awareness campaign through radio, television and newspapers was conducted by journalists with the officials of the Commission at public events such as Deyata Kirula and Techno exhibitions and through giant screens installed at public places in Anuradhapura and Polonnaruwa during Poson season.



Electrical Safety leaflets needed for Deyata Kirula exhibition were printed, and about 200,000 were given to the Police for distribution through its Praja Sevaya. Safety leaflets, posters and DVDs were also distributed at apparel manufacturers' facilities (13), NIE, schools and other government and private organizations and a safety animation video with subtitles was prepared.

Standards for Electrical equipment and wiring

The use of sub-standard electrical equipment can result in serious consequences, including electrocution and fire. Therefore it is an essential requirement to ensure the standards of electrical equipment used in any industry or household.

To ensure the necessary standards, the Commission initiated implementing mechanisms to prevent substandard electrical products entering the market. This was done on request of the Institute of Engineers Sri Lanka (IESL). The Commission has been working with the IESL study groups to implement standards for electrical appliances, licensing electricians and preparation of wiring guidelines.

This project was initiated in 2014 and to be continued in 2015 as it was not finalized within the year.

Improving electrical systems in School

Ensuring electrical safety in school environment has been a specially considered area by the Commission. The safety of students, staff and others in schools using electrical equipment is of paramount importance and to ensure their safety, the Commission has taken measures to improve electrical systems in schools.

A report was handed over to the Minister of Education in March on the estimated cost of electrifying and improving existing electrical systems in schools and electrical safety has been included as a subject area in school text books to make students understand the importance of electrical safety.



Preparation of Electrical Safety Guideline for Schools with the approval of the National Institute of Education in all three languages was completed and discussions were conducted with LECO and CEB to codify a procedure to ensure safe building construction with minimum distance to overhead power lines. The project is continued in 2015 with necessary improvements.

Implement a mechanism to record non-fatal electrical accidents to the Commission

Information on non-fatal electrical accidents is received by the Commission through hospital inspections carried out by electrical inspectors. To get such information to the Commission in a more adequate and timely manner, a system is planned to be implemented which would directly connect the Commission with the relevant parties.

A meeting was held with the Department of Statistics and a questionnaire was prepared. A discussion was conducted with CEB in May where the decision was made to carry out a pilot survey in Katugastota based on all island consumer information collected from CEB and LECO. A random sample of consumer accounts was selected for the survey based on the area and electricity consumption and directed to CEB. The data received from CEB was analyzed and the project was completed.

After the completion of the project, currently the Commission is in a position to receive information on non-fatal electrical accidents in a very effective manner.

All island domestic consumer-based survey to check the availability of trip switch and its correct functionality

Since a number of incidents related to unsafe electrical conditions had been reported due to the non-existence of trip switches in households and due to the poor functionality of those installed, the Commission has started working towards a project to ensure proper installation of trip switches in each house.

A pilot project was completed in Kandy (Katugastota) which had been identified as one of the most vulnerable areas for electrocutions in an earlier analysis carried out by the Commission.



Related consumer information was obtained from CEB and LECO and a random sample of consumer accounts was selected for the survey and sent to the CEB. The data received from the CEB was analyzed. It revealed that 42% of the households in Katugastota area does not have trip switches and 10% of the trip switches installed is not functioning which means more than 50% of households does not have the trip switch protection which is vital to save human life during an electric shock.

The inspectorate division of the Commission is planning to expand this survey to several other areas of the country in a more comprehensive form. The results will assist formulating a methodology to ensure that all households in Sri Lanka are equipped with the proper trip switch protection.

The project would be expanded in 2015 to five other areas.



Electricity Inspections on request or based on complaints

The Commission takes the responsibility of conducting electricity inspections at different sites on request or complaints made by either the general public or any industrial body. The requests and complaints are reported to the Commission through CEB, LECO or other parties like Sri Lanka Police.

In 2014 many electricity inspections were carried out based on the requests and complaints reported through CEB, LECO and the Police and the number of recommendation of sanctions in each month is mentioned below.



Recommendation of sanctions

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
CEB	216	209	280	155	164	195	272	172	218	189/218	178	106
LECO	7	4	8	3	11	13	11	10	6	16/06	5	0
OTHER								1				

As another routine activity, an inspection was conducted on 11th June 2014 at Ananda College at Colombo to check the electricity safety of the electrical wiring system of the school. Electrical inspectors of the Commission checked the existing electrical installation of the school during the visit. Based on the findings of this inspection a report with necessary actions and recommendations to be taken by the school administration to ensure the electrical safety of the school was compiled and sent.

Measuring of harmonics in apparel industry

Harmonic voltages and currents in an electric power system are caused by non-linear electric loads and harmonic frequencies in a power grid often create power quality issues such as electricity fluctuations. Harmonics in power systems result in increased heating in the equipment and conductors, misfiring in variable speed drives, and torque pulsations in motors. Therefore reduction of harmonics is considered desirable by all industries.

The Commission presented several activities to study harmonics in the electricity supply with special attention given to the apparel industry. The studies will help the industries save their machinery and equipment from damage caused by sudden power fluctuations and harmonics and also assist DLs to prevent losses caused by unmeasured harmonics.



The objectives of the taken measures are to identify the existing situation of harmonic levels within the distribution system of those industries, the specific causes for generation of harmonics in each industry, already existing and possible harmonics mitigation procedures and to study the impact of harmonics to the power systems.

Initiating the first measure, necessary information on apparel industry was gathered from the Board of Investment and CEB and 13 garment factories were selected for the inspections. The project was completed within the year with inspections carried out in all 13 factory premises.



Energy efficiency

Prepare an energy efficiency guideline for apparel industry in Sri Lanka

The Commission has identified the necessity of improving energy efficiency, which should be a primary concern in apparel industry in Sri Lanka as there are various energy-efficiency opportunities that exist in every apparel plant, many of which are cost-effective. Therefore preparation of an energy efficiency guideline for apparel industry in Sri Lanka was taken into major consideration by the Commission.

The Commission carried out a study on the apparel industry and measures were employed to identify the ways and means in which energy gets wasted unnecessarily, measures that have already been taken to improve energy efficiency, the possible ways and means to further improve energy efficiency to prepare the proposed energy efficiency guideline.

The energy conservation methods which would be promoted through the guideline would contribute towards easing the national burden related to energy costs. Inspections were carried out at 13 apparel plants based on the information gathered from the Board of Investment and CEB. .

The project is to be expanded in 2015 to include further guidelines for the industrial sector. This would lead to the preparation of upgraded strategies related to the best industry practices.

Case study on the loss/damage in the apparel industry due to outage of power supply

Disruptions caused by power blackouts and the true costs and impacts that the apparel industry encounters in Sri Lanka, is a challenging area which has been considered by the Commission to be practically sorted out.



The Commission analyzed the losses suffered by garment factories due to power failures and the focus was also given to the practical issues faced by licensees and maintenance staff in the processes of transmission and distribution.

The case study is expected to be finalized in 2015.

A survey report on efficiency of energy intensive processes commonly used by small industrial consumers in Sri Lanka

A survey was commenced in 2014 by the Commission to measure the efficiency of energy intensive processes commonly used by small industrial consumers in Sri Lanka. Five industrial consumers (One hotel and four garment industries) were selected as the sample to execute the energy audit as a pilot study.

Based on their responses to the questionnaires provided, the energy audits were conducted at these facilities in 2014 and this would help the Commission to understand the energy intensive processes which are currently in operation in the island and identify the areas which need improvement.

The conducted energy audits would benefit these industries and reflect the necessary improvements. Energy audit reports were compiled for these companies. An online questionnaire was prepared to be filled by small industries and was circulated among selected members of the Ceylon Chamber of Commerce. The project is currently in progress with more energy audits being carried out at different industrial facilities.



Formulating a methodology to audit energy consumption of the thermal power plants in Sri Lanka

One of the main objectives of the Commission is to bring down electricity generation cost to the minimum possible level in compliance with the energy policy. This guideline is expected to improve efficiency in power plants, leading to generation cost reduction, and conservation of energy and environmental conservation on long term basis.

Competitive bids were called through newspaper notices and by publication on the web to engage a qualified consultant to carry out the studies to assess the operation of existing thermal generation plants in Sri Lanka, study international practices and prepare a suitable methodology/guideline to execute energy audits at the thermal power plants (coal, diesel, heavy fuel/furnace oil and combined cycle power plants) in order to identify the areas where the efficiency can be improved and find appropriate solutions. The contract was awarded in December.



Licensing

Electrical Demand Forecast for each Distribution Licensee

A comprehensive demand forecast study to calculate the demand for electricity for a five-year period from 2014-2018 with the objective of providing information to Distribution Licensees (DL) to make necessary long-term investments in the power sector was commenced by the Commission in 2013.

The study was conducted to obtain a more accurate picture of electricity demand, forecast values filed by licensees as the figures have been thought to be somewhat overestimated. Inputs were sought from DLs through the use of time series and econometric analysis methods. A DL-wise Time Trend Analysis was performed on each tariff category.

The study was completed in 2014 and the report was published which would be helpful when planning the future activities of licensees (generation, transmission and distribution). The Commission could utilize the forecasts in this report to analyze the licensees' (CEB and LECO) plans or tariff filing for approval.

Formulation of Distribution Code Enforcement Review Panel and enforcement of Distribution Code

A Distribution Code (DC) specifying the standards that should be adhered in distributing electricity was developed by the Commission in collaboration with the Distribution Licensees in 2013.

The project was carried out to enforce and review the current code by gradually taking concerns of the public, Transmission Licensees (TL) and the DLs in to account. A Distribution Code Enforcement and Review Panel (DCERP) representing the Commission's licensees and consumer societies were established to ensure that the expected objective is encountered.



Study on Electricity Utilities' Performance Standards – What and How to measure

A study was commenced in 2013 on electricity utilities performance standards, specifying the aspects to be measured and the methodology of measurement. These key performance indicators reflect the major elements of the distribution utility's day-to-day operations, including financial, customer service, operational, technical, and metering and safety information. Performance indicators can be used to reveal which aspect of which Licensee desires closer attention, enabling the regulator to effectively guide underperforming licensees to boost their performance, which would eventually benefit the consumer. This study was completed in 2014 and the recommendations to obtain specified information from DLs periodically and calculate performance indicators of each DL, apply the Partial Performance Indicator method to benchmark DLs and to carry out a feasibility study on applying overall performance measuring methods were finalized.

A report based on the study was published.

Knowledge-sharing workshops for off-grid micro hydro schemes

The final workshop to build awareness and enhance public knowledge on off-grid micro hydro schemes was held in Ratnapura in January along with the national convention. The series of workshops, started in 2013, was designed to provide information to rural communities on the efficient use of off-grid Non-Conventional Renewable Energy (NCRE) schemes; to help such communities identify and mitigate hurdles in utilizing off-grid NCRE schemes; to reduce the demand for electricity on the National Grid; to create awareness and educate the public regarding the technical and managerial aspects of the industry; and to communicate and share these ideas among the stakeholders.





The workshops were part of a series conducted by the Commission in different areas of the country where water resources are available. They brought together various consumer societies and stakeholders engaged in off-grid micro hydro power schemes. The participants were encouraged to share their best practices and lessons learnt in implementing and carrying out such schemes.

The findings of these workshops were compiled in the final follow-up report.

Developing a proper way to estimate the Cost of Unserved Energy in Sri Lankan context

At least once every four years, Transmission Licensees have to review the cost of unserved energy. Such a study would facilitate the Distribution Licensee to assess the economic value of power interruptions in each relevant area.

The Commission collects these estimations to develop a methodology to assess the different loads of power demand in selected geographical areas and assess the monetary, social and environmental impacts.

Despite a party being selected to carry out the study, the plan had to be cancelled due to cost factors. However, the Commission would consider the possibility of carrying out the study internally.

Preparing a format for the annual environmental performance report which should be submitted by the licensee

The Commission set standards for the environmental performance of licensees in compliance with Sri Lanka's existing environmental laws. Based on the reports submitted by licensees, the Commission is in the process of preparing an annual environmental performance report through which records of non-compliance are enabled to maintain.

The electricity generation license includes a condition titled "Environment" which states that the Licensee shall report annually to the Commission on its environmental performance in such form and at such times as the Commission may specify in writing.



Therefore the purpose of this project is to identify the environmental aspects of electricity generating power plants and to build up a format for reporting the environmental performance of generation licensees. The format would enable generation licensees to report their environmental performance annually to the Commission.

Actions will be taken, along with other government authorities, to minimize instances of non-compliance with the established standards. The project is currently in progress; template for reporting environmental performance has prepared and sent to Central Environmental Authority for their comments.

Evaluation report on Medium Voltage Distribution Development plans by Distribution Licensees

The study on Medium Voltage Distribution Development plans being conducted by the Commission will assist the DLs to plan and develop their load forecast, development proposals and economic evaluations.

The Medium Voltage plans of the CEB and LECO were obtained. The evaluation report has been completed and viewed by the Commission. Subsequently the recommendation by the commission has already sent to respective licensees.

Other activities

Granting Generation Licenses/Modification 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 Commission to all parties currently producing electricity in the country. CEB remains the largest generation licensee as seventeen licenses were granted during the year 2014.



Granting Generation/ Distribution Exemptions

The Commission, under the powers 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. Approval for these exemptions is granted, taking in to consideration how electricity is generated or distributed by that party. The number of exemptions granted in 2014 was six.

Generation and Reservoir Statistic Reports

From 2012, the Commission has been maintaining a report on daily and monthly generation and reservoir statistics, based on daily generation details received from CEB. These reports are published on the PUCSL website on a daily and monthly basis. They are published on a half-yearly and yearly basis as well. The report for year 2014 has now been completed. The reports for the first half of 2014 and 2013 were published in 2014.

Transmission Performance Reports

Transmission Performance Reports are published with the objective of evaluating the performance of the transmission network in Sri Lanka including the loss in the transmission process during specified periods.

The reports describe and calculate key performance indicators for the electricity transmission system. The Commission analyses data received through the LISS and from CEB monthly reports in compiling this report. The Transmission Performance Reports – 2014 First half and 2013 have also been completed within 2014 and published through the web.

Distribution Performance Reports

Data submitted by each DL – CEB Regions 1, 2, 3 and 4 and LECO - is used to analyze the DLs' performance. The objective is to produce comparative illustrations of all five DLs on their purchases, sales, revenue, consumer base and energy losses for the specified period.

The Distribution Performance Report – 2014 first half relevant reports for 2013 were published during this year.



Lubricant Market Report – 2013

The report for 2013 was prepared and published on the PUCSL website. It was printed by the end of the year. Some of the areas highlighted in the report are the number of parties authorized to import, export, sell, supply, distribute and blend lubricants in the country during 2013, the amount and value of the lubricants sold in the country during this period, the quantity which was produced (blended) locally and the amount earned by the Government's registration fees.

Workshops on Lubricant Awareness

Two workshops were conducted in December for the students of the Automobile Engineering Training Institute at Orugodawatta, Wellampitiya and Ceylon German Technical Training Institute at Ratmalana. Over 500 students took part in these events where presentations were made on petroleum and lubricants.

Other activities

- The safety and technical management plan of LECO has been assessed to be implemented with the Commission's approval.
- A format was prepared for the Certificate of Exemption with the Commission's approval.
- The evaluation of applications for importing grease and transmission oils was carried out during the year: eight applications were evaluated.
- The Gazette order to exempt community-based non-commercial generation and distribution activity was prepared.



Regulations on Electricity Safety, Quality and Continuity

In terms of the Sri Lanka Electricity Act, No. 20 of 2009, on the recommendations of the Commission, the Minister of Power & Energy may prescribe Regulations on Electricity Safety, Quality & Continuity, in order to protect the public from dangers arising from the generation, transmission, distribution, supply and use of electricity from any electric line or electric plant as well as to eliminate or reduce the risks of personal injury or damage to property or interference with its use resulting from the transmission, distribution and supply of electricity.

These regulations were drafted by the Commission in consultation with Ceylon Electricity Board (CEB) and Lanka Electricity Company (Private) Limited (LECO). Finally, in order to consult any person who may be affected or are likely to be affected by the regulations, the Commission also sought comments from stakeholders and the general public.

Thereafter, the draft regulations were recommended to the Ministry of Power and Energy in 2014. However, based on the concerns expressed by LECO, the regulation relating to distances from partially insulated service lines was amended by the Ministry of Power and Energy. The Commission is awaiting the prescription of the regulations by the Ministry of Power & Energy.

Supply Services Code

In terms of the Electricity Distribution & Supply Licenses granted by the Commission, each Distribution Licensee – CEB (four) and LECO is required to publish a Supply Services Code approved by the Commission.

The Supply Services Code is a code of practice that governs the services provided by the licensees and is also a guide to their processes and procedures. It consists of information such as how to contact the service provider; provision of new connections, disconnection and reconnection of supply; security deposit in respect of supply; content of the electricity bill and how customers can settle this; consumer complaint handling procedure; access to customer premises by representatives of the service provider; efficient use of electricity by the consumers; interruptions to the supply; services for customers who require special attention; electricity meters; way-leave and required clearance from the distribution lines.



The Supply Services Code will assist consumers to make the maximum use of the services provided by Distribution Licensees as well as protect their interests through transparency and standardization of the processes and procedures of Distribution Licensees. Once published, it would be available for inspection by the public at the premises of each Distribution Licensees.

The Supply Services Code was drafted by Ceylon Electricity Board and after many rounds of discussions and revisions; a generic code for Distribution Licensees of CEB and a separate code for LECO was approved by the Commission in 2014. The Commission is awaiting the publication of the Supply Services Code the Distribution Licensees.

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 as well as operate, plan, maintain and develop it's transmission systems in accordance with any standard of planning and operation that may be adopted with the approval of 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.

In terms of the Work Plan under the ADB TA 7265-SRI: Capacity Development for Power Sector Regulation executed by the Ministry of Power & Energy, a Grid Code was drafted by Consultants in consultation with the CEB. While parts of the Grid Code, namely the Least-Cost Generation Planning Code, Transmission Planning Code and Methodology for Merit Order Dispatch were drafted and approved by the Commission in 2011, the composite Grid Code of Sri Lanka was drafted and approved by the Commission in 2014.

However, it was rejected by CEB on the premise that it was not prepared by them. Subsequently, CEB submitted an alternate Grid Code seeking approval of the Commission. The Commission has engaged the services of the Consultants, and is reviewing the alternate Grid Code submitted by the CEB.



Rules on Procedure for Review of Tariffs and Tariff Methodology-Chapter on Tariff Review Procedure

In terms of the Sri Lanka Electricity Act, No. 20 of 2009, 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 on Procedure for Review of Tariffs were prepared as part of the Work Plan under the ADB TA 7265-SRI: Capacity Development for Power Sector Regulation executed by the Ministry of Power & Energy. They were revised based on comments received from CEB, LECO and the Ministry of Finance and Planning, and submitted to the Legal Draftsman in 2014.

Revision of the Regulatory Manual

In terms of the Public Utilities Commission of Sri Lanka Act, No. 35 of 2002, the Commission is required to prepare a Regulatory Manual and revise the same, as and when required. The Regulatory Manual represents the code of practice governing the functions of the Commission.

The May 2009 – Version 2 was revised by the Commission in 2014 on the basis of changes in the procedures and processes as currently practiced and identified by each functional division of the Commission. While the revisions are being translated into Sinhala and Tamil, the revised (English) Regulatory Manual has been published on the Commission's website.

Guidelines on Regulatory Accounting

In terms of the Electricity Generation Licenses, Electricity Transmission & Bulk Supply Licenses and Electricity Distribution & 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 such Licensees and may be of any description and any format specified by the Commission.



Since, statutory accounts submitted licensees presently do not contain sufficient information for regulatory purposes and are not comparable amongst licensees, the Commission intends to formulate guidelines for the preparation of regulatory accounts.

Towards this end, the Commission sought to engage the services of a qualified international consultancy firm possessing the requisite qualifications to develop such guidelines and to assist in implementing the same. However, towards the end of the procurement process, the available budget was revised downward and the selected consultancy firm withdrew from the procurement process as it was unable to carry out the same scope of work at the reduced budget. Therefore, the Commission decided to cancel the procurement process and start afresh on the basis of revisions to the scope of work and rates of pay used for budgeting purposes.

Regulation on Information to accompany request for supply of electricity

In terms of the Sri Lanka Electricity Act, No. 20 of 2009, on the recommendations of the Commission, the Minister of Power & Energy may prescribe regulations on information that an owner or occupier of any premises requesting a supply of electricity is required to provide to the relevant Distribution Licensee. In order to standardize and regularize the information sought by 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 & 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 as requested by the Ministry of Power & Energy on the basis of their letter dated 20th November 2014 addressed to CEB and LECO on the same subject.

The Commission is awaiting the recommendation of the regulations by the Ministry of Power & Energy.



Regulations on Electricity (Transmission) Performance Standards

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

Given that, these regulations need to be aligned with the Electricity (Distribution) Performance Standards Regulations prepared by Consultants under the ADB TA 7265-SRI: Capacity Development for Power Sector Regulation executed by the Ministry of Power & Energy, the Commission has engaged the services of the Consultants in this regard.

Based on discussions held with the Transmission Licensee on the nature and scope of the standards, the Regulations on Electricity (Transmission) Performance Standards are being drafted in consultation with CEB.

Rules on applications for licenses, exemptions and authorizations

With the envisaged regulation of the petroleum industry, the Commission intended to prepare requisite regulatory instruments. The rules on applications for licenses, exemptions and authorizations will specify the requirements for obtaining a license, exemptions and authorization.

Towards this end, the Commission planned to procure expertise from local and/ or international consultants to develop rules in consultation with relevant stakeholders. The Commission is awaiting approval from its Procurement Committee for the tender document, namely Guidelines for Expressions of Interest.



Regulations on procurement of new generation plant and extension of 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 is required to call for tenders to develop a new generation plant or to expand an existing generation plant.

The rules were prepared by Consultants under the Economic Reforms Technical Assistance Project – Credit No: 3722 CE in 2004, and given the amendment of the relevant provisions of the Sri Lanka Electricity Act, No. 20 of 2009 by the Sri Lanka Electricity (Amendment) Act, No. 31 of 2013, the Commission has engaged the services of the Consultants to review and redraft the rules as appropriate in consultation with the Transmission Licensee.

Based on discussions held with the Commission on the nature and scope of the revisions, the rules are being redrafted by the Consultants.

Regulations on electricity trading arrangements between licensees

In terms of the Sri Lanka Electricity Act, No. 20 of 2009, on the recommendation of the Commission, the Minister of Power & Energy may prescribe regulations for the purpose of allowing and securing appropriate electricity trading arrangements between licensees.

The regulations will specify the minimum requirements to be met in the Power Purchase Agreements (PPA) and Power Supply Agreements (PSA) to be executed between the Transmission Licensee and Generation Licensees as well as the Transmission Licensee and Distribution Licensees respectively.

In this regard, the Commission intends to engage the services of a qualified international consultancy firm, and is awaiting final proposals from three shortlisted parties.



Electricity Tariff

Regulations on Demand Side Management (DSM)

DSM regulations aimed at deploying national level energy conservation and efficiency improvement measures through the electricity utility were drafted in 2013 in consultation with a committee comprising members from the Ministry of Power and Energy, Distribution Licensees and the Sri Lanka Sustainable Energy Authority. Subsequently, draft regulations were opened for public consultation, through which the draft was significantly improved. The draft DSM regulations have been completed and were recommended to the Ministry.

Heat Rate Test on Thermal Power Plants

Under this project, all thermal power plants in Sri Lanka were studied through a basic Heat Rate Test, covering their regular dispatch patterns in 2013. Thermal power plants owned by the Ceylon Electricity Board (CEB) as well as thermal power plants operating under Independent Power Producers (IPPs) were taken into account in this assignment. This was carried over to 2014 as well with tests being conducted during January at the Heladhanavi and Westcoast plants. The project was completed and the final report was published.

Revision of Network Loss Targets

The Transmission Licensee (CEB) and the five Distribution Licensees (CEB Region 1, 2, 3 and 4 and Lanka Electricity Company/ LECO) suffer network losses due to a variety of reasons during the procedure of transmitting and distributing electricity to the end consumers.

A study was commenced on the Revision of Network Loss Targets for the Licensees individually with the objective of revisiting the network loss target assigned to each licensee in 2011 by 2015 with new tariff filings scheduled in 2015.

Setting correct loss targets is expected to direct the Licensees to improve their operating efficiencies and to invest in network improvements on time. Also, the benefits of efficiency improvements would be shared by the Licensees as well as by the consumers.



The Sri Lanka Energy Managers Association was entrusted with the task of making recommendations on these new targets which will be a challenging as well as a more realistic task than the 2011 targets. The study is in the data collection stage and would be continued in 2015.

Feasibility of TOU tariffs for Domestic and GP consumers

A study was commenced in 2013 on Time Of Use (TOU) tariffs for Domestic and General Purpose Consumers. The study was completed this year and the final report based on the study was published in March. The study concluded that there is substantial potential for domestic electricity consumers to shift their peak loads to non-peak time periods and that the TOU tariff scheme can give effective results and be beneficial.

Street Lamp Management Strategy

The conceptual framework related to the Street Lamp Management Strategy was drafted and circulated among the main stakeholders - the Ministry of Power and Energy, CEB, LECO and the Ministry of Local Government in 2013. The draft was placed for wider stakeholder consultations with the Local Authorities and the public in order to study the feasibility of the proposal. Comments were received from LECO and Sustainable Energy Authority. The project was completed in 2014 and the report was submitted to the stakeholders.

Supply Chain Analysis of Electricity Sector

This study is to track the cost of electricity supply and identify possible areas for further study to identify areas that require better management and to control unreasonable costs borne by electricity consumers. The project also intends to study ways and means of supplying electricity at lower costs.

The study was motivated by the fact that Sri Lanka has some of the highest electricity tariff levels in the region with the costs of generation being the largest element in electricity tariffs. It considered the component costs of electricity generation in Sri Lanka, identified potential inefficiencies and made recommendations on possible regulatory actions to address them.



The aim was to improve the economic efficiency of electricity generation, which may not immediately reduce costs, but in the longer term, deliver sustainable electricity at a lower cost.

The final draft report which reviews the key areas where the regulation of electricity generation in the country can be improved and sets out draft recommendations on regulatory reforms in these areas was prepared by the consultants and was handed over to the Commission.

A Focus Group Discussion on this study was held on 30 September to create a discussion on the analyses and recommendations made in the drafted final report with the participation of stakeholders from various industries, including representatives from the Ceylon Electricity Board and Ministries of Finance and Power and Energy. The project has now been completed and the final report is expected to be published in January 2015.

Stability Study by University of Moratuwa

The CEB has a practice of limiting the contribution of a single generator unit to 20 per cent of the total demand at any given time. This is done to ensure the reliability of the system. However, with the addition to the system of new plants with capacities of 300 MW, such limits may need to be revisited. The assignment of carrying out this stability study was granted to the University of Moratuwa in 2013. The inception report for the study was completed. It is now in the data collection stage.

Concept/ White paper on open access to electricity network in Sri Lanka

This project is carried out with the intention of looking at opportunities of promoting competition at various levels. With open access to the electricity system, a more efficient, secure and economical power supply service would be provided to the country. Before such a project is carried out, the legal frameworks and systems of other countries would be studied. A literature survey and a draft report were completed and the Commission is currently reviewing internal comments on the draft. The drafted final report is planned to be published in 2015.



Study report on economic impact of electricity tariff increase

The Commission commenced a study on the likely increases of demands in the future, based on past data of the main consumer categories. The objective is to estimate the short and long-term price elasticity of demand and analyse the economic impacts of increases in electricity pricing.

The support of the Census Department was requested for data collection. With the completion of data gathering, the analysis report on price elasticity and trends has now been finalised and is expected to be published in early 2015.

Study on the capacity contribution of NCRE plants

The Commission will carry out measures to develop energy security and Non-Conventional Renewable Energy (NCRE) development with the intention to develop sources of renewable energy, to quantify the capacity contribution of all existing NCRE technologies and to estimate their cost-effectiveness. This is part of the Commission's outlook for renewable energy. Under this project, the Commission monitors the capacity contributions of each NCRE technology. The data collection with regard to this project has been completed and the analysis report drafted; it is expected to be published in early 2015.

Opinion survey: Electricity Tariffs and Renewable Energy

Keeping in view the Commission's long-term goals for renewable energy generation, the Commission undertook a survey to gather consumer opinions on various consumer patterns. These include:

- The need for lower electricity tariffs versus an optioning out of a 24/7 electricity supply
- Acceptability of revised meter practices (quarterly not monthly)
- The need to connect all consumers to the National Grid or whether alternative off - grid mechanisms will be acceptable to rural communities
- The need to subsidise religious, industrial, government and certain domestic consumer categories
- The willingness of consumers to pay higher tariffs for environmental-friendly NCRE sources in the short-term



A random sample of 2,700 consumers belonging to the domestic (88 per cent of the respondents), General Purpose 1 and Industrial Purpose categories from all areas of the island were to be interviewed and their opinions sought for the survey through questionnaires.

The field visits and interviews as a part of the survey – for domestic sector electricity consumers - were completed in November. A report based on this segment of the survey would be finalised in January 2015. The remainder of the field work related to the other two sectors is ongoing and their report will be finalized in February.

An analysis of the survey would be included in the final report which is expected to be published in early 2015. The objective of the survey is to assess the service quality of the service providers – CEB and LECO. The survey would help gather public opinions and perceptions on tariffs, supply and service quality and what improvements are needed to provide a better service to consumers.

Routine activities

Industry Category definition

The Commission introduced a new definition for the Industrial Consumers tariff category in line with Government policy directives from November 15, 2014, after conducting discussions with the Treasury and Ministries of Power and Energy and Industries.

The definition is: “The supply of electricity to be used for ‘Agriculture’, ‘Forestry and Fishing’, ‘Mining and Quarrying’, ‘Manufacturing’, ‘Electricity, Gas, Steam and Air Conditioning Supply’ and ‘Water Supply; Sewerage, Waste Management and Remediation Activities’ as classified under the relevant sections of the detailed classification published by the PUCSL, for electricity tariff purposes.

The previous definition for Industrial category was; “Supply of electricity used wholly or mainly for motive power or for electro-chemical processes in factories, workshops, foundries, oil mills, spinning and weaving mills, water supply and irrigation pumping stations, port and dock installations and other similar industrial installations”.



This definition had been used for electricity tariff purposes since 1962 and didn't reflect modern industrial activities. There were numerous complaints and disputes regarding electricity tariff categorization.

A study on adoption of new 'Industry' category definition was conducted by the Commission to assess the possibility of adopting a subset of the International Standard Industrial Classification (ISIC) Revision 4 of the United Nations as the 'Industry' category definition and to identify the number of consumers who would shift from the 'General' category to the 'Industry' category, in case such a classification is adopted for the 'Industry' category definition.

The study was completed in July 2013 and revealed that there wouldn't be any substantial revenue losses to the electricity industry as a result of the new classification being adopted. The ISIC classification is universally accepted and hence, consumer acceptance/clarity would be higher: Since all economic activities are classified under this system, if the Government wishes to assist certain non-industry economic activities with lower electricity tariffs, that could be easily accommodated: Since there is no incentive for 'Industrial' to shift to 'General' category, Licensees will have to do a proper analysis of them to implement an ISIC-based categorization.

Uniform National Tariff adjustment

Distribution Licensees (DLs) are required to send their expected sales forecasts on a half-yearly basis to the Commission based on the existing consumer tariff rates. Thereafter, based on the actual revenue incurred by the DLs for the period and taking into account applicable revenue caps for the DLs, the Uniform National Tariff (UNT) adjustment is determined for a six-month period. The difference between the approved revenues for each DL and the revenues generated by the application of the UNT will be compensated to ensure that the allowed revenue will be collected by each Licensee.

From 2014, this procedure is carried out on a quarterly basis. The draft Quarter 2 adjustment has now been completed and is an ongoing activity.



Bulk Supply Tariff

A uniform national tariff adjustment is also prepared every six months by the Commission for the Bulk Supply Tariff (BST) determined by the Transmission Licensee (TL) for the Distribution Licensee. This is based on the assessments of the prudent costs filed by the TL.

The BST comprises of the Generation Tariff, Transmission Tariff and Bulk Supply and Operations Business Tariff.

The structure also takes the capacity and energy charges in to account. The forecast Bulk Supply Tariffs are used to determine the end use customer tariffs. All Licensees submit their actual costs in June and December each year while the TL submits its forecast revenue requirements on account of generation costs in a prescribed electronic format for each power plant, on the basis of the forecast dispatch schedule. This is an ongoing activity.

Bulk Supply Transaction Account Implementation

The Commission requests monthly accounting information from the Transmission Licensee in order to determine Government subsidies to various consumer categories. This subsidy is determined by the Commission, taking into account the revenue forecast of the DLs, the operating expenses of the Distribution and Transmission Licensees and the allowed revenues to the DLs.

It will be used to settle transactions between the TL and Generation Licensees, DLs and any transmission customers. The management of this account is carried out by the Commission through the Bulk Supply Transactions Account Management Guidelines. It is conducted on an ongoing basis.



Allowed Charges 2015 – CEB and LECO

Allowed Charges include the charges that a Transmission or Distribution Licensee is allowed to charge from a consumer for services such as supplying a new electricity connection, services related to an existing electricity connection (energy meter testing, installation testing, pole shifting, etc.) and any other services which 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, approves the Allowed Charges set out 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. They minimize disputes between consumers and Licensees. The activity is conducted on an ongoing basis.

Study Report of Least Cost Generation Expansion Plan

The Least Cost Generation Expansion Plan is prepared to find ways of meeting the demand at the lowest cost possible. The plan is prepared by the Transmission Licensee for a 20-year term and is revisited once every two years.

The Commission's task includes reviewing this plan in compliance with the guidelines provided by the Least-Cost Generation Expansion Planning Code, requesting for clarifications and amendments and approving the plan. Views of organizations such as the IAEA are also obtained by the Commission in such projects.

In 2014, the plan was published for a public consultation and obtained the public views on this plan. Then the plan was scrutinized and granted the approval. The scope of the study report was changed and more comprehensive study will be done on the next report and the project would be continued during 2015.



Study report on the use of energy storage to peak shaving during the time of national night peak, by reducing the impact of lighting load

As night lighting results in the Transmission Licensee having to resort to costly peaking generators, this project was initiated to identify methods such as energy storage to save additional weight on generators at night. However, it's assumed that this load could be reduced and used to fill the additional demand by putting effective energy storage methods to use.

The Commission commenced a study and survey on technologies and methods and the best practices in the international scenario. Important study reports have been collected of which some have been reviewed; the literature survey has been completed while the project is in progress and would be continued in 2015.



Petroleum Sector

Preparation of the RFQ document

In order to grant authorization for new entrants to the lubricants market in the petroleum industry, as requested by the Ministry of Petroleum Industries, the Commission drafted the tender document, namely the Request for Qualifications (RFQ) in 2013.

This was revised based on the comments received from the Technical Evaluation Committee and the Negotiations Committee appointed by the Cabinet of Ministers. Thereafter, the finalized Request for Qualification document was submitted to the Ministry of Petroleum Industries in 2014, pending the approval of the Attorney-General's Department.

Drafting and enactment of petroleum industry legislation

The Commission continued to advise and assist the Ministry of Petroleum Industries in consultation with the Legal Draftsman's Department and the Attorney General's Department towards finalizing the Petroleum Products (Special Provisions) (Amendment) Act and Ceylon Petroleum Corporation (Amendment) Act, which would empower the Commission to regulate the petroleum industry.





Templates for licenses, exemptions and authorizations

With the anticipated regulation of the petroleum industry, the Commission intended to prepare requisite regulatory instruments. The licenses, exemptions and authorizations will enable the regulation of prescribed activities undertaken by licensed, exempted and authorized persons.

Towards this end, the Commission planned to procure expertise from local and/ or international consultants to develop rules in consultation with relevant stakeholders. The Commission is awaiting approval from its Procurement Committee for the tender document, namely Guidelines for Expressions of Interest.

Workshops on Lubricant Industry

As the shadow regulator of the Lubricant Industry, it is the duty of the Commission to make consumers aware of rational choice of lubricants. Hence the Commission conducted two workshops for the students of the Ceylon German Technical Training Institute and Automobile Engineering Training Institute in December 2014 as it an ideal way to convey awareness through the students related to the industry. Presentations on Oil refining process and refined products, basics of lubricants and lubrication and lubricant market and regulations were carried out by the professionals. Students were provided with relevant reading materials as well.



Other Activities

The 20th Steering Committee Meeting of South Asia Forum for Infrastructure Regulation (SAFIR) was taken place in Colombo in 2014. The meeting was hosted by the Public Utilities Commission of Sri Lanka as Sri Lanka has been an active member of SAFIR since its inception.

Marking a milestone in the Commission's history, the Acting Chairperson, of the Commission, Pushpa Wellappili was officially appointed as the Chairperson of the SAFIR by the Chairperson, Central Electricity Regulatory Commission of India, Shri Gireesh B. Pradhan at the meeting.

The Commission involved in the discussion by contributing its assistance towards SAFIR's plans for 2014/ 2015. SAFIR has planned to conduct a study on 'Integrated Development of South Asian Region: Regulatory Issues on Co-operation in South Asia', operating Virtual Working Groups, for its Executive Committee to meet more often to prepare a road map for future activities and for member organizations to extend more technical support to the SAFIR Secretariat in its functions.

SAFIR works towards providing capacity building and training on infrastructure regulation and related topics in the region and it stimulates research on the subject by building a network of regional and international institutions and individuals active in the field. It also aims to facilitate effective and efficient regulation of utility and infrastructure industries, initiate the exchange of knowledge and expertise and encourage the rapid implementation of global best practices. The organization operates in a regulatory capacity in areas including electricity, natural gas, telecommunications, water and transport as decided by the Steering Committee.



Human Resources

The Commission continues to invest in Human Capital Development and implement effective Human Resources practices to improve work force efficiency, effectiveness and productivity and also to foster collaborative partnerships that enrich the work and learning environment for our staff.

The staff strength and composition of the Commission as at 31.12.2014.

Designation	Approved Carder		Existing Carder	
	Permanent	Contract	Permanent	Contract
Director General	01	00	01	00
Deputy Director General	01	00	01	00
Secretary To the Commission	01	00	01	00
Director	04	01	04	01
Deputy Director	06	02	06	02
Assistant Director	11	03	11	03
Management Assistant	07	00	07	00
Driver	03	01	03	01



Plans 2015

Se No.	Goal	Reference No.	Project Description	Benefits
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	CP15/LIC/01	Design and integrate electronic templates in to LISS (Licensee Information Submission System) which is required for VMP	<ul style="list-style-type: none"> • Ability to accommodate Distribution Licensees' submissions on VMP related data • Electronic platform to gather VMP related information from licensees • Identification of prevailing voltage levels • Improvement to desired levels
		CP15/INS/04	Measuring of harmonics which affect the power quality in energy intensive industries	<ul style="list-style-type: none"> • Identification of existing harmonic levels within industries' distribution systems • Identification of specific causes for generation of harmonics within each industry • Benefits for industries through identification of harmonics mitigation measures • Information will help study the impact of harmonics on power system • Reduced harmonics through regulations • Improved quality in electricity • Machinery and equipment saved from damage caused by harmonics • DLs helped to prevent losses caused by unmeasured harmonics



2	The System average interruption duration index is below 24 hours per consumer per year	CP15/LIC/02	Design and integrate electronic tables in to LISS which is required for obtaining SAIFI, SAIDI (outage related) information	<ul style="list-style-type: none"> • Better access to data through development of LISS • Electronic platform to gather SAIFI, SAIDI related information from licensees • Ability to identify currently prevailing SAIDI/SAIFI levels • Ability to improve this to desired levels
		CP15/INS/01	Case study to identify the reasons for high SAIDI/SAIFI in a selected area as a pilot project	<ul style="list-style-type: none"> • Identification of SAIDI • Identification of reasons for high SAIDI • Better informed Licensees can prepare better mechanism to improve SAIDI • Continuous, reliable power supply for consumers • Benefits for many if study is carried out in other areas
3	The System Average Interruption Frequency Index is below 30 occurrences per consumer per year	CP15/LIC/02	Design and integrate electronic tables in to LISS which is required for obtaining SAIFI, SAIDI information	<ul style="list-style-type: none"> • Identification of SAIFI • Identification of reasons for high SAIFI • Better informed Licensees can prepare better mechanisms to improve SAIFI
		CP15/INS/01	Case study to identify the reasons for high SAIDI/SAIFI in a selected area as a pilot project	<ul style="list-style-type: none"> • Identification of SAIFI • Identification of reasons for high SAIFI • 3.2.3 Informed Licensees can prepare better mechanisms to improve SAIFI



4	The average restoration time for consumer service line faults is below 2 hours per consumer	CP15/LIC/10	Establishing current level of service call restoration time by sample survey on service calls attended by the distribution licensees and benchmarking	<ul style="list-style-type: none"> • Establishment of current average restoration time for service faults by DLs • Benchmarking of DLs' performance • Provision of forum to share best practices • Reduced service restoration times for consumers
5	Information on consumer rights and obligations is made available to consumers in advance and when such information is required by them	CP15/COA/01	Capacity building to CN members on rights and obligations of consumers and regulatory framework	<ul style="list-style-type: none"> • Protection of consumer interests • Improvement of CN members' capacities • Consumers' problems related to electricity and supply resolved by making CN members available for consultation • Better education, awareness for consumers • Empowerment of consumers to exercise their rights • Better service for consumers • Conservation of electricity through better consumer awareness • Conservation of electricity through better consumer awareness
		CP15/COA/02	Publish articles/ interviews on rights and obligations and regulatory framework in areas not covered in 2014 deliverables	<ul style="list-style-type: none"> • Consumer awareness through print media, on rights and obligations and electricity regulatory framework



				<ul style="list-style-type: none"> • Consumer awareness on how their rights should be exercised • Consumer awareness on the action they should take when faced with problems related to electricity and supply • Better interaction between consumers and service providers • Service providers motivated to provide better services
		CP15/COA/03	Discussions in electronic media on rights and obligations of consumers and regulatory framework	<ul style="list-style-type: none"> • Consumer awareness through electronic media, on rights and obligations and electricity regulatory framework • Awareness for all consumers on exercising their rights and resolving their problems related to electricity and electricity supply • Access to all types of consumers • Better interaction between consumers and service providers • Motivation of service providers for better service • Consumer protection ensured



		CP15/COA/04	Print 50,000 hard copies of Rights and Obligations of Consumers Statements and upload soft copies in public websites	<ul style="list-style-type: none"> • Easy access for consumers to Rights and Obligations of Consumers Statement • Easy access for all stakeholders to Rights and Obligations of Consumers Statement • Access to all types of consumers • Better interaction between consumers and service providers • Motivation of service providers for better service
6	The average time taken by an electricity service provider to serve consumer inquiries/requests/complaints is below 30 days	CP15/COA/05	Measure the average time taken to serve consumer inquiries/requests/complaints for five selected services	<ul style="list-style-type: none"> • Improved efficiency for service providers • Better services for consumers • Customer views available on monthly basis • Identification of Licensees' delays, if any • Improved efficiency for Licensees • Less time taken to answer customer queries
		CP15/COA/06	Measure the average time taken to resolve matters referred to PUCSL in 2015	<ul style="list-style-type: none"> • Quicker resolving of matters referred to PUCSL in 2015 than in 2014, towards achieving the set target of 30 days • Quicker service for consumers



		CP15/COA/07	Modifying the existing dispute resolution system software to make it compatible with the manual processing system that is being practiced to resolve matters referred to PUCSL by consumers	<ul style="list-style-type: none"> • Quicker resolving of matters referred to PUCSL in 2015 than in 2014, towards achieving the set target of 30 days • Quicker service for consumers • Identification of causes for delay • Contribution to development of quicker resolution process • Achievement of target of 30 days (average) in 2020
7	The average time taken by PUCSL to serve consumers is below 30 days	CP15/COA/07	Modifying the existing dispute resolution system software to make it compatible with the manual processing system that is being practised to resolve matters referred to PUCSL by consumers	<ul style="list-style-type: none"> • Quicker resolving of matters referred to PUCSL in 2015 than in 2014, towards achieving the set target of 30 days by 2020 • Quicker service for consumers • Compatibility between computer system and existing manual resolution system and processes • More streamlined procedure for PUCSL
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)	CP15TEA/01	Annual audit on dispatch	<ul style="list-style-type: none"> • Ex-post analysis of dispatch tool • Identification of areas where dispatch can be more cost effective • Identification of gaps in technology/ tools used for dispatch decision making • Identification of information requirements to improve dispatch efficiency



		CP15TEA/02	Policy advice to renegotiate and extension of IPP PPAs	<ul style="list-style-type: none"> • Assessment of benefits of renegotiation • Assessment of benefits of extending expired PPAs • Identification of financial and non-financial benefits of extending expired PPAs • Basis provided to negotiate extension of PPAs • Reduced generation costs • Reasonable charges for consumes • A clear picture of power plant performance provided to Government and other stakeholders
		CP15TEA/03	Study on extension of existing NCRE SPPA	<ul style="list-style-type: none"> • NCRE sector development through transparent mechanism to extend existing SPPAs • Fair price for energy purchasing • Issues to be solved will be identified through interviews with stakeholders • Easy identification of solutions • Int'l best practices will be considered • More renewable energy sources to be used • Reduced costs on use of energy



		CP15/TEA/08	Study on impacts of TOU rates introduced in 2013	<ul style="list-style-type: none"> • Identification of possible areas for improvement • Incentives for energy conservation • Improvements in TOU structure • Promotion of energy efficiency and conservation
		CP15/TEA/08	Benchmarking study on network operation cost, asset management costs, network technology and expansion planning methods	<ul style="list-style-type: none"> • Identification of drivers of benchmark costs among licensees • Ability to compare international cost drivers • Lower network losses • Lower distribution losses can curb generation demand increase and costs
		CP13/REA/01	Implementing Guidelines on Regulatory Accounting	<ul style="list-style-type: none"> • Support for licensees on preparing regulatory accounts • Enabling of Commission to source information for regulatory activities • Reduction of costs in supply of electricity • Fairness in tariffs and charges • Lower consumer tariffs in the long run by accurate determination of allowable revenues to DLs • Increased efficiency of transmission and distribution licensees by effective monitoring of their activities



			<ul style="list-style-type: none"> • Reliability in regulatory decisions for all stakeholders • Access to accurate information on licensees' financial position in a given year
		CP13/REA/03	<p>Regulations on electricity trading arrangements between licensees</p> <ul style="list-style-type: none"> • Transparency and uniformity in criteria help licensees to adhere to requirements • Type and content of PPAs and PSAs specified • Introduction of competition • Reduced costs in the purchase and sale of electricity • Uniformity of criteria helps PUCSL to monitor performance • Facilitation of formulation of regulations for improvement and policy changes
		CP15/RA/01	<p>Policy advice on tariff setting</p> <ul style="list-style-type: none"> • Benefits for all stakeholders through cost-reflective tariffs • Smart subsidies for specific industries and vulnerable consumer groups • Improved well-being and productivity among all stakeholders • Better advice for Government on impact of tariff levels and need to rationalise end-user tariffs



				<ul style="list-style-type: none"> • Most economical and efficient service possible for consumers • Reduced costs in supply of electricity • Fairness in tariffs and charges
		CP15/RA/02	Regulations on disadvantaged groups of consumers	<ul style="list-style-type: none"> • Identification of disadvantaged groups of consumers • Lifeline tariffs for deserving consumers • Fairness in electricity tariffs and charges
		CP15/LIC/03	Cost (OPEX) benchmarking (Relative) of DLs for year 2013	<ul style="list-style-type: none"> • Identification of required reporting formats • Opportunity to identify relative performance of DLs • Ability to identify best and worst performers (DLs) • Ability to identify cost (OPEX) improvement
		CP15/LIC/07	Execution of energy audits at thermal power plants in Sri Lanka as per the prepared guidelines by PUCSL	<ul style="list-style-type: none"> • Identification of areas where energy efficiency can be improved by licensees • Ability for Generation Licensees to execute energy audits at their facilities • Necessary efficiency improvements • Higher generation contribution to grid • Reduced cost of net energy fed into grid



		CP15/INS/05	Preparing a metering and measuring master plan	<ul style="list-style-type: none"> • Ability to ascertain influence of geographical factors on meter accuracy • More efficient and economic operation of power system • Fairness in charges ensured by accurate measurements • Transparency in data collection in electricity sector • Conservation of energy • Correct and consistent measurements • Preparation of Metering Management Plan
9	Charges levied by service provider in 2013 is reduced by 10% in real terms	CP15/TEA/04	Report on market prices of 20 most commonly used (both cost and quantity) included in allowed charges	<ul style="list-style-type: none"> • Ability to use report as reference document during annual allowed charges reviews • Reduction of unwanted costs • More accuracy in determining of Allowed Charges • Identification of most common allowed charges through discussions with Licensees • As source of information to be used in future revisions
		CP15/TEA/06	Report on international practices related to activities covered by allowed charges	<ul style="list-style-type: none"> • Identification of international best practices related to activities covered by allowed charges



				<ul style="list-style-type: none"> • Identification of cost drivers through discussions with Licensees • Reduced costs from Licensees through benchmarking • New ideas to improve local practices on Allowed Charges • Fine-tuned practices to reduce charges on consumers • Solutions for prevailing issues
		CP15/RA/03	Guidelines on information required by DLs to ascertain whether a person requiring a supply of electricity does not have sufficient means to defray in total the expenses incurred by the DL in providing the line, plant or supply of electricity	<ul style="list-style-type: none"> • Ability for consumers to pay such expenses in easy monthly instalments • Access to electricity for more people • Assured income for DLs, ensuring sustainability of their operations
10	Number of fatal electrical accidents is below 20 per annum	CP15/LIC/04	Developing a database for notification of safety related incidents	<ul style="list-style-type: none"> • Ability to notify all stakeholders of electricity-related accidents • Ability to systematically analyse accidents occurring under different circumstances • Ability to take necessary remedial action • Ensuring public safety and setting safety standards



				<ul style="list-style-type: none"> • Enforcement of regulations and rules • Ability to monitor compliance • Direct access to such information • Advice through local authorities • will safeguard people and property
		CP15/LIC/06	Preparation and implementation of safety and technical management plan	<ul style="list-style-type: none"> • Ability to identify content of licensees' Safety and Technical Management Plan • Easy mechanism for licensees to periodically prepare and update plan • Streamlined safety activities of sector • Easy assessment of licensees' safety performance
		CP15/INS/02	Comprehensive survey to check the household safety in five licensee areas (Colombo North, Galle, Jaffna, Nuwara Eliya,	<ul style="list-style-type: none"> • Identification of safety lapses in domestic electrical installation system <ol style="list-style-type: none"> 1. Material section 2. Design loopholes 3. Work competency • Identification of causes for electrical accidents in domestic environment • Mechanism to ensure domestic electrical safety • Preparation of guideline



		CP15/INS/03	Electrocution mitigation program	<ul style="list-style-type: none"> • Public awareness on safe use of electricity, identification of electrically unsafe conditions, ways and means to avoid and rectify them, safe handling of such installations, danger and illegality of illicit power tapping and related penalties under Penal Code • Formulation of methodology to avoid construction of buildings near electricity lines without line clearance • Formulation of mechanism to ensure safety of existing buildings with or without required line clearance • Improved awareness among students • Improved awareness among Local Government authorities • Improved awareness among members of professional bodies • Improved awareness among public • Reduced number of electrocutions
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11	Minimum 10% reserve margin is maintained at all times by 2020 to ensure the electricity demands in the country are met all the time	CP15/LIC/08	Comprehensive study on generation planning process	<ul style="list-style-type: none"> • Review of generation planning process through analysis of TLs' assumptions • Advice to CEB on implementation of (Least Cost Long-Term Generation Expansion Plan (LCLTGEP) based on study • Rectification of identified issues at next planning study
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	CP15/TEA/07	Cost benefit study on solar net metering with storage	<ul style="list-style-type: none"> • Identification of costs and benefits of promoting solar net metering systems with storage • Identification of tariff revisions required to incentivise such schemes • Ability to save on energy purchased • through National Grid • Solar energy put to good use • Promotion of solar based energy storage • Connection to National Grid will curb peak demand and associated costs
		CP15/LIC/05	Preparing a metering and measurement master plan	<ul style="list-style-type: none"> • Promotion of efficient and economic operation of power system in Sri Lanka by ensuring fairness in charges by accurate measurements



		CP15/INS/06	Prepare an industrial energy efficiency guideline	<ul style="list-style-type: none"> • Identification of ways and means where energy is wasted unnecessarily • Identification of measures already taken to improve energy efficiency • Identification of ways and means to further improve energy efficiency • Preparation of energy efficiency guidelines • Benefits for industries • Energy conservation
			Report on efficiency of energy intensive processes commonly used by small industrial consumers in Sri Lanka	<ul style="list-style-type: none"> • 12.4.1 Identification of areas where efficiency can be improved in industrial processes • 12.4.2 Information sharing with small industries • 12.4.3 Public better informed about energy efficiency drives • 12.4.4 Ability for CEB and LECO to use report in energy efficiency and conservation programs • 12.4.5 Boost for energy efficiency and conservation
13	Dissemination of information to stakeholders		Creation and implementation of the annual strategic communication plan	<ul style="list-style-type: none"> • Better awareness for stakeholders on PUCSL's role and activities • Better awareness for the public on PUCSL's role and activities



				<ul style="list-style-type: none"> • Awareness for public on whom to contact to lodge a complaint related to electricity, how to contact them and what action will be taken on complaints • More transparency and better regulation of industry
			Expand and improve the website	<ul style="list-style-type: none"> • Identification of shortcomings in current website • Identification of new requirements of stakeholders • Improved, more user-friendly website
			Redesign and repackage basic information/marketing material to create brand image	<ul style="list-style-type: none"> • Common platform to provide currently scattered information • Easy access to information for the public • 13.3.3 Boost for public profile of PUCSL • Benefits for all communities (those in N-E too) with information provided in all 3 languages
			Continue to develop public engagement/outreach strategies	<ul style="list-style-type: none"> • Identification of issues of interest to the public and stakeholders • Improved services from PUCSL • Strengthened public engagement • All sectors of public connected to network • Information shared among all parties • Information gap filled



			Improve internal communication	<ul style="list-style-type: none">• Improvement of communication skills among all employees• New, user-friendly applications for employees• Better internal communication• Awareness for all staff members on organization updates• Better service for consumers
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Auditor General's Report



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මගේ අංකය } FB/J/PUC/1/14/19
எனது இல. }
My No. }

ඔබේ අංකය }
உமது இல. }
Your No. }

දිනය } 24 July 2015
திகதி }
Date }

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 2014 in term of Section 14(2)(c) of the Finance Act, No. 39 of 1971

The audit of financial statements of the Public Utilities Commission of Sri Lanka for the year ended 31 December 2014 comprising the statement of financial position as at 31 December 2014 and the statement of comprehensive income, statement of changes in equity and 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 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 Finance Act was furnished to the Chairman of the Commission on 14 May 2015.

1.2 Management's 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.



1.3 Auditor's Responsibility

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 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 judgment, including the assessment of the risks of material misstatement 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 Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

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

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.



2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report 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 2014 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 No.08

Prior year adjustments amounting to Rs.1,803,936 had been made to the Accumulated Fund instead of being adjusted retrospectively.

2.2.2 Accounting Deficiencies

Action had not been taken to conduct the Training Course relating to the Agreement on the Purchase of Electricity during the year under review and the expenditure on the course conducted in the year 2015 amounting to Rs.4,995,754 had been brought to account as an expenditure of the year under review.

2.2.3 Unexplained Differences

Differences in costs of Rs.865,462 and Rs.59,189 existed between the Ledger Accounts and the Schedules of Fixed Assets relating to computers and office equipment and the Schedules of Fixed Assets respectively and differences amounting to Rs.340,376 and Rs.61,783 relating to the provision made for depreciation were observed.

2.3 Accounts Receivable and Payable

The following observations are made.

- (a) According to the agreements entered into with the Commission in connection with regulating lubricants, variable registration fees should be paid half yearly before the expiry of 30 days of the following month. Nevertheless, a sum of



2. Financial Statements

2.1 Qualified Opinion

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Rs.9,004,777 comprising a sum of Rs.793,512 from one institution in respect of the years 2012 and 2013 and a sum of Rs.8,211,265 from 03 institutions in respect of the year under review had not been received by the Commission even by 31 December 2014.

- (b) According to condition No.11 of the Generation Licence issued to the electricity generation licence holders, the annual regulatory fee should be paid to the Commission on or before 30 June of the relevant year or within 30 days from the commencement of the supply of electricity to the National Grid. Nevertheless, a sum of Rs.39,248,900 comprising Rs.12,000 , Rs.104,000 and Rs.39,132,900 in respect of the years 2012, 2013 and 2014 respectively had not been received even by 31 December 2014.

2.4 **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
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(a) Paragraph 3(i) of the Inland Revenue Circular No. (Sec/2013/07) of 01 September 2013	According to this circular, the income subject to tax means, payment made as salary, allowances, overtime, etc. Nevertheless, the Commission had computed the Pay As You Earn Tax based on the basic salary without taking into account the allowances.
(b) Paragraph 24 of the Public Finance Circular No. PF/PE/6 of 31 January 2000	The Pay As You Earn Tax amounting to Rs.1,307,275 of the employees in respect of the year under review had been paid from the funds of the Commission as in the preceding years.



- | | |
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| (c) Paragraph 05 of the Public Administration Circular No. 24/2011 of 16 November 2011 | The concurrence of the General Treasury had not been obtained in terms of the provisions in the Circular in the deployment of officers over the age of 60 years in service. |
| (d) Public Enterprises Circular No. PED/45 of 02 October 2007 | Even though a Statement of Responsibilities of the Board of Directors should be included in the financial statements in the preparation and presentation of financial statements, it had not been so included. |

3. **Financial Review**

Financial Results

According to the financial statements presented, the operations of the Commission for the year under review had resulted in a surplus of Rs.24,670,710 as compared with the corresponding surplus of Rs.14,707,789 for the preceding year, thus indicating an increase of Rs.9,962,921 in the financial results as compared with the preceding year. The operating expenditure had increased by a sum of Rs.39,812,914 in the year under review and that had been due mainly to the increase of personal emoluments by a sum of Rs.8,607,439 , consultancy service fees by a sum of Rs.14,250,528 and the contractual services by a sum of Rs.13,626,074. The increase of the fees collected from those marketing lubricants by a sum of Rs.6,421,975 and the increase of regulatory fees recovered from the Ceylon Electricity Board and the Lanka Electricity (Pvt) Company and the institution generating electricity, for the purpose of regulating electricity, by a sum of Rs.48,432,150 as annual regulatory fees had been the main reasons for the above surplus.



4. Operating Review

4.1 Performances

The following observations are made.

- (a) The Public Utilities Commission had been established under the Public Utilities Commission of Sri Lanka Act, No. 35 of 2002 for the regulating of the public utility services such as water, electricity and fuel. Regulation of electricity in terms of the Sri Lanka Electricity Act, No. 20 of 2009 and the regulation of lubricants in the petroleum industry under a Resolution of the Parliament dated 05 April 2006 only are handled by the Commission as at present. Even though the Commission had informed the relevant Sectors on the amendments to be to the Acts relating to water and the petroleum industry, the Commission had not been able to carry out regulatory functions relating to water and the petroleum industry as the Amendment Acts relating to those industries had not been approved up to date.
- (b) The Commission had received 311 applications from the year 2009 to the year 2014 for obtaining licences for the generation, transmission and distribution of electricity and out of that 220 licences had been issued. As such licences had not been issued for 91 applications up to date. Out of that, 78 applications had been submitted to the relevant Ministry for approval while the balance 13 applications remained as they did not comply with the regulations.
- (c) The number of public complaints received by the Commission during the year under review and the preceding year and the action taken by the Commission on those complaints as an intermediary are given below.



Type of Complaints	Number Received		Number Provided with Facilities	
	2013	2014	2013	2014
Electricity Bills and Meters	342	365	342	365
Consumer Group	99	96	98	96
Transmission Link	750	545	750	545
New Connections	227	150	227	150
Disconnection and Reconnection	108	67	107	67
Others	221	530	221	530
Letters from District Secretaries	320	160	319	160
Brought from Preceding Year	-	03	-	03
Total	2,067	1,916	2,064	1,916

Even though it was stated that facilities had been provided for all public complaints received by the Commissions during the year 2014, it was observed during an audit examination carried out in this connection that according to the files, the complaints had not been fully solved. As such it was not revealed in, audit that the objectives expected in terms of Section 39 of the Electricity Act and Section 17(i) of the Commission Act are not being achieved.

- (d) According to the Annual Report prepared by the Commission the licences issued for Renewal Energy Development Projects during the years 2013 and 2014 and their power generation capacities are given below.



Technology	Year 2013		Year 2014	
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	Number of Licences	Capacity (Megawatts)	Number of Licences	Capacity (Megawatts)
Hydro Electricity	10	37.8	03	2.7
Wind Power	01	9.8	04	34.8
Biomass	01	10.0	01	5.0
Solar Power	-	-	02	20.0
Thermal (Coal)	-	-	01	500.0
Thermal (Petroleum)	-	-	04	374.1
	-----	-----	-----	-----
	12	57.6	15	936.6
	=====	=====	=====	=====

- (e) The Commission had commenced the issue of licences for power generation in the year 2009 and from that year up to the year under review 201 licences had been issued for generation of electricity to small scale electricity generating institutions. Out of those licence holders 55 licence holders had not started power generation activities even by 31 December 2014.
- (f) It had been reported that 71 licence holders had not started generation activities by November 2013 and out of those 14 licence holders had informed the Commission in the year under review that they had started the generation activities by the end of the year 2013. Nevertheless, the distribution licence holders had not furnished a certificate in support of the starting of generation activities within 30 days after starting the generation activities in terms of condition No. 4 of part one of the licence for generation of electricity.



4.2 Staff Administration

The following observations are made.

- (a) The approved and the actual staff of the Commission as at 31 December 2014 had been 45 and 42 respectively and as such 03 vacancies existed.
- (b) A sum of Rs.16,386,528 had been paid during the year under review for obtaining consultancy services.

5. Accountability and Good Governance

5.1 Budgetary Variance

Significant variances ranging from 18 per cent to 90 per cent were observed between the budgeted income and expenditure and the actual income and expenditure, thus indicating that the budget had not been made use of as an effective instrument of management control.

5.2 Unresolved Audit Paragraphs

Even though the Committee on Public Enterprises had directed at the meetings held on 17 October 2011 and 09 August 2012 that action should be taken in terms of the Management Services Circular No. 39 of 26 May 2009, it had not been implemented up to date.

6. System and Controls

Deficiencies in system and controls observed during the course of audit were brought to the notice of the Chairman of the Corporation from time to time. Special attention should be paid for the recovery of licence fees and the regulatory fees.

W.P.C.Wickramaratne

Acting Auditor General



Response to Auditor General's Report



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இலங்கைப் பொதுப் பயன்பாடுகள் ஆணைக்குழு
PUBLIC UTILITIES COMMISSION OF SRI LANKA



මගේ අංකය }
உமது இல }
Your No. }

අපේ අංකය }
எமது இல. }
Our No. }

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திகதி }
Date }

09.06.2015

Auditor General,

Auditor General's Department

Auditor General's Report on the Financial Statements of the Public Utilities Commission of Sri Lanka for the year end 31 December 2014 in terms of the Finance Act No. 38 of 1971, 14 (2) (C)

Reference to your draft report dated 15 May 2015 submitted to the Public Utilities Commission of Sri Lanka, I herewith forward my clarifications and the documents related to those facts.

2.2.1. Accounting deficiencies

- To the licensee holding the license no EL/GS/12/002, invoicing had been done two times by mistake in 2014 and the error is corrected. The licensee has been informed by the letter dated 16 April 2015 which is attached with this report (refer to the attachment 1) and I kindly inform that the account balance is corrected and noted to be taken into the final account through a journal entry.
- The following 7 licensees who have started supplying power to the national electricity grid were issued invoices as mentioned below and those charges are noted as receivables. Details are mentioned below.



License No	Charges For the Period	Invoice Number	Invoice Date
EL/GS/11/14	Rs.20,200	GA/2015/Ar/01	16.04.2015
EL/GS/11/20	Rs.72,600	GA/2015/AR/02	16.04.2015
EL/GS/14/06	Rs.13,500	GA/2015/AR/03	16.04.2015
EL/GS/12/44	Rs.108,000	GA/2015/AR/04	16.04.2015
EL/GS/12/20	Rs.29,700	GA/2015/AR/05	16.04.2015
EL/GS/12/30	Rs.47,250	GA/2015/AR/06	16.04.2015
EL/GS/12/33	RS.27,000	GA/2015/AR/07	16.04.2015

Invoiced Regulation charges which are not accounted as due regulation charges

Even though invoices have been issued for the following licensees they have not done the payments yet. The deficiency of not accounting has been corrected and the due regulation charges account is debited and credited and a journal entry has been put with the relevant information to do a final account adjustment.

License Number	Licensee	Capacity (M.W)	Charges .Rs.
EL/GS/10/076	SAMAN ALA POWER (PVT) LTD	1.0	16,200
EL/GS/11/23	AGRA OYA HYDRO (PVT)LTD	2.0	32,400
EL/GS/11/024	SEETHA GANGULA HYDRO (PVT)LTD	1.0	16,200
EL/GS/12/019	HELIOS THIRAPANE BIO POWER PROJECT (PVT) LTD	2.0	32,400
EL/GS/12/021	HASHAKEE POWWER (PVT) LTD	1.0	16,200
EL/GS/12/047	SEEMASAHITHA ATHURALIYA EKAMUTHU GRAMEEYA JALAVIDULI PARIBOGIKA SANGAMAYA	1.0	16,200
	Total		129,600



Reminders to the respective licensees have been sent informing to pay the due charges immediately.

- c) As the contribution for the South Asia Forum for Infrastructure Regulation was paid in 2014, it is accounted as an annual expense. From that, Rs. 134,390 which is an expense done for the year 2015, has been noted to be corrected and an account adjustment was done in the corrected accounts accordingly.
- d) The draft of Financial Statement was presented including the consultation fees as staff remunerative charges under the same basis which has been practiced so far. However, according to the audit instructions, the consultation fees and staff remunerative charges are separately shown and the revised financial statement is attached herewith.
- e) Rs. 4,995,754 spent on the training programme held in February 2015, has been presented as an accrued expense as the agreement was already signed with a charges covenant and for this expense, estimated provision allocation was not made in the year 2015. For further information, refer to my reply letter, PUCSL/IA/15/13.

2.2.2. Unexplained changes

Even though further examinations were carried out after showing these variations, enough evidences were not found to explain this and the found information are mentioned under the 5th paragraph of the 3rd page of my reply letter, PUCSL/IA/15/13. I'm in searching of necessary information to correct this and expect to report immediately.

2.2.3. Receivables and Payables

- a) Inability to recover the charges of Ceylon Petroleum Corporation for year 2014 which worth Rs. 7,000,000.

As the agreement signed on the 18th of October 2008 between Ceylon Petroleum Corporation and the Ministry of Petroleum Recourses Development was terminated on the 17th of October 2013, this institute did not have legal provisions to obtain the shadow regulation charges. After the discussion made with the Ceylon Petroleum Corporation, it was agreed to do the payment, once a new agreement is signed.



Receivable of Rs. 537,347 from United Motors Ltd

United Motors Ltd was informed to do the relevant payment by the letters sent on the 7th of July 2014 and the 5th of January 2015. Copies of the letters are attached herewith. (Attachment 2).

Receivable of Rs. 1,467,426 from N.M. Distributors

***From N.M. Distributors, the receivable in year 2012 is Rs.330,516:**

When the payment was inquired from N.M. Distributors, it was confirmed that the payment was done to the Ministry of Petroleum Recourses Development. It's noted to be informed the ministry to do the payment.

***Receivable of N.M. Distributors in 2013 is Rs. 462,996**

Two letters dated 01 and 05 January 2015 were sent requiring the due payment. Copies of the letters are attached herewith. (Attachment 3)

Receivable of N.M. Distributors in 2014 is Rs. 673,918

Two letters dated 07 July 2014 and 05 January 2015 were sent requiring the due payment. Copies of the letters are attached herewith. (Attachment 4).

2.2.3 (a) Inability to obtain the annual regulatory levy of the electricity generation licensees: Rs. 39,248,900.

From the above amount, Rs. 39,000,600 should be obtained from Ceylon Electricity Board. Letters were sent to Ceylon Electricity Board requesting to do the payment on 28 May 2014, 19 October 2014, 24 October 2014 and 27 February 2015. According to the tariff under the Gazette paper No. 1829 of 20 September 2013, the full amount was Rs. 133,242,600 and the received payment is Rs. 94,242,000 and the remaining amount is Rs. 39,000,600 which is mentioned in the accounts.

The receivable of 10 micro hydro scheme electricity generators is Rs. 248,300 for 2012, 2013 and 2014. One of them had paid Rs. 6000 and the balance remains Rs. 242,300. Letters and reminders have been sent and will inform them again.



2.2.4. Lack of evidence for auditing

Details are given in the reply letter, PUCSL/IA/15/13 under the 5th paragraph.

2.2.5. Noncompliance of law, rules, regulations and management decisions

- a) Taxes are not charged when earn properly from 2015 income tax year.
- b) As it was earlier mentioned in the employees' appointment letters, the payee taxes of the employees were paid by the commission and it was revealed incorrect by the audit and it has been corrected now and the payee taxes are deducted from each employee's salary.
- c) The reasons for recruiting employees above 60 are clearly explained in the reply letter, PUCSL/IA/15/11 dated April 11 2015.
- d) A statement on the responsibilities of the Director Board is presented with the letter, PUCSL/IA/15/12 dated 23 April 2015 and a copy of it is attached here. (Attachment 5)



4. Operational Review

4.1 Performance

The progress of the Commission as the economic, technical and safety regulatory body is mentioned below. (2010-2014)

(1) Economic Regulator

Reduction of the cost of electricity field – Rs. 165 Billion

Year	Actual Cost approval(CEB) (Rs.Billion)	Cost on (PUCSL) (Rs.Billion)	Approved cost (Rs.Billion)
2011	162	144	131
2012	263	212	222
2013	268	225	174
2014	251	220	232
Total	944	801	779

(1) Technical regulator

2011-2014		Savings (Rs. Billion)
Reduction of transmission loss	1.82%	3.567
Reduction of distribution loss	1.87%	3.665
Savings resulted by loss reduction		7.232



(2) Safety regulator

Reduction of electrocutions: From 180 per annum to 73 per annum

4.1

(a) PUCSL is authorized to obtain regulatory charges from the institutions which are being regulated by the commission in terms of the section No. 46 of Sri Lanka Electricity Act and the Section No. 16 of PUCSL Act and a notice should be published in the gazette paper regarding the regulatory charges. Financial provisions to carry out the activities mentioned in the Activity Plan for year 2014 are managed by the above mentioned regulatory charges received by the commission. Estimated budget for each activity is clearly mentioned in the Activity Plan and this plan has been published in newspapers to get the opinion of the general public and sent to all the ministers, Cabinet ministers, MPs, Secretaries to the ministries, heads of different institutes and licensees who pay regulatory charges. Activity Plan is attached with the attachment 6 (i) to 6(x). The suggestions we received from different parties too were taken into consideration and completed the Final draft of Activity Plan. Therefore we do not accept the fact that the regulatory charges were increased unilaterally since it was done in a very transparent process with the approval of the general public as well. So this type of audit impression towards the commission which acts as a regulatory body may harm its image.

There are only 28 professionals attached to the commission and apart from them, the service of talented and experienced consultants and consultation institutes is required. When it's not available locally, we have to look for international level consultations.

Electricity industry covers a huge percentage of the country's economy which worth Rs. 240 Billion. So regulation of this industry should be done with high accountability plus accuracy.

66% is paid for salaries

This commission is a regulatory body and its output is qualitative and intellectual. Refer to the attachment of the following reply for 4.1 (a) paragraph. The service done by this commission cannot be compared with any other institute with a production process. So the service provided



by this commission is carried out by the professionals with proper subject knowledge in an intellectual manner. As a result, the biggest percentage of the expenditure is allocated for the salaries and benefits of the employees. The commission's expenditure for the building rental, electricity and water, vehicles and daily maintenance is comparatively lower. So this presented percentage does not reflect the reality of the expenditure.

4.1 (b)

Many activities have been performed by the commission in line with the Activity Plan 2014 and they are mentioned below with the relevant documents.

- I. Licensing Division – number of employees – 4 (Attachment 7. (II))
- II. Tariff and Economic Division – number of employees – 4 (Attachment 7. (II))
- III. Inspectorate Division – number of employees – 5 (Attachment 7. (III))
- IV. Consumer Affairs Division – number of employees – 4 (Attachment 7. (IV))
- V. Regulatory Affairs Division – number of employees – 3 (Attachment 7. (V))

The whole staff is assigned with a special task by the Activity Plan and the main objectives are put into sub areas which are separately assigned to each division under respective officers. The deadline and the allocated budget for each deliverable are also clearly mentioned. Routine deliverables are also monitored by a progress review and if the given targets are not achieved, necessary steps are taken to acquire reasons for not achieving targets.

There are only 28 professionals in the commission and a lot of activities done by them are mentioned in the Corporate Plan 2014. Respective officers of each division should make sure that the planned activities are done with the necessary assistance of the consultants and present the utilization of the outcomes (findings) in the electricity industry to relevant parties such as the Ministry, General Treasury, licensees, government and other bodies, consumers etc. consultation of the commission is taken into consideration when deciding electricity tariff, subsidies and the government cost on the electricity industry. So the presented impression towards the contribution of the commission cannot be accepted.



4.1. c.

Licenses are issued in terms of the provisions and regulations of the Article No. 12 of the National Electricity Act and to obtain a license, the required conditions should be fulfilled. Further, the approval of the Minister of Electricity and Power is compulsory to issue a license. Explanation about 91 applications which have not been granted with licenses is mentioned below.

- There are 78 applications which have been sent to get the approval of the Minister
- There are 13 applications which have not fulfilled the necessary conditions/requirements

Refer to the Attachment 8 for the detailed explanation.

4.1.d.

According to 17 (e) of the PUCSL Act No. 35 of 2002, the objective of the commission is to mediate and provide the necessary assistance to overcome the issues arise in a public utilities industry but not to solve the disputes. According to the Article No. 39 of Sri Lanka Electricity Act No. 20 of 2009 which was amended by the Act No. 31 in 2013, any dispute regarding the supply or utilization of electricity should be informed to PUCSL and the commission will take necessary measures to mediate and assist the relevant parties in line with the Statement of Rights and Obligations based on the above mentioned Act.

4.1.e.

This statement is not relevant to the Commission as it does not possess the legal rights to mediate and solve all the dispute related to the electricity industry since its objective is to mediate and assist the consumers regarding their issues which is clearly mentioned as the task of the commission by the PUCSL Act No. 35 of 2002 and Sri Lanka Electricity Act No. 20 of 2009 which was amended by the Act No. 31 in 2013.



4.1.f.

All the complaints received by the commission are mentioned in the compliant list under different categories with the following information.

- Serial Number
- Registration number in the commission
- Name of the complainer/consumer/licensee
- If it is a new/old complaint
- Name of the respective officer and the date of the submission of the complaint to him
- Reference number regarding the complaint
- Date of the response/measures taken regarding the complaint
- Signature of the Director of the Consumer Affairs Division confirming that the necessary assistance was provided regarding the complaint

As mentioned above, all the complaints received by the commission are noted in the list maintained on daily basis and further information regarding the complaints are saved in a computerized system. The commission makes sure that all the complaints are taken into consideration and start providing necessary assistance within the same month. Since each complaint is maintained in a different file, the current condition of the assistance regarding each can be easily accessed. Further, the commission takes steps to do follow ups regarding the complaints and if they are settled, the files of those complaints close. On quarter/annual basis, further enquiries are done regarding the complaints and if there are complaints which have been already settled by the commission and there is no response from both parties for 3 months, the commission enquires from both parties again and if no response, closes the files.

So it's obvious that the commission takes necessary measures to do the follow ups and it's not practical to note down everything done regarding a complaint in the document maintained on daily basis.

(A copy of the complaint document is attached herewith – Attachment 9)



4.1. g.

The licenses issued by the commission to the electricity generators, become validate on the day the particular generator dispose electricity to the Ceylon Electricity Board and the process of PUCSL regarding those licenses starts on that particular date. The trade affairs date is decided by the Power Purchasing Agreement signed with the Ceylon Electricity Board and it is the responsibility of Sustainable Energy Authority to do the follow ups until the generation process starts.

4.1.h.

I hereby inform that a report will be obtained from the transmission licensee regarding the generation institute once in every six months and work accordingly.

4.2 Controversial transactions

The Commission is consisted of five commissioners and there is no board of directors as in other organizations. Unlike the other organizations, the Commission has to make decisions regarding the regulation of the electricity industry which worth Rs. 240 billion with high accountability apart from its institutional work since any decision made affect the economy and general public of the country. Therefore the commission members are qualified and experienced professionals and they need to update and polish their knowledge in the field. To update and enhance their knowledge, they are sent for different workshops and training programmes and the cost of those programmes has been covered by the commission with the approval of the Ministry of Finance and President Secretariat.

4.2. (a)

It is explained in the letter, PUCSL/IA/15/09 dated 2015.04.20 under the paragraph No. 2 (II)

4.2.(b)

This too is explained in the letter PUCSL/IA/15/09 dated 2015.04.20 under the paragraph No. 2 (VI)



Financial Statement 2014

Statement of Financial Position

As at 31st December

	Notes	2014 Rs. Cts.	2013 Rs. Cts.
Assets			
Non-Current Assets			
Property Plants & Equipment	23	27,984,521.06	25,714,915.41
Distress Loan		3,250,782.86	—
Current Assets:			
Investment	13	115,229,044.39	132,164,893.86
Inventories		86,635.45	146,447.40
Deposit	14	836,870.80	836,570.80
Receivable	15	63,619,047.44	18,196,569.99
Advances & Pre Payments	16	3,738,979.37	3,310,173.86
Interest Receivable	17	747,287.59	3,373,262.78
Festival Advance		80,100.00	104,600.00
Distress Loan		985,616.42	2,632,752.62
Deposit-Fixed Assets/Provision made		—	6,372,781.59
Cash Balance		9,602,866.79	10,565,231.50
		194,926,448.25	177,703,284.40
Total Assets		226,161,752.16	203,418,199.81

Funds & Liabilities

Funds

Accumulated Fund	18	196,138,821.48	168,164,175.43
Revaluation Reserves	19	3,027,877.71	1,193,453.14
ADB- TA Assistance		2,227,880.00	2,227,880.00
Reserves / FSD		—	1,500,000.00
		201,394,579.19	173,085,508.57



Non-Current Liabilities

Provision for Gratuity		7,729,525.00	5,960,384.00
Provisions Made	20	—	10,792,413.55

Current Liabilities

Payable Accounts	21	5,897,647.97	2,619,893.69
Auditor General's Fees	22	540,000.00	360,000.00
Security Deposit - CEB		10,600,000.00	10,600,000.00
Total Liabilities		17,037,647.97	13,579,893.69
		226,161,752.16	203,418,199.81

Damitha Kumarasinghe
Director General

Saliya Mathew
Chairman



Statement of Comprehensive Income

For the Year Ended 31st December		2014		2013	
	Notes	Rs.	Cts.	Rs.	Cts.
Revenue					
Variable Registration Fees	1	38,633,431.50		32,211,456.04	
Annual Regulatory Levies	2	154,090,150.00		105,658,000.00	
Licences Application Fees	3	440,000.00		200,000.00	
Other Income	4	7,365,482.66		11,479,027.79	
Total Revenue		200,529,064.16		149,548,483.83	
Expenses					
Personal Emoluments	5	65,176,633.88		56,569,195.31	
Retirement Benefits	6	7,629,600.35		5,607,040.76	
Consultancy Services		16,386,527.75		2,136,000.00	
Overseas & Local -Training & Travelling	7	14,703,179.49		19,691,318.89	
Consumable Materials	8	5,643,117.65		3,060,381.83	
Contractual Services	9	40,597,510.02		26,971,436.46	
Other Services	10	10,378,520.94		6,881,270.65	
Repairs & Maintenance of Capital Assets	11	1,600,856.37		1,403,237.40	
Finance Cost	12	27,298.34		10,450.00	
Total Expenditure		(162,143,244.79)		(122,330,331.30)	
Operating Surplus		38,385,819.37		27,218,152.53	
Provision-Depreciation	23	11,503,468.60		10,495,589.05	
-Provision for Gratuity		2,211,641.00		2,014,774.00	
		(13,715,109.60)		(12,510,363.05)	
Surplus/ Deficit for the Year		24,670,709.77		14,707,789.48	



Cash Flow Statement

For the Year Ended 31st December

	2014	2013
	Rs. Cts.	Rs. Cts.
Cash Generated from Operating Activities		
Operational Surplus / (Deficit) in the year	24,670,709.77	14,707,789.48
Adjusted for		
Depreciation	11,503,468.60	10,495,589.05
Provision for Gratuity	2,211,641.00	2,014,774.00
Interest Income	(7,143,434.50)	(11,264,546.54)
Adjustment for Prior Year Period	1,669,201.20	177,982.95
Finance Cost	27,298.34	10,450.00
	32,938,884.41	16,142,038.94
Changes Working Capital		
Increase / (Decrease) in Inventories	59,811.95	48,651.65)
Increase / (Decrease) in Deposit	6,372,481.59	(4,370,784.57)
Increase / (Decrease) in Interest Receivable	—	1,126,713.25
Increase / (Decrease) in Receivable	(45,422,477.45)	(360,574.95)
Increase / (Decrease) in Payable	3,457,754.28	(9,574,347.20)
Increase / (Decrease) in Provisions Made	(10,792,413.55)	3,883,845.55
Increase / (Decrease) Advance, Pre Payments & Distress Loan	(2,007,953.17)	(2,389,476.65)
Net Changes in Working Capital	(-48,332,796.35)	(-11,733,276.22)
Cash Generated from / (Used in) Operating Activities	(-15,393,911.94)	4,408,762.72



Cash Flow from the Investing Activities

Fixed Assets Disposal Income Received	—	—
Purchase of Fixed Asset	(11,803,913.59)	(4,483,123.25)
Interest Received	9,614,047.16	12,391,259.79
Withdrawn of Fixed Deposit	81,000,000.00	26,000,000.00
Decrease in Investment of Gratuity	—	28,850.00
Invested in Fixed Deposits/TBS & Call Deposits	(63,908,788.00)	(36,932,323.00)
Net Cash Flow from (Used in) Investing Activities	14,901,345.57	(2,995,336.46)

Cash Flow from the Finance Activities

Finance Cost	(27,298.34)	(10,450.00)
Security Deposit -CEB	—	10,600,000.00
Gratuity Payments	(442,500.00)	—
Net Cash Flow from (Used in) Finance Activities	(469,798.34)	10,589,550.00

Less: Cash and Cash Equivalent at the Beginning of the Year	10,565,231.50	(1,437,744.76)
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Cash and Cash Equivalent at the End of the Year	9,602,866.79	10,565,231.50
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Cash and Cash Equivalents,	9,602,866.79	10,565,231.50
Cash in Hand & at Bank	9,602,866.79	10,565,231.50



Statement of Changes in Equity

For the Year Ended 31st December 2014

	Accumulated fund	Reserves Assistance	Revaluation Reserves	ADB- TA Total	
	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.
Balance as at 1 st January 2014	168,164,175.43	1,500,000.00	1,193,453.14	2,227,880.00	173,085,508.57
Prior Year Adjustments					
Balance as at 1st January 2014	168,164,175.43	1,500,000.00	1,193,453.14	2,227,880.00	173,085,508.57
Reserves use for implement of distress loan scheme	1,500,000.00	(1,500,000.00)			—
Surplus / (Deficit) in the Income Statement	24,670,709.77	—	—	—	24,670,709.77
Prior Year Adjustments	1,803,936.28	—	1,834,424.57	—	3,638,360.85
Balance as at 31st December 2014	196,138,821.48	—	3,027,877.71	2,227,880.00	201,394,579.19



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 (SLAS) and accounting policies of the Commission have been revised where relevant, to reflect the revision of these SLAS.

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 Property, Plant and Equipment

LKAS 24 Related Party Disclosure

LKAS 40 Accounting for Investment

LKAS 20 Accounting for Government Grants and Disclosure of Government Assistance

LKAS 18 Revenue

LKAS 26 Accounting and Reporting by Retirement Benefits Plans

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

A Committee was appointed by Director General to revalue certain fully depreciated computer and equipment. In this process, there is no evidence of market value for consideration of fair value. Hence of, they are valued at 20% of the actual cost. The revaluation of assets is effect from the date of 31st December 2011.

When an asset is revalued, any increase in value is credited to revaluation reserve, and any decrease in value is directly offset against the surplus in the revaluation reserve.

Free used Assets

Commission has obtained the Stamp franker machine from the department of Postal as free of charge. Commission has spent its service charge and the same amount was charged to vote of maintenance of equipment. Further The Commission has considered this property as owned by the Department of Postal. Therefore it could not be treated as an asset of PUCSL.

6.3 Depreciation

Provision for depreciation is calculated by using a straight-line on the cost of property plant and equipment, other than revalued property plant and equipment on the 31st December 2011.

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.



The revalued assets during the year 2011 have been decided to depreciate within the next immediate years taking the following rate as the base in computing the depreciation.

Computer and Office Equipment 100%

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

07. Inventories

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

Stationery - at purchase price.

08. Investments

Commission has invested its surplus income for the year 2014 in Bank of Ceylon as fixed deposits with the concurrence of the Ministry of Finance 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 2014, 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

13.1 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 No. 42 – ‘Retirement benefit cost’ 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

13.2 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. Payables

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	Rs. 2,227,880
	=====



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 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 additional 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 08% 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. Other Information

The Commission has requested the Honorable Minister of Planning Implementation to seek the approval of Cabinet to exempt Public Utilities Commission of Sri Lanka from income tax on revenue according to section 7 (a) of No 10 of Inland Revenue Act 2006. A decision has not yet been received from the Department of Inland Revenue in this regard. Therefore a contingent liability exists as at the balance sheet date. As the probability of getting the exemption is high due to the nature of the Commission's objectives and activities, a provision has not been made with regard to the pending income tax liability.

18. Disclosures

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



Related Party Disclosure

Name	Position	Other Positions	Related Party Relationships as described In line with Sri Lanka Accounting Standard 30
Ms. Pushpa Wellapuli	Actg. Chairperson (From 08/01/2015 To 16/07/2014)	Deputy Secretary to the Treasury	Non-related
Mr. C.N. Saliya W. Mathew	Chairman (w.e.f. 17/07/2014)	Member of the Council- University of Sri Jayawardenapura	Non-related
Dr. C.T.S.B. Perera	Deputy Chairman (Upto 30/09/2014)	Independent Director-Primal Glass PLC Independent Director-Kelani Cables PLC	Non-related Non-related
Mr. Sanjaya Gamage	Member of The Commission (since 01/04/2014) Deputy Chairman (since 01/10/2014)	Unofficial Magistrate-Chief Magistrate Courts, Colombo Panel Lawyer-Sri Lanka Executive Committee Member- Bar Association of Sri Lanka	Non-related Non-related Non-related
Prof. Rahula Attalage	Member of The Commission (since 01/04/2014)	Deputy Vice Chancellor Director-Environ (Pvt)Ltd	Non-related Non-related
Mr. Prasad Galhena	Member of the Commission Authority	Chairman Sri Lanka Sustainable Energy	Non-related



Notes to Accounts

Notes to the Financial Statements

	2014 Rs. Cts.	2013 Rs. Cts.
01. Variable Registration Fees		
Lanka IOC Ltd	8,000,000.00	7,192,960.00
Cheveron Lubricant Lanka	8,000,000.00	8,000,000.00
Mclarens Lubricant	5,032,692.00	3,631,823.00
Ceylon Petroleum Corporation	7,000,000.00	7,356,074.66
LAUGFS Lubricants Limited	2,785,150.62	959,095.68
Interocean Services Ltd	347,161.00	477,616.00
Assosiated Motorways	1,306,902.34	1,046,203.00
TVS Lanka (Pvt) Ltd	2,075,504.00	1,199,725.13
United Motors	537,346.72	56,125.92
Toyota Lanka (Pvt) Ltd	2,874,757.00	1,828,836.48
N. M. Distributors (Pvt) Limited	673,917.82	462,996.17
	38,633,431.50	32,211,456.04
02. Annual Regulatory Levies		
Generation	46,802,150.00	28,852,000.00
Transmission	21,800,000.00	16,950,000.00
Distribution	85,488,000.00	59,856,000.00
	154,090,150.00	105,658,000.00
03. Licenses Application Fees	440,000.00	200,000.00
	440,000.00	200,000.00
04. Other Income		
Interest	7,260,652.31	11,327,909.33
Exemption fee	6,000.00	6,000.00
Sundry Income	98,830.35	116,635.11
Verification Fee - Green Energy	—	28,483.35
Income : Fixed Assets Disposal	—	—
	7,365,482.66	11,479,027.79



05. Personnel Emoluments

Commissioners Remuneration	1,292,000.00	1,683,666.67
Salaries	42,440,801.73	53,484,612.85
Other Allowances	20,252,707.86	171,750.00
Over-time	1,191,124.29	1,229,165.79
	65,176,633.88	56,569,195.31

06. Retirement benefits

Contribution for Employee Provident Fund	6,358,000.27	4,544,708.48
Contribution for Employee Trust Fund	1,271,600.08	1,062,332.28
	7,629,600.35	5,607,040.76

07 Training & Travelling Expenses - Overseas & Local

Overseas & Local Training	7,755,703.39	10,379,911.72
Foreign Travelling Expenses	2,708,287.25	3,676,284.20
Incidental / Per diem	2,864,447.85	4,486,515.61
Travelling (Local)	1,374,741.00	1,148,607.36
	14,703,179.49	19,691,318.89

08. Consumable Materials

	2014	2013
Stationery	582,748.16	812,020.48
Open Stock 01-01-2014 (Stationery)	146,447.40	97,795.75
Closing Stock 31-12-2014 (Stationery)	(-86,635.45)	(-146,447.40)
Fuel & Parking	4,667,499.34	2,033,644.02
Consumable Material	68,689.90	72,317.98
Entertainment	264,368.30	191,051.00
Other Expenses		
	5,643,117.65	3,060,381.83



09. Contractual Services

Transport & Hiring of Vehicle	9,961,739.43	695,314.09
Communication including Newspapers & Postal	2,862,878.30	2,737,284.66
Printing & Advertising	7,588,336.72	4,927,989.77
Survey	1,832,090.28	1,037,028.00
Rents and Rates for Building	10,111,275.92	8,528,134.42
Electricity	1,085,387.00	937,589.25
Medical	4,217,836.08	3,341,815.08
Water	310,299.83	340,255.61
Insurance	779,977.16	546,412.23
Subscription	503,554.47	390,911.75
Janitorial Services	863,414.83	823,571.60
Legal & Investigation Fees	480,720.00	2,665,130.00
	40,597,510.02	26,971,436.46

10. Other services

Public Awareness Cost	7,358,320.74	4,410,219.05
Auditor General's Fees	180,000.00	180,000.00
Welfare & Public Relations	1,781,293.10	1,196,962.80
Floral Arrangements	109,293.60	113,981.30
Consumer Consultative Committee Expenses	732,100.00	905,030.00
Others (Translation Fees)	217,513.50	75,077.50
	10,378,520.94	6,881,270.65

11. Repair & Maintenance of Capital asset

Maintenance of vehicles	700,540.95	701,043.17
Maintenance of Office Building	30,224.61	61,493.24
Maintenance of Computer, Equipment & Software	870,090.81	640,700.99
	1,600,856.37	1,403,237.40



12. Finance Cost

Bank Charges	10,815.00	10,450.00
Loss on currency conversion Bank Charges	16,483.34	—
	27,298.34	10,450.00

13. Investments

	2014	2013
Fixed Deposit	107,500,000.00	127,000,000.00
Gratuity Fund Investment	7,729,044.39	3,664,893.86
Special Fund Investment	—	1,500,000.00
	115,229,044.39	132,164,893.86

14. Deposit

Dialog Axiata PLC	1,500.00	1,500.00
BOC Property Development Ltd	826,570.80	826,570.80
Girl Friendly Association	8,800.00	8,500.00
	836,870.80	836,570.80

15. Receivable

Variable Registration Fee - Lubricant Sector

Chevron Lubricant Ltd	4,000,000.00	4,000,000.00
Lanka IOC Ltd	4,000,000.00	4,000,000.00
Mclarans Lubricant	1,820,021.00	1,698,047.00
Ceylon Petroleum Corporation	7,000,000.00	3,493,499.00
Laugfs	1,322,038.96	636,403.43
Interocean Services Ltd	329,519.00	281,370.00
Associated Motorways	604,380.00	1,046,203.00
TVS Lanka (Pvt) Ltd (Bharat Petroleum Cor.)	1,173,779.00	711,529.13
United Motors	537,346.72	213,353.69
Toyota Lanka (Pvt) Ltd	1,593,362.00	1,062,754.25
N. M. Distributors (Pvt) Limited	1,467,429.99	793,512.17
	23,847,876.67	17,936,671.67



Annual Regulatory Levy – Electricity Sector	39,696,750.00	216,000.00
Over Payment Communication	74,420.77	36,398.07
Reconciliation Discrepancies	—	7500.25
	63,619,047.44	18,196,569.99

16. Advance & Pre Payment

Advances	121,350.00	96,515.00
Postal Department	30,500.00	39,065.00
Pre Payments	3,587,129.37	3,174,593.86
	3,738,979.37	3,310,173.86

17. Interest Receivable

Fixed Deposits	747,287.59	3,373,262.78
	747,287.59	3,373,262.78

18. Accumulated Fund

Balance at 1 st January 2014	168,164,175.43	150,545,880.68
Surplus / Deficit for Year 2014	24,670,709.77	14,707,789.48
Special Fund Investment	1,500,000.00	—
Prior Year Adjustments	1,803,936.28	2,910,505.27
	196,138,821.48	168,164,175.43

2014

2013

19. Revaluation Reserves

Balance B/F	1,193,453.14	1,193,453.14
Increase/ Decrease Value	1,834,424.57	—
	3,027,877.71	1,193,453.14



20. Various Provisions Made

Provision for Foreign Training	762,419.96
Provision for Advertising & Promotion	342,720.00
Provision for Public Awareness Program	1,297,000.00
Provision for Purchase Fixed Assets	5,959,613.59
Provision for Consultancy/ Local Training	2,430,660.00
	0.00
	10,792,413.55

21. Account Payable

Consumable Materials	12,538.40	—
Printing & Advertising	154,476.00	—
Communication	245,226.24	234,138.50
Legal & Investigation	—	571,160.00
Newspapers	11,810.00	10,930.00
Overtime	125,612.75	119,122.00
Stationery	—	26,600.00
Transport	12,354.12	8,494.86
Travelling	23,500.00	36,460.00
Welfare & Public Relations	11,715.00	—
Maintenance of Office Building	10,854.61	510.19
Maintenance of Office Vehicle	—	37,500.00
Maintenance of Software	8,568.00	—
Water	25,221.05	22,185.39
Electricity	93,196.75	74,551.75
Public Awareness	163,296.00	452,000.00
Consultancy	—	847,560.00
Stamp Duty Payable	3,525.00	3,525.00
Local Training Expense	4,995,754.05	—
Postal	—	3,406.00
Other Allowances	—	171,750.00
	5,897,647.97	2,619,893.69



22. Auditor General's Fees

Balance B/F	360,000.00	300,000.00
Payments for the year 2009,2010,2011	—	-536,928.00
Provision for 2009,2010 &2011	—	336,928.00
Povision for year	180,000.00	180,000.00
Provision for 2012	—	80,000.00
	540,000.00	360,000.00

Note 23

As at 31st December 2014

Property Plants & Equipment

	Furniture & Fixtures	Computer & Office Equipments	Vehicles	Tools	Software	Total
	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.
As at Beginning of the year	12,423,903.13	16,229,616.05	20,219,060.00	30,305.00	3,451,444.94	52,354,329.12
Additions During the year	46,480.60	4,908,994.39	5,750,000.00		1,098,438.60	11,803,913.59
Adjustment	59,188.67	865,461.73				924,650.40
Less: Revaluation Book Value						—
As at End of the Year	12,529,572.40	22,004,072.17	25,969,060.00	30,305.00	4,549,883.54	65,082,893.11

Depreciation

As at Beginning of the Year	7,215,495.33	8,659,116.19	9,160,624.25	—	1,603,427.94	26,638,663.71
Charge for the year	2,428,088.51	3,619,642.71	4,094,222.96		1,361,514.42	11,503,468.60
Adjustment	61,782.30	(1,105,542.56)	(1,043,760.26)			—
Less: Removal of Revaluation Dep.						—
As at the End of the Year	9,705,366.14	11,173,216.34	13,254,847.2	—	2,964,942.36	37,098,372.05
Net Book Value as at December 31 st 2014	2,824,206.26	10,830,855.83	12,714,212.79	30,305.00	1,584,941.18	27,984,521.06



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