



ANNUAL REPORT 2013

**PUBLIC UTILITIES COMMISSION
OF SRI LANKA**



PUCSL is the regulator in ensuring safe, reliable and reasonably priced infrastructure services

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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

- Protection to electricity consumers
- Fairness in electricity tariffs
- Energy security, conservation and efficiency
- Quality and reliability of electricity supply
- Safety of electricity to 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 2013 to 31 December 2013, to the Minister of Finance, the Parliament of Sri Lanka and all Stakeholders.

The Document comprises 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 encompasses 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 Lanka 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 licences 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 for 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, 2013. It also includes information on the plans and projects in the pipeline for the year 2014.

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 2013

Dr. Jayatissa De Costa PC	Chairman (up to 18.09.2013)
Dr. Bandula Perera	Deputy Chairman
Prof. Rahula Attalage	Commission Member
Mr. Sanjaya Gamage	Commission Member
Mr. Prasad Galhena	Commission Member

Director General

Mr. Damitha Kumarasinghe

Secretary to the Commission

Ms. Janaki M. Vithanagama

Registered Office

6th Floor, BOC Merchant Tower,
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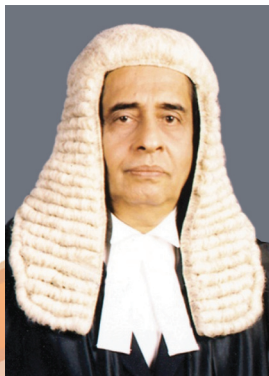
Auditors

Auditor-General's Department

Banker

Bank of Ceylon
1st & 2nd Floor, BOC Merchant Tower,
No. 28 St. Michael's Road,
Colombo 3

Members of the Commission



Dr. Jayatissa De Costa PC
Chairman



Dr. Bandula Perera
Deputy Chairman



Prof. Rahula Attalage
Commission Member

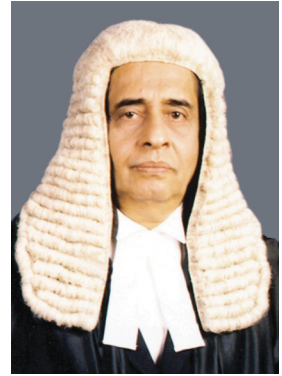


Mr. Sanjaya Gamage
Commission Member



Mr. Prasad Galhena
Commission Member

Chairman's Statement



The Public Utilities Commission of Sri Lanka has made remarkable progress over the years as the regulator of Sri Lanka's electricity industry. Since its inception in 2002 through the Public Utilities Commission of Sri Lanka Act, No. 35 of 2002 and consequent empowerment through the Sri Lanka Electricity Act, No. 20 of 2009, it has been performing an increasingly vital role in the island. This role was further strengthened and reinforced during the year 2013 by the Sri Lanka Electricity (Amendment) Act, No. 31 of 2013 which was certified on 7 August 2013. The Amendment provided more teeth to the body, entrusting it with more responsibilities.

Improving the efficiency of the electricity sector and ensuring a higher standard of service which is satisfactory to all consumers through the establishment of a conducive regulatory regime is one of the main objectives of the Commission. Its activities were geared towards achieving this objective.

The tariff reviewing process was one of its main activities during the year. After the reviewing of the generation cost estimates along with the approved transmission and distribution costs provided by the CEB, the Commission approved Rs. 228 billion to be recovered through end-user tariffs instead of the CEB's estimated Rs. 268 billion. After a public consultation of the CEB's revised proposals, the revised end-user tariffs were announced with effect from 20 April 2013. Many awareness campaigns related to electrical safety and consumer rights and obligations were conducted as well as electrical safety inspections at many public places and licensees' work sites. The focus on safety would continue in the coming years with the overall objective being to bring down the number of electrocutions.

The majority of the work carried out by the Commission was in connection with regulating the electricity sector though it contributed to the lubricants industry as well in its capacity as shadow regulator. It will remain in constant dialogue with the Petroleum Industries Ministry in future in order to strengthen its role in the sector.

I wish to thank all members of the Commission, the Ministries of Finance and Planning and Power and Energy, other relevant government organisations and the Director General and staff of the PUCSL for their commitment and the contribution made during 2013 towards the success of the Commission.

Dr. Jayatissa De Costa PC
Chairman



Director General's Review

Improving the performance, safety and efficiency in Sri Lanka's electricity industry through the development of regulatory interventions and standards has been a main goal of the Public Utilities Commission of Sri Lanka (PUCSL) since its formation in 2002.

One of these goals, ensuring the safety of electricity consumers, continued to be of paramount importance during the year 2013 as well. Most of the Commission's activities were centred round the realisation of this goal.

Its activities during previous years have borne fruit with the number of electrocutions in 2013 declining to 76 from a high of 180 in 2012. The Commission could be singularly glad of this achievement as a turning point in its drive towards reducing the number of annual electrocutions to 0 by 2020.

Foremost among the steps that were carried out during 2013 in this regard were the public awareness campaigns on electricity safety and inspections carried out at schools, hospitals, police stations and other public places. They resulted in the designing of Electricity Safety Guidelines for Schools and Hospitals, which would create enhanced awareness among the public. School children have been targeted with the specific intention of inculcating the knowledge of electrical safety among future generations. The theme of electrical safety was emphasised at public events that the Commission took part in such as the TECHNO 2013 exhibition. The DVDs on electrical safety and protection that had been produced by the PUCSL were distributed at such events.

Increasing public awareness about their rights and obligations as electricity consumers continued to be focused by the PUCSL with many of its activities being geared towards achieving this target. The Consumer Rights and Obligations Statement, which would strengthen the role of consumers, was being drafted and is expected to be adopted during 2014. A large number of leaflets produced by the Commission on this theme was distributed among the public at various events.

The Consumer Satisfaction of Electricity Supply and Efficient Use of Energy, which the Commission completed in 2013, revealed important information. Though most consumers were satisfied with the electricity supply and services, the study disclosed that with higher awareness about their rights and obligations, the number of satisfied customers may have gone down, indicating an area which needs more attention.

Handling consumer complaints continued to be one of the main activities of the Commission. Of the 2,067 complaints received during the year 2013, 2,064 were facilitated, ensuring a fair hearing for the aggrieved parties.

The SAARC Dissemination Workshop on Review of Electricity Laws and Regulation of Member States and the Seventh Executive Committee Meeting of the South Asia Forum for Infrastructure Regulation were some of the events successfully facilitated by the Commission during the year. The events were held to enhance the role played by the regulatory bodies in their respective countries and to share the experiences of each body towards the growth of the industry in the SAARC region.

The Commission granted 12 electricity generation licences in 2013. Under amendments made to the Electricity Act which were passed in Parliament in August 2013, the PUCSL would be enabled to issue licences for Independent Power Producers (IPPs) with capacities greater than 25MW. Accordingly, six IPPs who had not been granted licences earlier have now qualified to apply for licences to generate electricity. Such initiatives are expected to go a long way in achieving the country's 100 per cent electrification target.

Introducing the revised end-user tariffs from 20 April 2013 was another important activity.

Performing its role as the shadow regulator of the lubricants industry, the Commission commenced an initiative to analyse the 2012 sales figures from market players with the objective of realising its goals for the industry. Information on the financial and operational activities of the market players was obtained and used to compile the Lubricant Market Report 2012 which provides an overview of the lubricants market and summarises operational information.

The report was also presented at the workshop on 'The Lubricants Industry', organised by the Commission in collaboration with the Ministry of Petroleum Industries in November 2013 to increase awareness of the petroleum industry and PUCSL's role in it.

Steps were taken during the year towards the advancement of Human Resources of the Commission. Some of the areas where measures were taken were related to learning and development, employee relations and overall improved efficiencies.

I would like to thank the former Chairman, the present Chairman and members of the Commission for their dedication and unstinted support extended to me for the smooth functioning of the Commission during 2013. I would also like to thank the Deputy Director General and staff members for their hard work and commitment which contributed to the success of Commission activities during the year.



Damitha Kumarasinghe
Director General

Electricity Sector

Consumer Protection

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

The following are the projects carried out by the Commission during the year 2013 to ensure consumer protection:

Consumer Satisfaction Study

The satisfaction of Sri Lankan consumers with the electricity supply and services they receive from the licensees was gauged by the PUCSL through the Study on Consumer Satisfaction of Electricity Supply and Efficient Use of Energy, which was completed in 2013.

The island-wide study covered Domestic, General, Industrial, Hotel and Religious consumers. Its objectives were twofold: To obtain information on consumer satisfaction and their expectations regarding the supply of electricity; and to identify information gaps and technology access issues related to efficient electricity consumption faced by consumers, to promote the welfare of consumers and to protect their interests.

Key findings:

The results of the survey revealed that despite the average consumer being 'Satisfied' or 'Highly Satisfied' with the electricity supply and services provided to them, most of their concerns were confined to the quality and quantity of power. However, the 'Dissatisfied' consumers, though small in number, were also keen on other aspects of service such as receiving satisfactory answers to complaints made, receiving accurate bills, easy payments and speedy connections and reconnections. With higher consumer awareness on their rights and obligations, the study revealed, that the level of satisfaction would drop.

Forty five per cent of domestic consumers were 'Highly Satisfied' with the electricity supply while 46 per cent were 'Satisfied'. Only nine per cent were 'Highly Dissatisfied' while one per cent was 'Dissatisfied'. Eight per cent of those questioned declined to comment on the issue.

The result was the same for other sectors as well, with satisfaction levels being around 87 per cent. It was also revealed that 89-97 per cent of consumers believed that their electricity supply was safe.

One of the major revelations of the survey was that consumers were not generally aware of their rights or about basic information related to the electricity supply. This, and the absence of a strong consumer movement in the island were identified as major impediments in the active participation of consumers in the decision-making process.

Seventy six per cent of consumers knew that they had rights related to obtaining electricity while 88 per cent agreed that they had responsibilities as consumers of the utility.

Ten per cent of consumers conveyed dissatisfaction about frequent power and voltage fluctuations, especially during peak hours. They believed that the process of conveying information to consumers regarding systemic and planned breakdowns beforehand was not satisfactory.

Sixty five per cent were satisfied about the tariff system in 2012, though the study was carried out prior to the tariff revision. The majority of consumers were satisfied about the accuracy of the electricity bills and their meter readers' functions. However, many were dissatisfied about the bottlenecks they encountered in obtaining new connections.

The main factors that determined consumer satisfaction, as revealed by the survey, were availability of adequate electrical power and energy, quality of the power supply, correct billing and easy payments, fair pricing, accurate meters and speedy connections after making payments and reconnections if the service was disconnected.

The study made the following recommendations:

- For the PUCSL to assist in forming electricity consumer societies or to register community-based organisations as consumer groups and to recognise such societies as arms to establish communication channels between the utility and the consumer;
- To establish a database to benchmark Distribution Licensees;
- To take immediate measures to safeguard consumers' rights regarding disconnections and reconnections;
- To conduct a study on optimising the use of television media to educate consumers on their rights, responsibilities and energy conservation measures;
- To enhance telephone communications to link consumers with service providers or to reorganise the hotline system which is not currently efficient; and
- To conduct a survey on grid connections during the last two years and disconnections during the same period to get a better picture related to new connections and disconnections.

The study also revealed that only about 15 per cent of electricity consumers were aware of PUCSL's role as the regulator of electricity.

Regarding the study on the efficient use of energy, it was revealed that consumer understanding on energy conservation was limited, and was confined mainly to switching off unnecessary lights and that most consumers (92 per cent) were not interested in energy efficiency related to the use of refrigerators and irons.

The following recommendations were made for this study:

- To create awareness among targeted consumers on measures that can be taken to improve energy conservation and the financial benefits of such measures;
- For the PUCSL to interact with organisations involved in energy conservation to recognise the strengths and weaknesses of their programmes and fill the information and technology gaps for wider application of these measures;
- To conduct further studies to see how the television media can be utilised to educate consumers;
- For the PUCSL to encourage high-end consumers towards energy conservation by increasing their tariffs and providing incentives regarding net metering and time-of-use tariffs.

The findings of the survey have resulted in the planning of more programmes to increase consumer awareness.

Regional Consumer Societies

The establishment of a National Consumer Network to represent consumers of all licensees island-wide was recommended by a study carried out to identify a sustainable mechanism for Regional Consumer Societies. The step would also assist build the capacities of the consumer networks that have already been established.

The study also recommended the outsourcing of a secretariat for the independent Consumer Consultative Committee (CCC) to implement activities related to protecting the interests of consumers such as strengthening consumer awareness, building a consumer force to voice their rights etc.

The CCC was formed under Section 29 of the PUCSL Act to represent the interests of existing and potential smaller consumers. It is a counter-weight to the government, service providers and large consumers in advocating their views. The Committee's functions include:

- Advising the PUCSL on appropriate industry standards;
- Monitoring that the consumers' needs with regard to goods and services provided by utilities industries are met; and
- Promoting awareness on prescribed or determined standards and consumer rights in relation to those standards.

The vacancies which arose in the CCC during 2012 were filled in 2013.

Consumer Awareness

The Consumer Rights and Obligations Statement, a requirement under Section 3 (1) (e) of the Sri Lanka Electricity Act, No. 20 of 2009, was being drafted, and is expected to be incorporated in to the Commission's consumer awareness programmes during 2014. The statement is another measure to be launched by the PUCSL in educating electricity consumers on their rights and obligations.

Among many other initiatives made by the Commission during the year 2013 to enhance consumer awareness of their rights and obligations with regard to the electricity supply and services, 30,000 leaflets on Consumer Rights and Obligations were printed and distributed among members of the public at various awareness programmes and events. These are also made available at the PUCSL premises for consumer use.

Dispute Resolution Rules

Drafting of the new Dispute Resolution Rules commenced during the year under review. 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 are currently in force.

Disputes between a licensee and a consumer, another licensee or any other party are referred to the Commission if they cannot be resolved by the parties to the dispute.

Way-leave guidelines

New Way-leave guidelines based on the Amendment Act, No. 31 of 2013 to the Electricity Act, No. 20 of 2009 were prepared in all three languages and were posted to District Secretaries, Divisional Secretaries, licensees and the Ministry of Public Administration. These guidelines would prove to be useful when electricity lines are being laid over a land which belongs to a third party (who may object to power lines being laid across their land).

Management of consumer complaints

The PUCSL received a total of 2,067 complaints during the year 2013, of which 2,064 were facilitated. The majority of complaints received were related to way-leave issues. In order to resolve certain complaints, the Commission conducted inspections at the relevant sites while some were facilitated through meetings organised with the parties involved.

Consumer complaints handled by PUCSL in 2013

Category No.	Complaint Category	Total Received	Total Facilitated	Total Remaining
01	Electricity billing & meter	342	342	0
02	Tariff category	99	98	1
03	Way-leave	750	750	0
04	New connections	227	227	0
05	Disconnections & Reconnections	108	107	1
06	Other	221	221	0
07	Letters from Divisional Secretaries	320	319	1
	Total	2067	2064	3

Public Consultations

Public Consultations are considered an essential interactive mechanism to obtain the views and feedback of the public on issues of national importance as they allow stakeholders to comment on issues which have an impact on them, before the final decisions on such issues are made.

The PUCSL, as the regulatory body for the electricity industry, is mandated to seek public opinions on vital issues related to the industry.

Accordingly, the following Public Consultations were completed during 2013:

Public Consultation on End User Electricity Tariff 2013

The Commission decided to consult all stakeholders as per Section 17 of the Public Utilities Commission of Sri Lanka Act. No. 35 of 2002, on proposed electricity tariff. The CEB filed generation cost estimates for the first half of 2013 after the revision of prices of fuel that is supplied to the CEB for power generation, along with the approved transmission and distribution costs. The total cost of supplying electricity for 2013, as filed by the CEB, was Rs. 268 billion. The Commission approved only Rs. 228 billion of this cost for recovery through end-user tariffs in 2013.

Subsequently, the CEB filed revised proposals, which were opened for public comments. Revised end-user tariffs were announced with effect from 20 April 2013 of which the salient features were:

- Introduction of mandatory Time-of-Use tariffs for 'General purpose'- commercial category, to encourage energy conservation during the evening peak time
- The Commission directed the Licensees to fulfil eight conditions with the objective of encouraging them to improve the efficiency of the CEB.

Public and Stakeholder Views on Corporate Plan and Strategy 2014

As per the requirement of the PUCSL Act, the draft Corporate Plan and Strategy 2014 of the Commission was made available for public consultation. The Corporate Plan details the projects which would be undertaken by the Commission in its role as the regulator of the electricity industry and as the shadow regulator of the lubricants market. The Commission's goals and the action it plans to take in achieving these goals are the focus of this report. Interested parties were invited to send their comments or suggestions on the projects identified in the Plan.

Comments, especially in relation to tariffs, safety and substandard equipment, were received from various sectors. The analysis of these comments revealed that some of those ideas are already addressed in the Corporate Plan. Some of the salient points made in these comments would be incorporated in future plans. After the evaluations were carried out, the Corporate Plan was approved by the Commission for publication.

• Public Consultation on Least Cost Long Term Generation Expansion Plan 2013-2032

Section 17 (b) of the PUCSL Act, No. 35 of 2002 and Section 3 (k) of the Sri Lanka Electricity Act, No. 20 of 2009 make it mandatory for the Commission to go for a public consultation before any major policy decisions are made. Thus, the Commission conducted a Public Consultation on the Least Cost Long Term Generation Expansion Plan 2013-2032, submitted for its approval by the Transmission Licensee, CEB, under Section 43 of the Sri Lanka Electricity Act, No.31 of 2013 (amended).

The report provided a comprehensive view of the existing generation system, future electricity demand and future power generation options in addition to the expansion study results. It was made available at the PUCSL office and website for reference by the public and interested parties were invited to send their views and suggestions.

Comments were received from different stakeholders including licensees, environmentalists and members of the public. Considering these comments and some issues identified by the Commission, it was decided to approve the plan (plant additions) up to year 2020 excluding the planned gas turbines in 2015 and 2017, which will be reviewed with revised demand forecast and plant specific parameters (heat rate, investment, etc). It was also decided to request the CEB to rectify the identified issues at the next planning study.

Public Awareness

It is the obligation and one of the main goals of the PUCSL to educate the public on the safety and functionality of the electricity supply. In order to fulfil this objective, it conducted programmes to build awareness and knowledge at various levels depending on the consumer category.

The following initiative was conducted during the year to enhance public awareness on the electricity industry:

Workshop to share knowledge on off-grid micro hydro schemes

Four workshops were conducted in Balangoda, Badulla, Kalawana and Passara to build awareness and enhance public knowledge on off-grid micro hydro schemes. The workshops were 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 utilising 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.

These 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 proceedings of these fora were recorded and best practices and lessons learnt identified.

The findings of these workshops will be published and based on the recommendations made through them, the Commission will decide on policy advice to the Government.

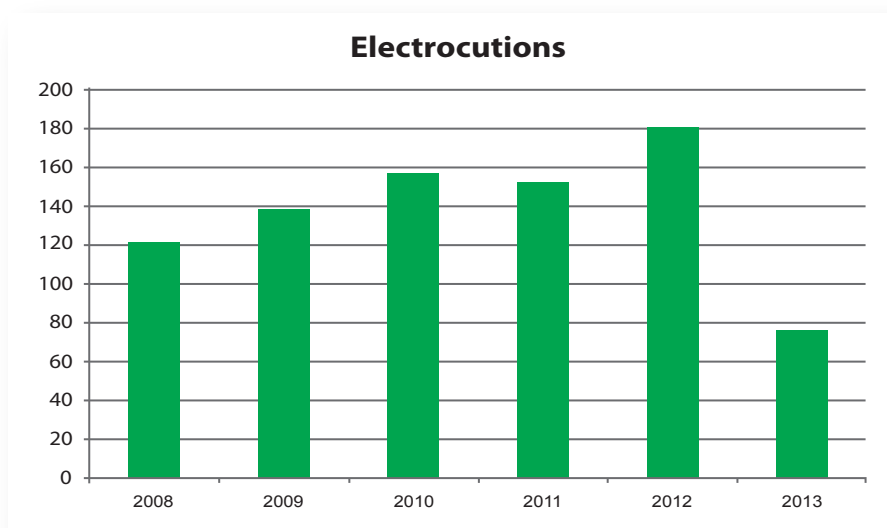
Electricity Safety

Towards achieving the goal of safety in the use of electricity, the Commission implemented safety regulations in hospitals, schools and licensees' premises on the safe conduct of electrical equipment and procedures. The Non-Conventional Renewable Energy power plants were also reviewed for licensee compliance to government policies. The following are the initiatives carried out during 2013 to ensure electrical safety in the country:

Road Map to Reduce Electrocutions in Sri Lanka

As the independent regulator of Sri Lanka's electricity sector and under the authority bestowed on it by the Sri Lanka Electricity Act, No. 20 of 2009, ensuring the safety of the public is a major objective of the PUCSL.

Year	Number of Electrocutions
2008	103
2009	108
2010	122
2011	119
2012	141
2013	76



The number of electrocutions in the island has been at a high of around 180 per year and was expected to rise further, in proportion to the increase in rural electrification and the demand for electricity. The goal of the PUCSL is to reduce the number of electrocutions to 0 by the year 2020. Its programmes on electrical safety have all been directed towards achieving this objective.

As part of its plans to achieve this goal, the Commission carried out an analysis of electrocutions which had taken place over the last five years, incorporating the parameters Root cause, Area, Age, Gender and Season. Based on this analysis, an electrocution analysis report titled 'Road Map to Reduce Electrocutions in Sri Lanka' was compiled and is available on the web.

The analysis found illegal power tapping, working under an unfavourable environment and various side faults of licensees to be the main causes of the large number of electrocutions occurring in the country.

Cause of electrocution	Number of electrocutions reported
Illegal power tapping	206
Working in unfavourable environment	340
Licensee side faults	28
Other	4
No Information	15

Kandy, Vavuniya, Ratnapura, Ampara and Anuradhapura were identified as areas (Police Zones) which were highly prone for electrocutions. It was revealed that 28 per cent of the island-wide electrocutions had happened in these areas, requiring urgent attention to be paid to mitigating incidents in those areas. Addressing the major root causes of electrocutions in these areas was thought to be a viable solution to the problem.

The age-wise analysis revealed that people between 30 and 40 years of age were prone to electrocution as a result of illegal power tappings whereas people in the age group of 20 to 60 have fallen victim to electrocutions due to working in an unfavourable environment.

It also revealed that the number of women electrocuted was significantly lower than the number of men.

Gender	No of electrocutions
Female	71
Male	508

The measures identified to reduce the number of electrocutions, coming under the purview of the PUCSL, were providing awareness to electricity users, standardising licensee practices through the preparation of regulations and codes and rewarding people who support the identification of illicit practices. It is believed that implementing these measures may help reduce the number of annual electrocutions by 55 per cent. The number of electrocutions had already declined to 76 in 2013, which is believed to be as a result of the programmes carried out by the PUCSL.

With the implementation of these measures and the active involvement of parties such as the Police, Government, licensees and standards institutes, the rate of electrocution is expected to decline. The study revealed that a collective approach by all parties is necessary to successfully implement all electrocution mitigation measures.

It was also decided that a categorisation based on occupation, income level and social status have to be considered in a future analysis so that the socio-economic impact of electrocutions can be more accurately assessed and specific electrocution mitigation measures targeting the right social groups introduced.

'Safe use of Electricity' - Awareness Programmes

About 30 awareness programmes related to the safe use of electricity were conducted island-wide in schools, hospitals, police stations, Divisional Secretary Offices, Municipal Councils and at several other organisations. High-risk areas for electrocutions such as Anuradhapura, Ratnapura, Kandy, Ampara and Vavuniya, identified through surveys carried out from 2008-2012, were the focus of these programmes as their objective was to reduce the number of electrocutions and the number of deaths and accidents caused by this phenomenon.

The programmes were conducted to increase public awareness and to inculcate behaviour related to the safe use of electricity among people from all age groups, communities and all strata of society. The content prepared on the subject including posters, leaflets, and DVDs comprising animation and graphics were distributed at the venues. Leaflets on electrical safety were printed in all three languages and 226,227 leaflets in Sinhala, 43,281 in Tamil and 23,155 in English were distributed. Posters - 27,741 in Sinhala, 9,255 in Tamil and 2,051 in English – and DVDs numbering 1,020 were also distributed at the awareness programmes.



The safety leaflet

A demonstration board prepared to simulate basic protection devices in an electrical installation was also used at Electrical Safety Awareness Programmes held during the year.

Electrical safety awareness programmes conducted during 2013

Month	Venue
February	Rathnawali BMV, Colombo 8
March	Maliyadeva Adarsha Maha Vidyalaya, Kurunegala
May	NIE Training Centre, Meepe
June	Presentation for Education Minister Sivali Central College, Ratnapura Dharmika Maha Vidyalaya, Habaraduwa
July	Anuradhapura Central College, Colombo Municipal Council
September	Hanguranketha village communities – Nuwara Eliya Devanampiyatissa MV, Thisawewa
October	Thopawewa MMV, Polonnaruwa Pannala National School, Pannala
November	Awareness programmes for Practical Action at Anuradhapura, Anuradhapura Police, Anuradhapura Divisional Secretariat, Ratnapura Police Station, Divisional Secretariat Mahamaya Girls College and Dharmaraja College, Kandy, Kandy Divisional Secretariat, Kandy Police Station, Peradeniya Hospital, Teldeniya MMV, Kandy Sri Jayawardhanapura Municipal Council
December	Dehiwala - Mount Lavinia Municipal Council, Peliyagoda Municipal Council Awareness programme for LECO at LECO training centre Awareness programme for CEB at CEB training centre Awareness programme for Police at Police training centre

Awareness programmes which had earlier been carried out by the PUCSL are believed to have borne fruit as the number of electrocutions, which was 180 in 2012, came down significantly to 76 in 2013.

The PUCSL organised a stall at the three-day TECHNO 2013 exhibition in October 2013 as part of its public awareness campaign. Over 50,000 people are believed to have visited the exhibition. Apart from the leaflets and posters on safety, games and puzzles developed on safety measures were available to be tried out by the school children who visited the stall. To encourage them to take part in the activities and learn about the safety measures, the PUCSL gave away prizes to the winners of the games.

Awareness campaigns were conducted at the CEB and LECO premises on their role in preventing electricity-related accidents. Safety presentations were also organised by the PUCSL at Star Packing and at an event organised by the NGO, Practical Action in Anuradhapura, on their request. Meanwhile, an agreement was reached with the Sri Lanka Railways (CGR) whereby the safety posters of PUCSL will be displayed at main rail stations across the country from early 2014.

Developing Electrical Safety Guideline for Hospitals

The Commission inspected the electrical safety procedures in 15 base hospitals and medical institutes in various parts of Sri Lanka including the Medical Research Institute, Lady Ridgeway Hospital, National Blood Bank and the Kalubowila, Kalutara, Moneragala, Peradeniya, Kurunegala, Galle, Ratnapura, Anuradhapura, Nuwara-Eliya, Polonnaruwa, Ampara and Kegalle General Hospitals during the year under review.

These inspections were carried out with the objective of developing guidelines for the benefit of the operation and maintenance staff in these hospitals for the proper operation and maintenance of the electrical installations in these premises. The inspections revealed that the situation in most of these hospitals related to electrical safety was not satisfactory. The completed guidelines, once approved by the Ministry, would be made available to all patients, staff, visitors and contractors associated with these hospitals and would be used to create awareness about electrical safety deficiencies in these hospitals.

Safety Inspection of Licensee Work Sites

The number of electrocutions and electricity-related incidents at CEB and LECO sites has reportedly increased over the last few years, mostly due to projects being handed over to subcontractors who do not have proper equipment or adhere to accepted standards. Safety inspections were initiated by the PUCSL with the objective of creating a safe environment in the work places of the licensees to reduce electricity-related accidents by minimising safety hazards and substandard work practices.

The sites were inspected for electrical safety, usage of proper protective equipment and approved safety procedures in their day-to-day functions. Seven sites of each licensee were inspected during 2013. The inspections revealed that the safety measures at these sites were not satisfactory. The project would be continued during 2014 with inspections planned at more sites of both licensees.

School Electrical Safety Inspection and Guidelines

The main objectives of the PUCSL are to ensure electrical safety for all Sri Lankans and to increase awareness and motivation among all layers of society on communal obligations and responsibilities with regard to the use of this utility.

With the achievement of these objectives in mind, the Commission conducts safety inspections in various organisations including schools. Such programmes were carried out during the year at the following schools:

September	De La Salle College, Colombo 15
September	Sri Sangamitta Balika Vidyalaya, Galle
September	Asoka Primary Vidyalaya, Kalagedihena and Alawwa Maha Vidyalaya, Veyangoda
September	St. Anthony's Balika Maha Vidyalaya, Colombo 15
September	Sri Sangabodhi Maha Vidyalaya, Colombo 14
September	Panadura Sumangala Balika Vidyalaya
September	Visakha Vidyalaya, Colombo
October	Rathnawali Balika Vidyalaya, Gampaha

It was found that electrical equipment at some of these schools need renovation and replacement while some schools have no electricity supply at all. Accordingly, estimates were prepared for the fulfilment of these requirements, to renovate existing equipment and provide electricity, as applicable.

The information gathered was utilised to develop School Electrical Safety Guidelines for use in a school environment and is expected to enhance the general knowledge of students and teachers on electricity and its safe usage. The guidelines have been written and translated.

Once these guidelines receive the approval of the National Institute of Education, it is planned to print and distribute 33,000 copies of the guidelines island-wide. The guidelines are expected to encourage Ordinary Level and Advanced Level students to take up advanced studies on the subject. They can also be applied for similar situations in different environments (domestic, workplace etc.)

Inspections of Non-Conventional Renewable Energy power plants

The Commission carried out inspections to identify the safety measures used in the operation and maintenance of Non-Conventional Renewable Energy (NCRE) plants. The objective was to verify whether these plants adhere to the safety regulations stipulated in the licences issued to them and whether they pose any hazards to their operational and maintenance staff, line workers of the distribution sector of the licensees and the public. Accordingly, 20 grid-connected NCRE power plants in different areas of the country were inspected by the PUCSL.

Name of the NCRE plant-E	Location of the plant-E	Date of Inspection
Badalgama Dendro Power Plant	Badalgama	21 November 2012
Belihuloya Hydro Power Plant	Belihuloya	29 November 2012
Bulathkohupitiya Hydro Power Plant	Bulathkohupitiya	1 March 2013
Denawaka Ganga Hydro Power Plant	Gonakumbura	13 May 2013
Dik Oya Hydro Power Plant	Dik Oya, Hatton	13 June 2013
Embilipitiya Biomass Power Plant	Embilipitiya	23 November 2012
Eratna Hydro Power Plant	Eratna	26 February 2013
Gannoruwa Solar Power Plant	Gannoruwa	7 November 2012
Guruluwana	Ratnapura	21 January 2013
Halwathura Ganga Hydro Power Plant	Ingiriya	28 February 2012
Kokawita Hydro Power Plant	Kokawita	21 January 2013
Loggal Oya	Badulla	25 March 2013
Magal Ganga Hydro Power Plant	Deraniyagala	17 May 2013
Nirmalapura Wind Power Plant	Puttalam	28 January 2013
Nugedola Hydro Power Plant	Nugedola	7 June 2013
Panwila Hydro Power Plant	Panwila	2 January 2013.
Rathganga Hydro Power Plant	Rathganga	19 November 2012
Thirappane Biomass Power Plant	Thirappane	30 July 2013
Thirappane Solar Power Plant	Thirappane	19 February 2013
Vidathamuni Wind Power Plant	Puttalam	20 May 2013

The inspections revealed that these plants generally adhered to the licence requirements laid out for them and that only minor issues existed.

DVD on electrical safety and protection

A project was carried out by the Commission to compile a DVD on electrical safety and protection. Accordingly, videos related to electrical safety produced by international organisations and aired on media such as YouTube were taken as examples and dubbed and subtitled in Sinhala and Tamil and adapted and modified to suit the local context.

Another DVD was produced as a slide show with pictures obtained from inspections carried out by the PUCSL. These pictures had been taken from the most critical areas where safety inspections were carried out. This video was produced in both Sinhala and Tamil.

Procedure for conducting inquests on electricity-related accidents and electrocutions

The establishment of an official procedure for inquests into serious accidents or electrocutions was considered a necessity by the Commission. Such a procedure will help in obtaining expert advice on identifying the root causes of an electrocution or an electricity-related accident, and thereby help implement appropriate measures to minimise such mishaps in the future.

A report based on investigations conducted by the Commission was finalised in 2013 after discussions with the Police Department and the electrocution mitigation committee. The procedure for conducting investigations on electricity-related fatal accidents and electrocutions was completed and a strategic plan in this regard was developed in collaboration with the Police.

Electrical Safety Inspection and Energy Audit at University of Moratuwa

The PUCSL initiated a comprehensive electrical safety inspection and energy audit for the University of Moratuwa on a request made by the University. The audit was conducted to ensure the safety of the university while increasing its energy efficiency. It also identified areas that need major improvements in order to reduce energy wastage and increase energy efficiency and also estimated the cost of implementation of the recommendations.

The project identified the major shortcomings related to the internal electrical system. A comprehensive analysis would be carried out and a report with the recommendations would be submitted to the University upon its completion in 2014.

Work started with IESL

The PUCSL started working in collaboration with the Institution of Engineers of Sri Lanka (IESL) to strengthen electrical safety measures in the country. The scope of functions include:

- Reviewing the licence conditions of practising electricians in Sri Lanka (Currently, no licences are needed for electricians and their capability may have a huge impact on the safety of the public, especially related to electricity-related accidents in the domestic sector.);
- Developing standards for the import of electrical items for public safety (Any electrical item can be imported to Sri Lanka without any licence or inspection carried out. This places the public in grave danger as they could lead to fatal accidents: Thus, the necessity for proper standards.);
- Developing wiring guidelines (The public should also be aware of what is being done around their homes during the wiring process so that they have a say and can guide the technicians).

Other projects

Safety inspections were also carried out at the Kurunegala Municipal Council and the Kurunegala shopping complex as a result of an additional request being made by them after the inspection at the Kurunegala Hospital. Information related to all electrical inspections has been disseminated to the public.

In its inspectorate capacity, the PUCSL is responsible for the safety, continuity, quality, reliability and efficiency of electrical generation and transmission systems in Sri Lanka. Therefore, investigating specific accidents and incidents in the electricity sector, at the consumer level and in the generation and transmission process of the licensees, falls within its purview. Ten safety inspections were carried out in relation to complaints made to the PUCSL by consumers.

Safety officers were also appointed through the Police Department to act as representatives for the PUCSL at several Government institutions as well as at leading private companies.

Another project was carried out to rectify the problem of electrically unsafe installations in Sri Lanka which had been identified by the Sri Lanka Police. Over 1,500 unsafe installations belonging to the CEB and LECO as well as unsafe street lighting were identified through the project and the licensees have been made aware of these installations so that corrective measures can be taken.

Orders issued by the Commission

The PUCSL issued an Enforcement Order, under Section 34 of the Sri Lanka Electricity Act No. 20 of 2009, to the CEB to take all steps with immediate effect to offer the approved tariff for any Generation Licensee who wishes to operate and sell electricity using a Non-Conventional Renewable Energy (NCRE)-based generation plant, having capacities below 10MW, under the Standard Power Purchase Agreements signed between 1 January 2012 to 31 December 2013 as per the Commission's decision on NCRE Purchasing Tariffs: 2012-2013 issued by PUCSL on 5 October 2012.

The Enforcement Order was to take effect from the 27 February 2013, was valid until 31 December 2013 and could be revoked or modified at any time by the Commission, but would cease to be effective from the specified period.

The Order arose as a result of the Commission believing that the CEB (Licensee) was contravening or likely to contravene Condition 4(1) of Part II of the General Conditions spelt out under the said Licence No. EL/T/09-002 by not adhering to the Commission's directive to approve tariffs for any Generation Licensee. The Order was issued to secure compliance with the stipulated conditions.

Policy Advice to Government

As the regulatory body for the electricity industry, the PUCSL is required to advise the government on policy and regulatory amendments or enactments based on studies and consumer feedback.

The Commission commenced the following initiatives during the year under review to assist the Government in electricity industry policy formulation:

Non-Conventional Renewable Energy (NCRE) policy

The PUCSL launched an initiative to compile and recommend comprehensive national NCRE policies and strategies to actively promote Non-Conventional Renewable Energy-based electricity generation in Sri Lanka. The objective of this project was to equip the Government with more information on identifying the most viable and environmentally-friendly NCRE sub-sectors, in line with Government policies.

The strategies were to be recommended to the Ministry of Power and Energy as a 10-year national policy on the promotion of NCRE in Sri Lanka.

Despite a separate ministry being in operation to handle the subject of Renewable Energy, the policy related to this sector is still vested on the Ministry of Power and Energy. Taking this situation into account, a draft Renewable Energy Policy was prepared by the Commission Secretariat and would be submitted to the Power and Energy Ministry for implementation. The first draft has already been prepared.

Planned policy changes

Developing a kWh energy metering management plan, introducing NVQ levels (educational qualification) and a licence mechanism for electricians and developing standards for most critical electrical items were the policy changes planned by the PUCSL for the year.

Reforms/restructuring were planned with regard to the clearance of electrical lines to grant approval for building plans.

Licensing

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

Granting of generation licences

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 licences are issued by the PUCSL to all parties currently producing electricity in the country. The CEB remains the largest generation licensee.

Twelve electricity generation licences were issued by the PUCSL in 2013 under the following categories:

Category	No. of generation licences issued in 2013
Mini hydro	10
Wind	1
Biomass - Solid waste	1

Amendments were also made to the Electricity Act and passed in Parliament in August 2013, which would enable the PUCSL to issue licences for Independent Power Producers (IPPs) with capacities greater than 25MW too. In terms of Section 9 of the existing Sri Lanka Electricity Act, No. 20 of 2009, licences could not be issued to companies generating electricity with capacities exceeding 25 megawatts where 50 per cent of the share capital was not owned by the Government.

According to the Sri Lanka Electricity (Amendment) Act, No. 31 of 2013, six Independent Power Producers (IPPs) who had not been granted licences earlier have now qualified to apply for licences to generate electricity. Subsequently, the following IPPs have forwarded their applications for licences to generate electricity. These IPPs have valid Power Purchase Agreements executed with the CEB.

	Applicant	Plant Name	Technology	Capacity (MW)
1.	West Coast Power (Private) Limited	Yugadhanavi Combined Cycle Power Plant	Thermal - Heavy Fuel Oil or Natural Gas	300
2.	ACE Power Embilipitiya (Private) Limited	Ace Power Embilipitiya	Thermal -Heavy Furnace Oil, Auto Diesel	100
3.	Colombo Power (Private) Limited	60MW Barge- Mounted Power Plant	Thermal – Heavy Furnace Oil	60
4.	Heladhanavi Limited	Heladhanavi Power Plant	Thermal –Heavy Fuel Oil	99.66
5.	Asia Power (Private) Limited	Asia Power Station	Thermal - Heavy fuel oil	51
6.	AES Kelanitissa (Private) Limited	AES Kelanitissa	Thermal -Auto Diesel	163.15

Performance

Exemptions from licences

In 2013, five applications were received from parties seeking exemptions from the requirement of obtaining licences to generate and distribute electricity.

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 licences to generate electricity. Approval for these exemptions is granted, taking in to consideration how electricity is generated or distributed by that party.

After the Commission grants such an exemption, a Gazette notification is published along with a public notice in national newspapers and notices are sent to the relevant parties including the Minister of Power and Energy. After the exemption is granted, the distributor is requested to come up with a proposed tariff rate and seek the approval of the Commission for the proposal. Small distributors (condominiums, residential buildings, shopping complexes, etc.) who purchase electricity from Distribution Licensees to be distributed to their tenants are the parties who typically receive such licence exemptions.

Research, Studies and Reports

The Commission undertook various studies during 2013 to better understand the possibilities of improving metering efficiencies and electricity generation efficiencies, heat rate tests, time of use and network loss targets. It also reviewed the performance reports of generation, transmission and distribution licensees and electrical demand forecasts.

The following are the studies carried out during 2013 to monitor the performance and efficiency of the electricity industry and the reports released accordingly:

Generation Performance Reports

More thermal power generated by IPPs (42 per cent of the total energy generation mix) was dispatched to cater to the deficiency in the required energy levels in the island, in the wake of the contribution made by hydro power dropping to 23 per cent in 2012 from 35 per cent in 2011.

This was disclosed through studies conducted by the Commission on Generation Performance.

The studies were conducted with the objective of identifying the energy generation mix employed for 2012 and for the first half of 2013 and the monthly and cumulative dispatch of energy from all types of generation for 2012.

The reports were compiled by the Commission after analysing the inputs from the Licensee Information Submission System (LISS) and operational data reports obtained monthly from the Ceylon Electricity Board. The reports, available on the PUCSL website, contain a summary of information and performance statistics of the generation units in the island for the specified period.

The lower contribution of hydro power was attributed mainly to low water levels in the reservoirs due to insufficient rainfall. Also, frequent breakdowns at the Puttalam Coal Power Plant resulted in the facility failing to deliver as envisaged.

Improving the performance of the existing power plants was identified as the most cost-effective method to increase their energy producing capabilities.

Chart 1 shows the generation mix in Sri Lanka for 2012

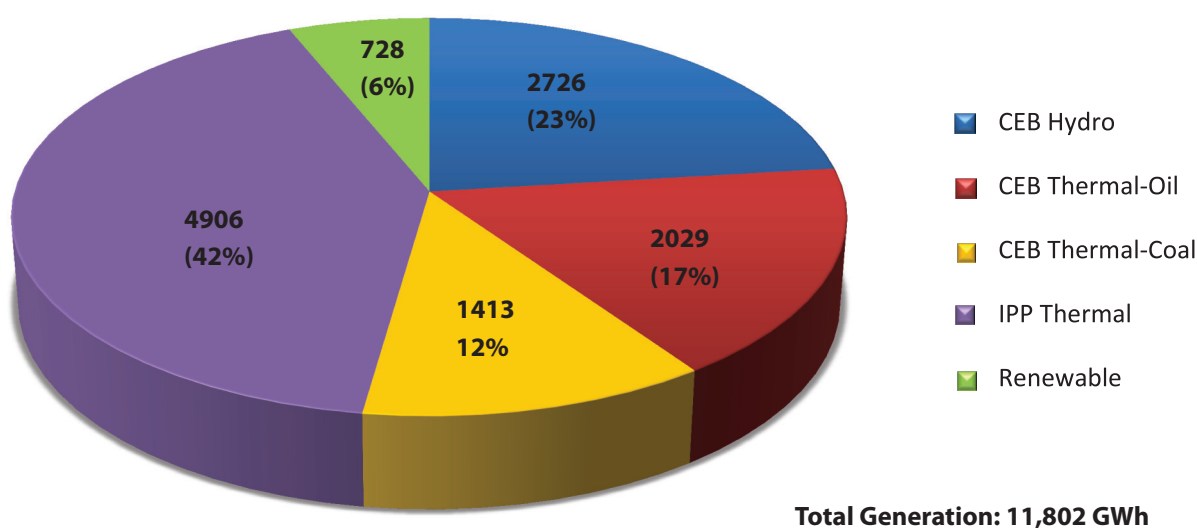


Chart 2 shows the monthly variation of generation mix during 2012

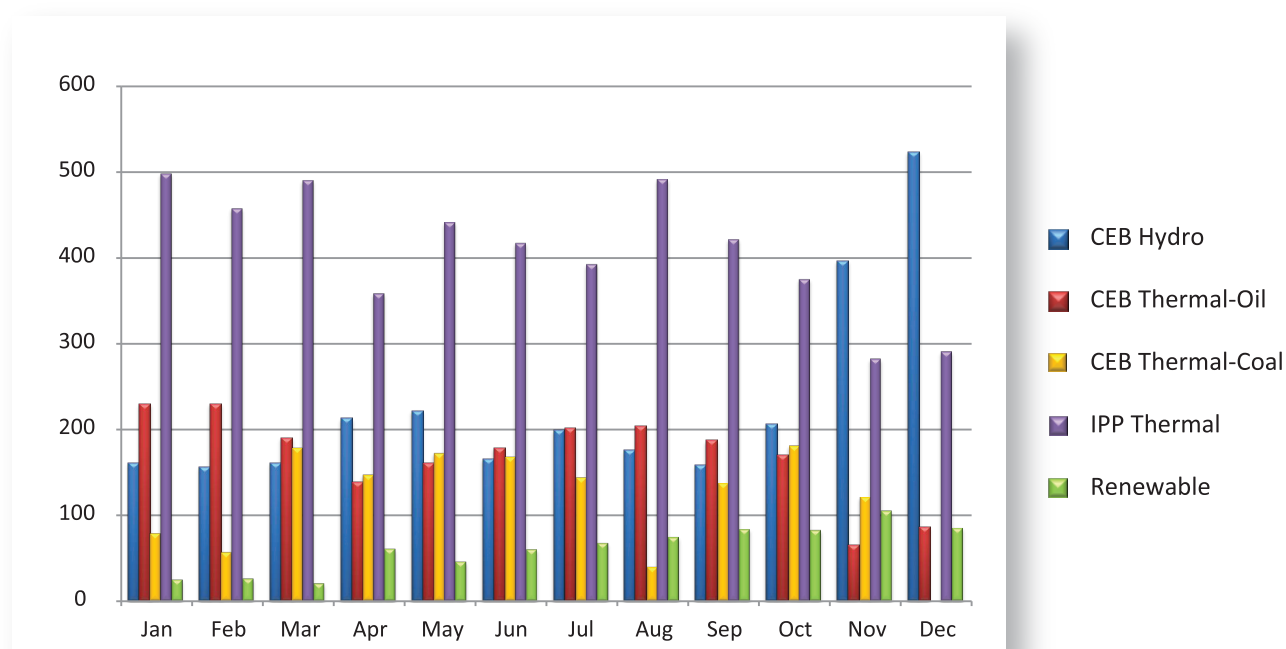


Chart 3 shows the calculated plant factors for all grid - connected power plants in Sri Lanka during 2012

CEB Hydro

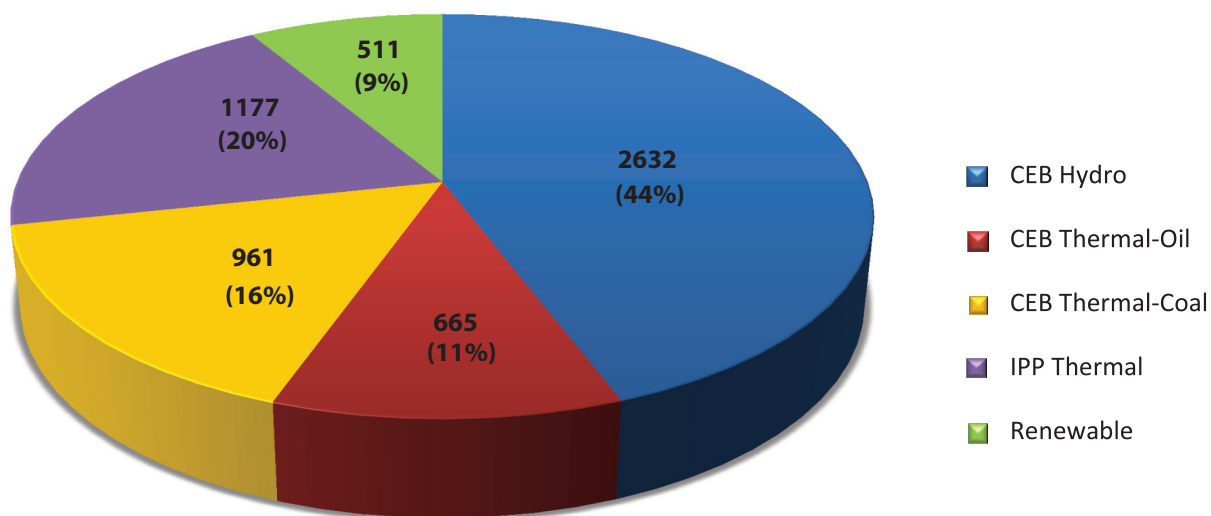
Kukule	40.45%	Rantambe	25.60%	Wimalasurendra	16.88%
Old Laxapana	40.37%	Ukuwela	24.20%	Canyon	16.31%
Polpitiya	37.49%	Victoria	21.29%	Kotmale	15.29%
Inginiyagala	36.01%	Nilambe	19.22%	Udawalawe	10.94%
New Laxapana	34.19%	Samanala	18.52%	Bowatenna	9.04%
Upper Kotmale	26.22%	Randenigala	17.54%		

CEB and IPP Thermal

1 Puttalam Coal	53.64%	10 Asia Power	74.33%
2 Sapugaskanda 2	84.31%	11 Northern Power	57.97%
3 ACE Matara	84.06%	12 West coast	64.78%
4 Sapugaskanda 1	69.84%	13 KPS CCY	60.70%
5 Heladhanavi	79.59%	14 AES - Kelanitissa	50.40%
6 Colombo Power	91.39%	15 KPS GT 7	11.91%
7 ACE Horana	101.86%	16 Aggreko	35.90%
8 ACE Embilipitiya	70.70%	17 Chunnakam	7.35%
9 Lakdhanavi	54.95%	18 KPS Small GTs	13.11%

Meanwhile, the energy generation mix employed for the first half of 2013 and the monthly and cumulative dispatch of energy from all generation units up to June 2013 were also identified. The draft report compiled out of the study is available on the PUCSL website.

Chart shows the generation mix from January to June of 2013



Total Generation : 5946 GWh

Daily Generation Report

From 2013, the Commission has been maintaining a report on daily and monthly generation and reservoir statistics. These reports are published on the Commission's website on a daily and monthly basis, as appropriate.

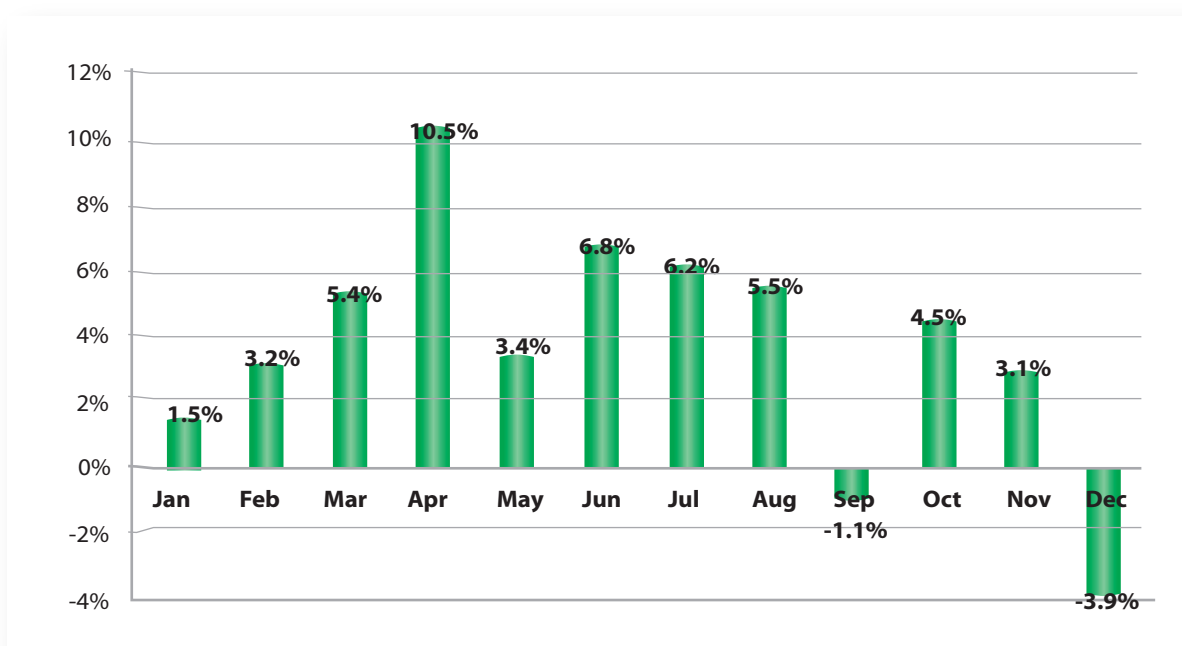
Transmission System Performance Reports

Being the regulator of the electricity industry, the PUCSL is required to monitor the technical performance of the country's transmission system. The transmission network is owned and operated by the CEB which holds the responsibility for the safe, secure and efficient transmission of electricity in the island. The network is operated at 220kV and 132kV to transport electricity from generation points to distribution bulk supply points. A certain amount of energy loss occurs during the transmission process.

In 2013, Transmission System Performance Reports were published by the PUCSL for 2012 and the first half of 2013 with the objective of identifying this energy loss during the specified periods. The reports describe and calculate key performance indicators for the electricity transmission system. The Commission analysed data received through the LISS and from CEB monthly reports in compiling this report.

The report for 2012 contains a summary of information and performance statistics of the transmission system for 2012 and compares this performance with that of 2011. It also takes account of the availability, security of supply and quality of service of the transmission network during the period under review.

It was noted that compared to the transmission line availability in 2011, availability has improved during 2012 due to low interruption durations of planned outages. Another positive development was the transmission loss in 2012 decreasing to 3.72 per cent.



These indices would be useful when planning future developments and when taking corrective action, if necessary, to improve the performance of the system and to ensure higher reliability of the transmission system. These identified indicators would assist in future comparisons of the transmission licensees' performance, benchmarking against international standards and illustrating historical trends.

The Transmission Performance Report for the first half of 2013 identified energy losses during transmission and the available transmission line for the first half of 2013.

Distribution Licensees - Performance Report 2012

Data submitted by each Distribution Licensee (DL) – CEB Regions 1, 2, 3 and 4 and LECO - was used in this report to analyse their performance for the year 2012. The objective was to produce comparative illustrations of all five DLs on their purchases, sales, revenue, consumer base and energy losses for the period from January to December 2012.

The report revealed that during 2012, all DLs except DL3 (CEB Region 3) managed to keep their network losses below the allowed losses stipulated by the Commission. LECO recorded the lowest network loss (4.4 per cent) and DL3, the highest (11.5 per cent). The national distribution network loss amounted to 9.7 per cent of the total. DL1 (CEB Region 1) provided the highest number of new connections per day (Average), while LECO provided the lowest. The report is available on the PUCSL website.

Smart Metering concept in Sri Lanka - Report on applicability

The viability of installing smart meters in Sri Lanka was gauged through a study which was designed to explore the concept of smart metering, its applicability to the country and the benefits which would be gained by its introduction here. The study also explored the key challenges facing the island in applying the technology.

Smart meters help electricity consumers and DLs to monitor and track the amount of electricity used in a given time of day or in a given period of time. They enable faster automated communication of information to consumers on their real time electricity consumption, allowing them to make informed decisions about their use of electricity. The concept holds many advantages for both electricity consumers and DLs.

The study concluded that deploying smart meters is a potential applicable solution to cope with the energy crisis, proving to be a win-win proposition to the utility, regulators and customers. However, it was also noted that investing in smart meters could be risky for consumers since the benefits may be enjoyed by parties other than those who bear the cost. It was thus decided that the future of smart metering will depend heavily on the energy policy and decisiveness of the governmental bodies involved.

Report on Performance Measurements of Generation and Transmission Systems

The Report on Performance Measurements of Generation and Transmission Systems was published by the Commission to identify key system and network performance indicators and their definitions which are currently used worldwide to assess the technical and financial performance of generation and transmission systems.

Performance standards are important in modern power systems as they ensure the efficient and secure functioning of the system and appropriate quality of electricity supply. They can also be used as a tool to compare or benchmark the power system performance among utilities and generation plants.

The CEB already records most of the data required to compute the transmission performance measures. It was decided that a data logging and recording facility should be implemented to obtain the data which is unavailable (especially power quality measures) to measure the transmission performance.

Most data required to compute the generation performance measures of large hydro power plants and fossil fuel power plants in Sri Lanka, are already available with the plant operators. Most of the special performance indicators defined for the renewable plants are still in the conceptual stage and therefore, a proper mechanism is needed to record the data required to compute these performance measures.

Once these measures are standardised and computed, they can be deployed, not only to monitor the quality and reliability of the electricity supply, but also to measure the performance compared with benchmarks and to illustrate historical trends.

Survey on efficiency of energy intensive processes for small industrial consumers

A survey was carried out by the PUCSL 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 a sample to execute the energy audit as a pilot study.

Currently, the survey is in the data gathering stage with a questionnaire prepared and sent to them seeking information regarding their facilities and electricity consumption. Their responses and the visits which would be made to these facilities thereafter would help the Commission understand the energy intensive processes which are currently in operation in the island and identify the areas which need improvement. It would benefit these industries as well, as they would see which areas of their operations need to be improved.

Study on Electricity Distribution Utilities' Performance Indicators

Since the five Distribution Licensees hold a monopoly over the distribution of electricity received through the Transmission Licensee in their respective areas, it's important that they are properly regulated. This is imperative to protect consumers and ensure a safe, reliable and affordable electricity supply.

The Electricity Distribution Performance Regulation was being drafted to cover the DLs' performance related to the quality of supply, power and commercial aspects, to achieve the objectives of:

- Defining indices to measure the quality of power;
- Specifying numerical values of indices to be achieved by DLs;
- Ensuring that quality of electrical supply is in accordance with the stipulated regulations, guaranteeing that the distribution system is safe, efficient and reliable;
- Specifying customer service standards DLs are required to maintain to provide an efficient service; and
- Defining and publishing a methodology to compensate consumers on the under-performance of DLs.

A study was conducted on electricity utilities performance standards, detailing what aspects to measure and how to measure them. The report prepared through this study aimed to:

- Investigate performance indicators which have not being covered under the above mentioned regulation and which should be measured by the regulator in order to assess the performance of DLs;
- Illustrate methods that can be useful in finding the overall performance of DLs; and
- Propose a list of variables to be measured periodically to calculate/assess performance in each aspect.

These key performance indicators reflect major elements of the distribution utility's day-to-day operations, including financial, customer service, operational, technical, metering and safety information.

DLs submit energy-related data including information on energy sales, revenue and the number of consumers monthly to the PUCSL. The proposed set of variables to be measured under this report will be helpful to ease the process of collecting raw data from DLs.

To improve the DLs' performance, the PUCSL can implement methods such as publishing data about their performance and setting up minimum quality standards. The DLs also need to compensate consumers if there is a negative performance gap.

These performance indicators have to be periodically monitored by obtaining relevant information which can also be used as inputs to calculate the benchmarking of DLs. This would enable them to be ranked, thereby also promoting competition.

Performance indicators can be used to reveal which aspect of which Licensee needs closer attention, enabling the regulator to effectively guide underperforming licensees to boost their performance, which would eventually benefit the consumer.

The study made the following recommendations:

- Obtain specified information from DLs periodically and calculate performance indicators of each DL;
- Apply the Partial Performance Indicator method to benchmark DLs;
- Carry out a feasibility study on applying overall performance measuring methods.

Study on adoption of new 'Industry' category definition

Electricity consumers in Sri Lanka are categorised into different sectors based on the purpose of electricity use, such as Domestic, Industry, Government, Religious, Hotel and General. The prevailing electricity tariff structure is designed in such a way that some identified tariff categories are subsidised under Government policies.

Commercial consumers of electricity who come under the 'Industry' category are subsidised while 'General' (commercial consumers who are not categorised under 'Industry') are not, which means the electricity charges borne by the latter group are significantly high compared to the former. Therefore, many 'General' consumers try to use loopholes in the current 'Industry' category definition to obtain the tariff concessions enjoyed by the 'Industry' category.

The current definition of the 'Industry' electricity tariffs category is; "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 has been used for electricity tariff purposes since 1962 and has deficiencies when new technologies that are used in modern industrial activities are taken in to consideration. In addition, there are numerous complaints and disputes in relation to the electricity tariff categorisation.

The Department of Census and Statistics and the Central Bank of Sri Lanka use an adopted detailed version of the International Standard Industrial Classification (ISIC) Revision 4 of the United Nations.

This study was conducted by the PUCSL to assess the possibility of adopting a subset of the above mentioned classification 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. A considerably sizeable sample (80 per cent) of bulk ('General' and 'Industrial') consumers' data was analysed in the study.

Heat Rate Test on Thermal Power Plants

The PUCSL, as the economic, technical and safety regulator of Sri Lanka's electricity industry, is the authority ensuring fairness in setting the electricity tariff and charges for consumers.

Subsequent to the 2011 tariff revision, the Commission identified action required prior to introducing the next tariff revision. They were listed in the 'Decision on Electricity Tariffs 2011'. Therefore, conducting tests to verify the heat rates of thermal power plants in the island was included in the PUCSL Corporate Plan for 2012. Due to various practical difficulties in carrying out the tests, the target was reached only in 2013.

Under this project, all thermal power plants in Sri Lanka were studied through a basic Heat Rate Test, covering their regular dispatch patterns. Thermal power plants owned by the CEB as well as thermal power plants operating under IPPs were taken into account in this assignment.

Meters

Due to the unavailability of calibrated meters with the PUCSL, electricity meters and fuel flow meters installed at the respective premises were used to take readings.

Fuel data

Fuel data (density, calorific value, temperature corrections, etc.) is a principal requirement in the calculation of Heat Rates. Some of the IPPs sent fuel samples collected during the Heat Rate tests to laboratories at their own cost, to obtain the required fuel data, which was used in the calculation of their Heat Rates. For other power plants, of which the fuel samples had not been sent to laboratories, fuel data specified by the Ceylon Petroleum Corporation was used for the calculations.

Stabilisation before the test

All generators were run long enough before the readings were taken, providing them time to stabilise. Part load tests were conducted for some of the generators. In such instances, the generators were allowed to stabilise at each of the part load stage.

Involvement of independent agent

All Heat Rate Tests were performed under the supervision of PUCSL officers. However, for some of the new power plants, commissioning reports prepared by independent parties were available. Therefore, details related to Heat Rates provided in those reports were accepted without separate tests being conducted for them.

A summary of the results obtained from each plant along with respective Heat Rate values as per the latest available Bulk Supply Tariff (BST) filing (January to June 2014, Forecast) is given below. (The Commission-approved Heat Rates for purchasing electricity from generators are mentioned in the BST filing.)

CEB - owned Plants	Heat Rate (kcal/kWh)	
	Measured Value (Total Plant)	BST Filing Value
Kelanitissa Power Station (GTs)	4074.20	2751.84
Combined Cycle Power Plant, Kelanitissa	2020.37	1415.93
Sapugaskanda Power Station (10MW)	2016.44	2222.68
Sapugaskanda Power Station (20MW)	2245.89	2222.68
Lakvijaya Power Station (Turbine Heat Rate)	1900.34	2394.00
Jaffna Power Plant (heavy fuel)	2178.04	2383.74

Independent Power Producers	Heat Rate (kcal/kWh)	
	Measured Value (Total Plant)	BST Filing Value
Asia Power	1929.24	2211.71
Colombo Power (Private) Limited	2041.11	2138.27
Ace Power Embilipitiya (Private) Limited	2073.54	2186.92
AES Kelanitissa (Private) Limited (at full load)	2027.57	1988.75
West Coast Power (Private) Limited (at full load)	2083.46	2174.65
Heladhanavi Diesel Power Plant	2088.73	2110.17

Off-grid Schemes - Business Model

The main objectives in carrying out the study on off-grid electrification schemes were to recognise the issues faced by such schemes in Sri Lanka, examine viable alternative interconnection mechanisms to improve their financial viability and sustainability and identify interventions needed for their sustainability, covering all energy technologies (e.g. solar, biomass, wind and micro-hydro).

The study was conducted by the Commission during the first half of 2013 and contains recommendations to address issues in the off-grid sector and a framework for future action.

Outcome: Further to the findings of the study, the Commission and the Sri Lanka Sustainable Energy Authority (SLSEA) will collaborate towards developing the off-grid electricity sector in the island to enhance their contribution to the nation's electricity industry. Such initiatives are expected to help contribute towards achieving the country's 100 per cent electrification target.

The findings indicated that it is possible to connect these schemes to the National Grid. It revealed that the fees charged by the CEB and SLSEA for grid connections is about half of the total micro hydro interconnection cost and that the fee structure should be reviewed and reduced, if possible. It showed that 80 per cent of off-grid based micro-hydro power plants had capacities below 10kW.

Electricity Demand Forecast for Distribution Licensees

The Commission commenced a comprehensive demand forecast study to calculate the demand for electricity for the five-year period from 2014-2018 with the objective of providing information to Distribution Licensees to make necessary long-term investments in the power sector. It was thought that electricity demand forecast values filed by licensees were somewhat overestimated. The study was conducted to obtain a more accurate picture of the situation.

Inputs were sought from DLs through the use of time series and econometric analysis methods. A Time Trend Analysis was performed on each tariff category DL-wise.

The study forecast the energy requirements for the period under consideration for the DLs. The draft report on the study has been completed and would be extremely useful in planning the future activities of licensees (generation, transmission and distribution). The PUCSL can use the forecasts in this report when analysing the plans (generation, transmission and distribution) or tariff filings made by licensees such as CEB and LECO for approval.

Measurement of Power Quality of CEB and LECO distribution system

The power quality parameters (voltage, frequency and harmonic contents) of the national electricity supply provided by the DLs, CEB and LECO, were monitored by the Commission in 2013. This was done to measure the service provided with the standard regulations and licensee standards as the licensees are required to give a quality and continuous electricity supply to consumers. In the event of non-compliance, the Commission recommends corrective action.

As a pilot project, the PUCSL carried out power quality inspections in the Colombo metropolitan area where the power supply is generally proper and consistent. Domestic customers numbering 48 from each licensee and 24 bulk customers (large-scale consumers with their own transformers) from each licensee were selected for the pilot project and inspected to see whether the requirements are fulfilled. The analysis of this project was completed, revealing that the rate of maintenance of the proper standards is 25 per cent.

Metering Management Plan

A random sampling of energy meters older than 13 years was conducted by the PUCSL in 2013. A pilot project was implemented in the Sri Jayawardhanapura area to test the accuracy of the meters. During the study, it was decided by the PUCSL that the study should be expanded to include four other areas – three CEB and one LECO – to reflect the geographical variations in designing the plan. It was thought that the different weather patterns prevalent in these areas might have an impact on the performance of the meters. It was also decided to consider the brand of the meter and the date of manufacture in future projects of this nature. Therefore, the survey was extended to other areas and would be continued in 2014.

Regulations/Rules/Procedures/Codes/Methodologies/Guidelines

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

To achieve these goals, during the year 2013, the Commission implemented action in areas such as demand side management, safety and continuity, Supply Services Code and Grid Code. It also developed benchmarks on generation, transmission and distribution, guidelines for regulatory accounting and procedures for tariff reviews. A methodology to review the energy supplied was also established while templates for licences and for exemptions were made available. Revisions to the regulatory manual were also considered.

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

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

A Distribution Code (DC) specifying the standards which should be adhered to in the distribution of electricity was developed by the Commission in collaboration with the Distribution Licensees.

The project was carried out to enforce and review the current code, taking in to account public and DLs' concerns. A Distribution Code Enforcement and Review Panel (DCERP) was also mooted to ensure that this objective is met.

The inaugural DCERP meeting was convened in January 2012 and subsequent internal discussions were held on issues raised thereon for which replies have been drafted by the Commission. The Commission is expected to receive the Licensee's (CEB) decision on the issues raised with regard to the DC and DCERP this year.

Regulations on (Distribution) Performance Standards

In terms of the Sri Lanka Electricity Act, No. 20 of 2009, the Commission is required to set and enforce technical and other standards relating to the safety, quality, continuity and reliability of the electricity supply and metering services.

Towards this end, it developed Regulations on (Distribution) Performance Standards for Distribution Licensees under a technical assistance project on capacity development for power sector regulations funded by the Asian Development Bank. These regulations define the standards to be attained by DLs in connection with the distribution and supply of electricity, as well as compensation to be paid for loss or damage and penalties to be imposed for non-compliance with such performance standards. The regulations were prepared in consultation with the CEB and LECO, and prior to their finalisation, public comments were sought. The regulations were approved by the Commission and recommended to the Minister of Power and Energy for gazetting.

Regulations on Safety, Quality and Continuity

Safety in the supply of electricity was considered a priority area by the PUCSL which carried out many initiatives during 2013 to protect consumers from the dangers arising in the generation, transmission, distribution and supply of electricity.

With this goal in mind, the draft regulations prepared in 2010 were reviewed in 2012 by a Committee comprising representatives from the CEB, LECO and PUCSL. The revised regulations were submitted to the CEB and LECO for final comments while comments were also sought from the public through notices in national newspapers. The regulations were drafted during 2013.

Another project planned by the Commission during the year was to develop a database in order to be notified of critical events related to electricity. When events such as electrocutions and incidents occur at licensee sites, the Commission has to be informed of them, so that regulations can be drafted to minimise such incidents. The co-operation of the Police, hospitals, the Labour Department, insurance companies, etc. is imperative for the successful gathering of such information to one database. The concept, design and draft templates for this database have already been finalised and external stakeholders' views were sought.

Supply Services Code

Distribution Licensees are required to publish and conform to codes of practice related to consumer issues, containing provisions considered necessary for the protection of consumers by the Commission.

The Supply Services Code is a method through which consumers gather information about the practices of and the services provided by licensees. Also, since the services provided by different licensees are not currently standardised, this Code proposes to standardise their practices. The Code is a requirement under the Sri Lanka Electricity Act, No. 20 of 2009 and the Distribution and Supply Licences issued thereunder. It outlines the relationship between the service provider and tariff customer.

The Code is compiled to provide information on all aspects related to the supply of electricity to consumers such as on billing, metering, payment of bills and supply-related terms and arrangements; consumer security deposits, access to customer premises by licensees, consumers in default, connections and disconnections; services to ill/disabled/pensioners, complaint-handling procedures; and the responsibilities of consumers and the provision of information to licensees.

The Code was revised with the consultancy and inputs of the CEB and LECO. During 2013, the preparation of the LECO code was in progress while the CEB code was finalised. Once approved, the Code will be issued to the licensees who can utilise it to standardise their practices and increase awareness among consumers.

Grid Code

The Grid Code specifies the criteria, guidelines, basic rules, procedures, responsibilities, standards and obligations required for the operation, maintenance and development of the electricity transmission system. Its objectives are to establish an effective, transparent, non-discriminatory and coordinated approach for the transmission system, and to ensure equitable management of technical matters in the interest of all parties connected to the grid including Distribution Licensees, customers and generators.

The Code was devised as per the requirements of the Sri Lanka Electricity Act, No. 20 of 2009 under the technical assistance project on capacity development for the power sector regulation funded by the Asian Development Bank in 2012.

It has to be revised and amended periodically to reflect the changes in the regulatory framework and the development of the transmission network to comply with legislations and good industry practices. While the Commission is responsible for the enforcement and amending of the Code, the Transmission Licensee is responsible for its implementation. The project to revise the Code was carried out in 2013 with comments obtained from the CEB and consultants.

Formulate methodology to benchmark Generation, Transmission and Distribution Licensees

In terms of Section 14 (2) (f) of the PUCSL Act, No. 35 of 2002, the Commission is required to benchmark, where feasible, the utilities services against international standards. In this connection, a study was conducted by the Commission to formulate a methodology to benchmark the generation, transmission and distribution and supply licensees, the scope of which included developing guidelines and building competencies to benchmark the five DLs. Identifying the best performing DL was another objective.

The Study on Feasibility of Benchmarking Distribution Licensees Using Partial Performance Indicator (PPI) Method has now been completed. However, it was revealed that due to the small number of comparable utilities and limited availability of information, implementing proper benchmarking methodologies would not be possible at this stage.

It was decided that benchmarking should not be confined to a particular technique, in this case the PPI, though only that method was possible this time. Sophisticated techniques should be used to examine the consistency of results and the robustness of the rank orders, it was thought. PPIs, it was decided, could be used as the initial step for developing a methodology for benchmarking DLs in Sri Lanka, which would eventually lead to the creation of an environment for proper benchmarking.

The steps that were recommended for such a procedure were obtaining relevant data, verifying the results with those obtained through other methods, publishing the information and benchmarking them against international or regional utilities.

Developing Guidelines on Regulatory Accounting

The PUCSL may call for accounting information which is more extensive than or differs from the statutory accounts submitted by Licensees under the Electricity Generation Licences, Electricity Transmission and Bulk Supply Licence and Electricity Distribution and Supply Licences granted under the Sri Lanka Electricity Act, No. 20 of 2009.

The necessity to formulate guidelines for the preparation of Regulatory Accounts by Licensees has arisen due to the statutory accounts currently submitted by licensees not containing sufficient information for regulatory purposes and not being uniform among Licensees. Therefore, the Commission engaged the services of a qualified international consultancy firm to develop and implement such guidelines.

Demand Side Management Regulations

The demand for any commodity can be changed by influencing the actions of market players. Entrepreneurs develop marketing strategies using this factor to their advantage. However, a State needs to adopt a long-term approach and intervene where it is necessary. Regulations are the tool that the Commission has been entrusted with through Legislations: Hence, the Commission drafted Demand Side Management Regulations for the Electricity Sector in Sri Lanka.

One of the key objectives of the PUCSL, in terms of the Sri Lanka Electricity Act, No. 20 of 2009, is 'to promote the efficient use of electricity supplied to premises'. With the rising demand for electricity, an increasing burden is placed on the existing resources and fossil fuels, which are mostly imported. Thus, Demand Side Management (DSM) regulations have become a key tool to achieve the goals of energy efficiency and energy conservation in the country. These regulations are intended to create the necessary institutional framework and broad processes, by which many utility-driven Demand Side Management programmes could be designed, implemented and monitored effectively.

DSM regulations aimed at deploying national level energy conservation and efficiency improvement measures through the electricity utility were drafted 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 submitted to the Ministry of Power and Energy for publication in the Government Gazette.

When the regulations are gazetted, a Demand Side Management Coordination Committee (DSMCC) will be established under the Sustainable Energy Authority, comprising nominees from the Commission and utilities industries. The DSMCC will become a strategic discussion table for the DSM proposals submitted by the utilities companies. Within 12 months from the date of publishing the regulations, every Distribution Licensee is required to carry out a study to assess the technical and economic potential for Demand Side Management.

Under this study, utilities industries are required to undertake load research, market research and any other research determined by the DSMCC. Upon receiving the approval of the Commission on the assessment studies, each (utility) Licensee should prepare a DSM master plan. Upon the approval of this plan, the Commission will set the DSM targets for a particular period. The targets are set for conservation DSM and programmes to be developed by the Licensees and would be reviewed by the DSMCC and approved by the Commission.

Rules on Procedure for Review of Tariffs

A procedure for the review of Transmission and Bulk Sale Tariffs as well as distribution and supply tariffs has to be prescribed by the Commission in terms of the Electricity Act, No. 20 of 2009. Such a procedure should include a timetable for the review of tariffs and provisions for consumers and other interested parties to participate in the review procedure.

In 2012, the Commission prepared draft rules on the review of tariffs and the methodology to implement tariff reviews and adjustments. It engaged the services of a consultant to draft these rules and the chapters to be included in the review. The drafting was implemented under the technical assistance project on capacity development for the power sector regulations funded by the Asian Development Bank. Clarifications received in this connection from the consultants were reviewed by the Commission.

Formulate Methodology to Estimate Energy Supplied

According to the Electricity Act, No. 20 of 2009 and Distribution and Supply Licenses issued thereunder, a licensee may, in the absence of an agreement, charge for the electricity supplied to any consumer in accordance with any method of charging provided for in the licence.

A project was initiated by the Commission to formulate such a methodology to be carried out by the DLs to estimate the quantity of energy supplied to consumers under the following circumstances:

- The absence of a meter
- If a meter is registering incorrect data
- If the malfunction of any meter is due to any person altering the register or meter

The objective of this project was to mitigate instances of incorrect meter recording, malfunctions of the meter, tampering and irregularities in recording consumption in the absence of a meter.

The draft report on the proposed methodologies based on internal comments and legal opinion was approved by the Commission and the methodologies have been issued to the Distribution Licensees.

Revisions to Regulatory Manual

The Commission began revising the existing Regulatory Manual, taking into consideration national exigencies and Commission requirements. The manual was intended to develop a code of good practice governing the functions of the Commission.

Rules and Templates for Licences, Exemptions and Authorisations

The Commission envisages the development of templates for the granting of licences, exemptions and authorisations of parties with the intention of regulating those areas. The project was rescheduled for 2014 until the Amendments to the Ceylon Petroleum Corporation Act are finalised. Meanwhile, the TOR and EOI related to Rules on Applications for Petroleum Licences, Exemptions and Authorisations were finalised during 2013.

Rules on Procurement of New Generation Plants and Extension of Existing Generation Plants

The Rules on the Procurement of New Generation Plants and the Extension of Existing Generation Plants was revised. The work plan involved reviewing amendments to the Electricity Act and revising the draft regulations prepared under the ERTA Project. The Commission received comments on the draft regulations about the amendments to the Electricity Act.

Tariff Process

Electricity Tariff Revision - 2013

The PUCSL commenced the year 2013 with a tariff reviewing process. The CEB filed generation cost estimates for the first half of 2013 after the revision of prices of fuel that is supplied to the CEB for power generation, along with the approved transmission and distribution costs. The total cost of supplying electricity for 2013, as filed by the CEB, was Rs. 268 billion. The Commission approved only Rs. 228 billion of this cost for recovery through end-user tariffs in 2013.

Subsequently, the CEB filed revised proposals, which were opened for public comments. Revised end-user tariffs were announced with effect from 20 April 2013 of which the salient features were:

- Introduction of mandatory Time-of-Use tariffs for 'General purpose'- commercial category, to encourage energy conservation during the evening peak time
- The Commission directed the Licensees to fulfil eight conditions with the objective of encouraging them to improve the efficiency of the CEB.

Task	Completion Date
Implementation of Dispatch Planning software with monitoring facilities to PUCS	31/10/2013
Implement Bulk Supply Transaction Account	30/06/2013
Entered into Power Purchase Agreements between Transmission and Generation Licensees (for all CEB plants)	31/12/2013
Formed Power Sales Agreements between Transmission and Distribution Licensees	31/12/2013
Submit Long/medium-term coal supply agreement (Fuel Supply Agreement)	31/10/2013
Revenue Separation and Audited Accounts of each Licensee for 2011 and 2012	30/09/2013
Independent heat rate tests of thermal plants	31/12/2013
Submit Long-term Generation and Transmission Plans (2013) for Approval	30/09/2013

Tariff and Fuel Adjustment Charges

The approved retail tariffs which were in effect from 20 April 2013 are shown below:

Customer Type: Domestic

This rate applies to the supply of electricity used for domestic purposes in private residences. The tariff will be charged on an Incremental Block Tariff basis and the Fuel Adjustment Charge (FAC) will be imposed on the basis of the respective FAC percentage to be applicable for the entire monetary value of the unit charge.

Tariff Applicable for Domestic Customers

A '30- day period' consumption is between 0-60 kWh:

Consumption per month (kWh)	Energy Charge (LKR/kWh)	Fixed Charge (LKR/month)	Fuel Adjustment Charge (% of Energy Charge)
0-30	3.00	30.00	25%
31-60	4.70	60.00	35%

A "30 day period" consumption is above 60 kWh:

Consumption per month (kWh)	Energy Charge (LKR/kWh)	Fixed Charge (LKR/month)	Fuel Adjustment Charge (% of Energy Charge)
0-60	10.00		
61-90	12.00	90.00	10%
91-120	26.50	315.00	40%
121- 180	30.50	315.00	40%
>180	42.00	420.00	40%

Tariff Applicable for Religious Customers

Consumption per month (kWh)	Energy Charge (LKR/kWh)	Fixed Charge (LKR/month)
0-30	1.90	30
31-90	2.80	60
91-120	6.75	180
121-180	7.50	180
>180	9.40	240

Customer category and kWh (monthly)	Unit charge LKR			Fixed Charge LKR	Maximum Demand Charge (LKR /kVA)	Fuel adjustment charge (% of Unit charge)
	Peak (1830hr – 2230hr)	Off-Peak (2230hr -0530hr)	Day (0530hr -1830hr)			
General Purpose						
General Purpose –GP1						
210 or less		19.50		240	-	25
More than 210		21.50		240	-	25
General Purpose –GP2	25.00	14.50	20.50	3,000	1100	25
General Purpose –GP3	24.00	13.50	19.50	3,000	1000	25
Government Institution ³						
Government Institution- GV1		14.65		600		0% or 25%
Government Institution - GV2		14.55		3000	1100	
Government Institution - GV3		14.35		3000	1000	

Hotel Purpose						
Hotel Purpose – HP-1	22.00			600		15
Hotel Purpose – HP-2	24.00	10.00	15.00	3,000	1100	15
Hotel Purpose – HP-3	23.00	9.00	14.00	3,000	1000	15
Industrial Purpose						
Industrial Purpose – IP-1	12.50			600		15
Industrial Purpose – IP -2	21.00	7.00	11.30	3,000	1100	15
Industrial Purpose - IP – 3	24.00	6.00	10.50	3,000	1000	15
Street Lighting	17.00			None	None	0%

1 Consumption blocks are based on a 30-day billing period and the number of units in a block would be prorated according to the number of dates in each billing period

2 Consumption blocks are based on a 30-day billing period and the number of units in a block would be prorated according to the number of dates in each billing period

Revision of Network Loss Targets

A study is to be carried out on the Revision of Network Loss Targets with the objective of revisiting the network loss target assigned to each licensee in 2011 by 2015 with new tariff filings scheduled in 2015. The Sri Lanka Energy Managers Association has been assigned 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.

Feasibility of TOU tariffs for Domestic and GP consumers

A study was conducted on Time Of Use (TOU) tariffs for Domestic and General Purpose Consumers. The report based on the study was completed and is expected to be submitted for an expert consultation. 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. The detailed report is available at the website, www.pucsl.gov.lk

Supply Chain Analysis

The inception report related to the Supply Chain Analysis has already been submitted. The scope of the assignment includes a review of power purchase agreements. The interim report of the project is due in 2014.

Street Lamp Management Strategy

The conceptual framework related to the Street Lamp Management Strategy has been drafted and circulated among the main stakeholders - the Ministry of Power and Energy, CEB, LECO and the Ministry of Local Government. The draft is expected to go for wider stakeholder consultations with the Local Authorities and the public in order to study the feasibility of the proposal.

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 has been granted to the University of Moratuwa and the study is in the data collection stage.

Uniform National Tariff adjustment

Distribution Licensees 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.

The forecasts from the Licensees were received up to the last quarter of 2013 and were approved by the Commission. It also directed the Transmission Licensee to credit/debit the amount to each DL. It was decided to review this procedure on a quarterly basis from 2014.

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 for the Distribution Licensee. This is based on the assessments of the prudent costs filed by the Transmission Licensee.

The BST comprises 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 Transmission Licensee 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.

The Commission reviewed and approved the Transmission and Bulk Supply Tariffs filed by the Transmission Licensee for 2013 and requested the Licensee to implement the tariffs.

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 Transmission Licensee 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.

Accounting information has been received by the Commission up to November 2013 and was verified for accuracy.

Allowed Charges 2013 – 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 minimise disputes between consumers and Licensees.

Accordingly, Licensees submit their proposals for Allowed Charges to the Commission which evaluates the proposals to see whether they comply with the methodology. An approved proposal will be valid for an year.

The Methodology for Allowed Charges was approved by the Commission in terms of Section 30 of the Sri Lanka Electricity Act, No. 20 of 2009. It directs the Licensee to determine these charges without keeping any profit margin. Customers have to pay only for the services and instruments involved in the service.

The Allowed Charges -2013 of the CEB (all four regions) and LECO were submitted to the Commission during the year and were approved after a thorough analysis. As per Section 30 of the Sri Lanka Electricity Act, No 20 of 2009, the Licensees were requested by the Commission to publish the approved charges in their websites and in national newspapers for public awareness.

Petroleum Sector

Shadow Regulation of the Lubricants Market

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

Monitoring lubricant market players

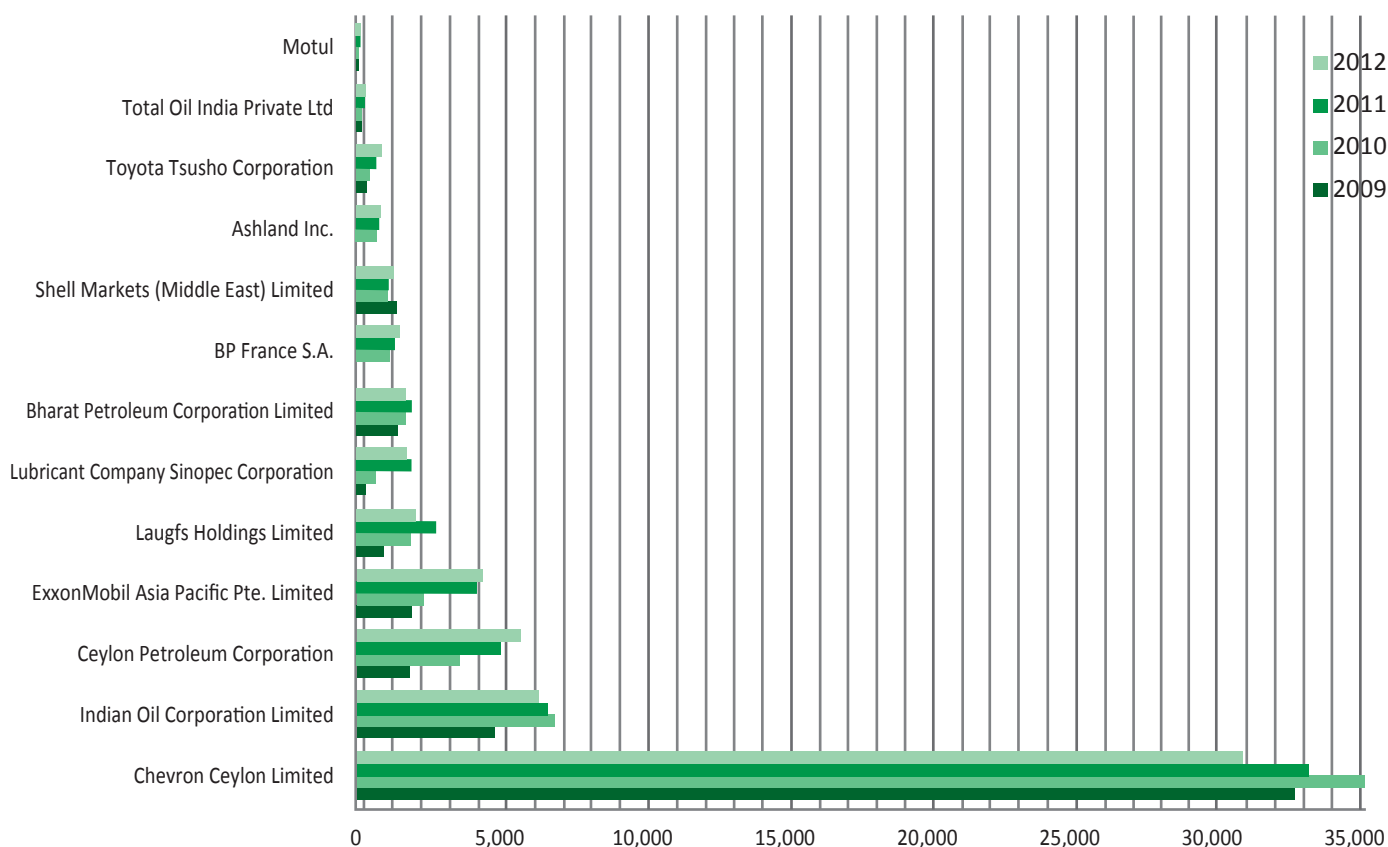
The Commission commenced an initiative to analyse the 2012 sales figures from lubricant market players with the objective of realising its goals with regard to the lubricants industry. Information on the financial and operational activities of the market players was obtained and used to compile the Lubricant Market Report 2012 which is available on the PUCSL website. The report provides an overview of the lubricants market and summarises the operational information.

The downstream petroleum industry comprises importing and exporting petroleum products and petroleum resources; refining and blending of petroleum resources; producing, storing, distributing and transporting petroleum products and petroleum resources and wholesale and retail distribution of petroleum products. Petroleum products include petrol, diesel, kerosene, aviation fuel, marine fuel, furnace oil, liquefied petroleum gas and lubricants.

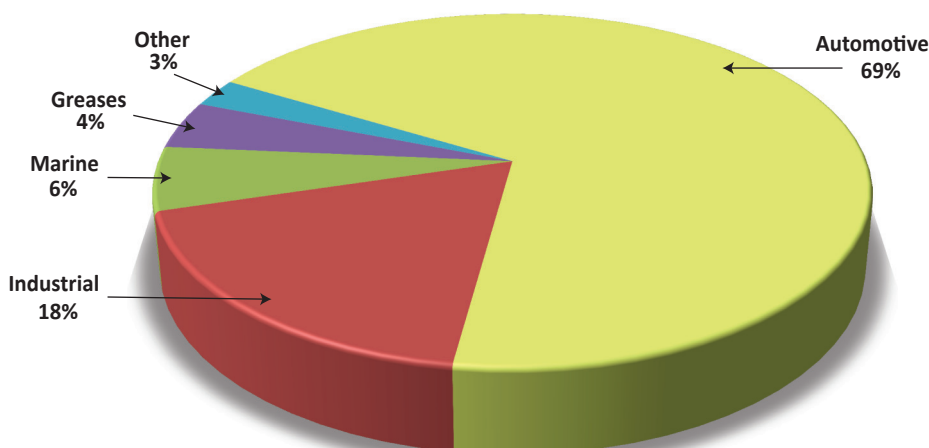
As at the end of 2012, there were 13 parties authorised to import, export, sell, supply and distribute lubricants and two parties authorised to import, export, sell, supply, distribute and blend lubricants in the country.

The following charts show lubricant sales for the year 2012:

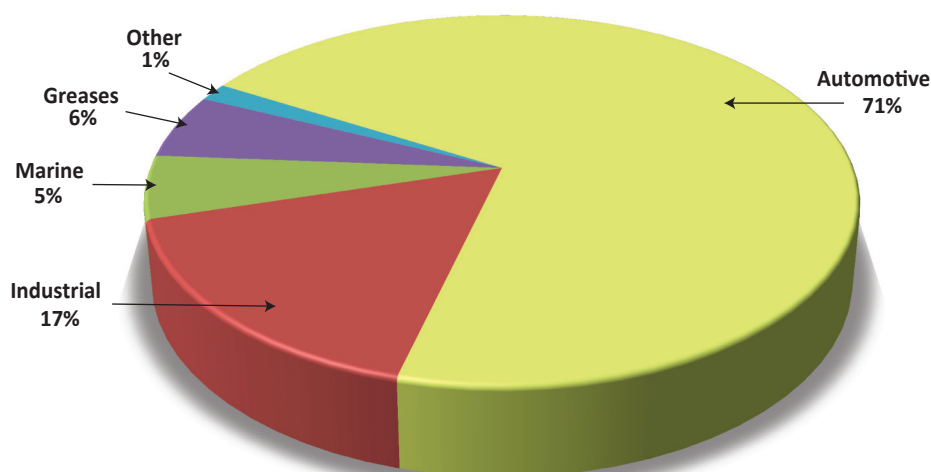
Lubricant Sales (KL) by Company



Lubricant Sales (Quantity) - Year 2012



Lubricant Sales (Revenue) - Year 2012



Preparation of Request for Qualifications (RFQ) document for the Lubricants Market

Since new industry players need to enter the lubricants market, the Commission prepares the documentation and guidelines required for such activities in the form of Request for Qualifications (RFQ) documents. After submitting them to the Ministry of Petroleum Industries, the RFQ was revised based on the directives and feedback from the Ministry. Thereafter, it was submitted for the approval of the Attorney-General's Department.

Assistance in drafting of Petroleum Industry Legislation

The Commission advises and assists the Ministry of Petroleum Industries in consultation with the Legal Draftsman's Department and the Attorney-General's Department. It is involved in finalising the Petroleum Products (Special Provisions) (Amendment) Act and Ceylon Petroleum Corporation (Amendment) Act so that this measure will result in the Commission being empowered to regulate the downstream petroleum industry. It had sought legal opinion from the Attorney-General (AG) regarding the PP (SP) (A) Act and CPC (A) Act, which it had received. The Commission would finalise the legislation after discussions with the Ministry.

Awareness programmes

As part of its activities in the petroleum industry, the Commission, in collaboration with the Ministry of Petroleum Industries, conducted a workshop on 'The Lubricants Industry' in November 2013. The Lubricant Market Report 2012 was presented at the event where over 100 participants from the private and public sectors were present. Many presentations were made at this event, which was held to increase awareness about the petroleum industry of the country and PUCSL's role in it.

Other Activities

SAARC Dissemination Workshop on Review of Electricity Laws and Regulation of Member States

The Commission, in collaboration with the SAARC Energy Centre in Islamabad, Pakistan conducted the SAARC Dissemination Workshop on Review of Electricity Laws and Regulation of Member States at Mt. Lavinia Hotel from 19-20 December 2013. The welcome address was made by Deputy Chairman of the Commission, Dr. Bandula Perera. Commission Member Prof. Rahula Attalage was the chief guest at the Valedictory Session on the 20th.

Regional experts representing regulatory bodies of SAARC member countries took part in the event and presented their views on the way forward for the industry. Knowledge sharing and learning from the experiences of other regulatory bodies in the region were some of the main objectives of conducting the workshop.

Seventh Executive Committee Meeting of SAFIR

The PUCSL hosted the Seventh Executive Committee Meeting of the South Asia Forum for Infrastructure Regulation (SAFIR) at the Mahaweli Reach Hotel, Kandy on 4 March 2013. The then Chairman of PUCSL, Dr. Jayatissa de Costa took part in the meeting. He emphasised the need to have regular meetings of the SAFIR to facilitate the regulatory process, to share knowledge on regulatory reforms and experiences among the members and build capacity in the field of infrastructure and regulation in order to serve regulatory agencies and other stakeholders.

Modification of generation and distribution licences

Approval for two generation licence modifications and two distribution licence modifications was granted during the period under review.

Dissemination of information

Information related to licensees' electricity sales and purchases as well as their energy loss levels, electrical inspections and consumer complaints is collected on a regular basis and disseminated through the PUCSL website with the objective of increasing consumer awareness on these activities.

Human Resources

During the year 2013, much advancement was made in the sphere of Human Resources of the Commission, specifically related to the areas of learning and development, employee relations and overall improved efficiencies.

The staff strength and composition of the PUCSL as at 31 December 2013

Designation	Approved Cadre		Existing Cadre	
	Permanent	Contract	Permanent	Contract
Director General	1	–	1	–
Deputy Director General	1	–	1	–
Secretary to the Commission	1	–	1	–
Director	5	–	4	1
Deputy Director	12	–	5	5
Assistant Director	13	–	11	1
Management Assistant	8	–	8	–
Drivers	4	–	2	1

The year proved to be successful in the capacity development of employees. The capacity development interventions focused on providing knowledge for employees for the timely execution of the divisional deliverables stated in the Corporate Plan of 2013.

The focal areas for training were energy regulation, renewable energy, economy, consumer affairs, finance, legal, IT and HR. The participants of the training programmes could gain exposure and knowledge in line with international standards and best practices on economic and financial issues in the context of distinctive strategic challenges which surround the government's regulatory and enforcement functions. They also obtained a clear understanding on making decisions on the types of budgetary and analytical support.

The foreign capacity development programmes benefited the employees by building a network to discuss the tools, technologies and processes which could be applied in the regulatory environment in the local context in order to improve their decision-making ability.

Programmes 2014

The Commission has lined up many projects to be carried out during the year 2014 in order to fulfil its responsibilities and to achieve its goals in its capacity as the regulator of Sri Lanka's electricity sector and as the shadow regulator for the downstream petroleum sector.

These goals which have been derived from the objectives and functions stipulated in the Public Utilities Commission Act, No. 35 of 2002 and Sri Lanka Electricity Act, No. 20 of 2009 are:

- Ensuring fairness in electricity tariffs and service charges
- Ensuring the adequacy of quality and reliability of the electricity supply
- Ensuring safety of electricity to persons
- Assuring protection for electricity consumers
- Ensuring energy security, renewable energy and environment
- Promoting efficient use and conservation of energy
- Establishing the electricity market structure to promote competition
- Disseminating electricity sector information to consumers
- Regulating the downstream petroleum sector

A brief description of the projects which will be launched to achieve these goals is given below:

- **Ensuring fairness in electricity tariffs and service charges**

Project Description	Activities	Benefits
Implementing Guidelines for Regulatory Accounting	<ul style="list-style-type: none"> • Accurate determination of allowable revenues to distribution licensees • Effective monitoring of transmission and distribution licensees' activities 	<ul style="list-style-type: none"> • Lower tariffs for consumers • Increased efficiency of licensees • Reliability in regulatory decisions for all stakeholders • Access to accurate information on licensees' financial position
Revision of network loss targets	<ul style="list-style-type: none"> • Set targets at best possible levels of expected performances 	<ul style="list-style-type: none"> • Fair electricity charges • Accountability for operating inefficiencies
Supply Chain Analysis of electricity sector	<ul style="list-style-type: none"> • Track cost of electricity supply • Identify possible areas for further study • Constant monitoring 	<ul style="list-style-type: none"> • Transparency • Fair costs • Information for stakeholders
Developing Net Metering Concept	<ul style="list-style-type: none"> • Identify advantages and disadvantages of technology • Implement proper mechanism to develop technology 	<ul style="list-style-type: none"> • Ability to save energy from National Grid • Put solar power to good use • Saving costs by connecting to National Grid
Implementing metering regulations and streamlining data collection activities in electricity sector	<ul style="list-style-type: none"> • Introduce criteria enabling SMART metering in grids • Automated measurements in recording, reporting 	<ul style="list-style-type: none"> • Economical, efficient meters in households • Fair electricity charges

Peak shaving during national night peak	<ul style="list-style-type: none"> Find methods to save weight on generators at night Use effective energy storage methods 	<ul style="list-style-type: none"> Lower costs for electricity generation at night Effectively manage peak hour demand
Assessing regulations on electricity trading arrangements between licensees	<ul style="list-style-type: none"> To allow, secure electricity trading arrangements between PPA, PSA licensees 	<ul style="list-style-type: none"> Licensees can adhere to requirements due to transparency, uniformity of criteria Helps PUCSL to monitor performance Helps formulate regulations
Assess fairness in risk allocation and cost passes through IPPs and PPAs	<ul style="list-style-type: none"> Study on fairness of risk allocation, costs passed 	<ul style="list-style-type: none"> Reasonable charges for consumers Provide clear picture of power plant performance
Analyse the economic impact of electricity tariff increases	<ul style="list-style-type: none"> Study on likely increase of demand in future 	<ul style="list-style-type: none"> Fair price based on economic indicators Consumers charged on usage patterns, income
Monitor capacity contributors of NCRE plants	<ul style="list-style-type: none"> Monitor capacity contribution of NCRE technologies 	<ul style="list-style-type: none"> Reduce energy wastage Use renewable energy Reduce energy usage cost
Opinion survey on electricity tariffs and renewable energy	<ul style="list-style-type: none"> Survey to gather opinions on consumption patterns 	<ul style="list-style-type: none"> Assist government in policy formulation Transparent decision-making Explore feasibility of lower costs
Set benchmarks for generation plant performance	<ul style="list-style-type: none"> Identify performance criteria in each plant 	<ul style="list-style-type: none"> Increased efficiency, reduced costs at plants More service reliability Reduced consumer tariffs

• Ensuring the adequacy of quality and reliability of the electricity supply

Project Description	Activities	Benefits
Regulations on electricity (transmission) performance standards	<ul style="list-style-type: none"> Ensure quality of electricity transmitted is of adequate standard 	<ul style="list-style-type: none"> Quality supply of electricity Continuity of supply assured Safety standards assured, higher quality of electricity
Measuring harmonics in apparel industry	<ul style="list-style-type: none"> Study harmonics of apparel industry as guide for other industries 	<ul style="list-style-type: none"> Improved quality for homes Protection for equipment Helps mitigate losses due to harmonics

Case study on loss/damage in apparel industry due to power outages	<ul style="list-style-type: none"> Analyse, assess losses to apparel industry Identify practical issues faced by licensees, staff 	<ul style="list-style-type: none"> Reduced damage due to power losses Viable, actionable solutions for maintenance staff Less power and revenue losses
Evaluation report on medium voltage distribution development plans by licensees	<ul style="list-style-type: none"> Study on medium voltage distribution development plans 	<ul style="list-style-type: none"> Easy assessing of cost of electricity Ability to determine demand in different categories

• Ensuring safety of electricity to persons

Project Description	Activities	Benefits
Preparing health and safety statistics, indices for licensees	<ul style="list-style-type: none"> Prepare safety indices to be implemented within licensees' work-sites Suggest safety measures to reduce accidents 	<ul style="list-style-type: none"> Life safety for licensees' staff through proper equipment, procedures Reduced substandard practices through awareness Better service, quality services
Electrocution mitigation programme	<ul style="list-style-type: none"> Awareness activities with Police in schools, media Stop substandard products entering market Declare national safety day/week, conduct drills 	<ul style="list-style-type: none"> Minimised damage to persons, property through electrocutions
All-island domestic consumer-based survey to check availability, correct functionality of trip switch	<ul style="list-style-type: none"> Collect information, adopt measures to reduce loss of life, damage to equipment 	<ul style="list-style-type: none"> Enhanced safety for domestic, industrial users Less burden on customers' electricity bills
Implement mechanism to inform PUCSL of non-fatal electrical accidents	<ul style="list-style-type: none"> Develop system to directly obtain information on non-fatal electrical accidents 	<ul style="list-style-type: none"> Generate accurate safety plans Better advice from local authorities Reduce accidents which may be fatal Prevention methods to be implemented on priority basis

• Assuring protection for electricity consumers

Project Description	Activities	Benefits
Consumer education on regulatory framework	<ul style="list-style-type: none"> Make consumers, licensees aware of their rights and obligations 	<ul style="list-style-type: none"> Awareness will make consumers expect better rights Customers will learn to be thrifty, sensible, better electricity users Better service from licensees
Conduct consumer survey in licence areas where awareness was conducted on Consumer Rights and Obligations, regulations, Supply Services Code	<ul style="list-style-type: none"> Gather information through questionnaire to measure level of consumer protection 	<ul style="list-style-type: none"> Enhanced customer protection Customers better educated on regulatory framework

Publish PUCSL DG's messages on above areas	<ul style="list-style-type: none"> • Interviews in newspapers 	<ul style="list-style-type: none"> • Improved awareness • Stakeholders more aware of their roles, responsibilities
Create awareness on above areas among stakeholders with visual methods	<ul style="list-style-type: none"> • Use many methods as possible 	<ul style="list-style-type: none"> • Information provided through electronic sources • Consumer protection ensured
Provide visual feedback to stakeholders on dispute handling process	<ul style="list-style-type: none"> • Monthly analysis on complaint handling, records on status • Video clips in 3 languages 	<ul style="list-style-type: none"> • Awareness on industry regulatory framework
Metering Management Plan	<ul style="list-style-type: none"> • Collect data through meter readers in 3 CEB, 1 LECO area 	<ul style="list-style-type: none"> • Accurate meter readings • Uniformity in meters • Customer assurance of justified payments
Regulations on disadvantaged consumers	<ul style="list-style-type: none"> • Specify income levels • Advise Government on issue 	<ul style="list-style-type: none"> • Fairer service for disadvantaged groups

• Ensuring energy security, renewable energy and environment

Project Description	Activities	Benefits
Analyse least cost generation expansion plan	<ul style="list-style-type: none"> • Review and approve Plan for Compliance with guidelines, request for clarifications, amendments 	<ul style="list-style-type: none"> • Electricity supply assured in dry seasons • Helps build reserves to meet peak, dry season demands
Assess cost of un-served energy	<ul style="list-style-type: none"> • Gather licensees' estimations, develop methodology to assess power demand and monetary, social, environmental impact 	<ul style="list-style-type: none"> • Assess investment decisions on generation, transmission, distribution capacities • Load shedding during emergencies
Set measures for annual environmental performance report from licensees	<ul style="list-style-type: none"> • Prepare report, record non-compliance • Action to reduce non-compliance 	<ul style="list-style-type: none"> • Safety of environment ensured

Promoting efficient use and conservation of energy

Project Description	Activities	Benefits
Formulating methodology to audit energy consumption of thermal power plants	<ul style="list-style-type: none"> Prepare, execute energy guidelines, audits in thermal power plants' usage 	<ul style="list-style-type: none"> Higher quality electricity Cost savings for licensees Positive eco-impact as less fuel wastage
Prepare energy efficiency guidelines for apparel industry	<ul style="list-style-type: none"> Study to identify energy waste, suggest methods of minimising 	<ul style="list-style-type: none"> Guide for other industries Increase monetary value Minimise losses for licensee Helps environment

• Establishing the electricity market structure to promote competition

Project Description	Activities	Benefits
Regulations on procurement of new and extension of existing generation plants	<ul style="list-style-type: none"> Recommend most suitable bids called through tenders 	<ul style="list-style-type: none"> Enhanced transparency Optimal technology for generation Cost efficiency
Assess possibility of open access to electricity network	<ul style="list-style-type: none"> Study legal frameworks, systems of other countries 	<ul style="list-style-type: none"> Grid network expanded Efficient generation, distribution across country Secure, ensured electricity

• Disseminating electricity sector information to consumers

Project Description	Activities	Benefits
Dissemination of consumer affairs information to public	<ul style="list-style-type: none"> Gather information on generation, transmission, distribution within regulatory safety standards Multiple modes used 	<ul style="list-style-type: none"> Empathy between stakeholders due to transparency Information to all levels Stage of complaint identified Loopholes avoided Awareness created through word of mouth
Dissemination of inspectorate information to public	<ul style="list-style-type: none"> Information provided through standard process 	<ul style="list-style-type: none"> Comply with safety, regulatory standards of SLEA Trends can be assessed
Dissemination of licensing information to public	<ul style="list-style-type: none"> Identify need to make information public 	<ul style="list-style-type: none"> Awareness of complex conditions to be adhered by licensee
Dissemination of regulatory affairs information to public	<ul style="list-style-type: none"> Direct, manage compliance of safety, surety of electricity within stipulated standards 	<ul style="list-style-type: none"> Understanding on mandate followed by PUCSL with govt., stakeholders Helps licensees adhere to standards

Dissemination of tariff and economic affairs information to public	<ul style="list-style-type: none"> • Ensure tariff paid by consumer is in line with govt. policy and guidelines 	<ul style="list-style-type: none"> • Provides understanding on how tariffs are computed • Knowledge on how electricity network operates compared to other countries • Helps understand difference between prudent costs, fair return on investment
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• Regulating the downstream petroleum sector

Project Description	Activities	Benefits
Develop rules on application for licences, exemptions, authorisations	<ul style="list-style-type: none"> • Specify requirements to obtain licence 	<ul style="list-style-type: none"> • Awareness, understanding on regulatory framework of petroleum industry and functionalities
Templates for licences, exemptions, authorisations	<ul style="list-style-type: none"> • Create templates 	<ul style="list-style-type: none"> • Access to information, open market to apply for licences

Auditor General's Report



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல
My No.

FB/J/PUC/1/13/74

මගේ අංකය
உமது இல
No.

දිනය
திகதி
Date

04 December 2014

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 31st December 2013 in terms of section 14(2)(c) of the Financial Act, No. 38 of 1971

The audit of financial statements of the Public Utilities Commission of Sri Lanka for the year ended 31 December 2013 comprising the statement of financial position as at 31 December 2013 and the comprehensive income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes was carried out under my direction in pursuance of provision 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, 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 issued to the Chairman of the Commission on 26 August 2014.

1:2 Management's Responsibility for Financial Statements

The 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 Institution (ISSAI 1000-1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub-sections (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 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 2013 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 Accounting Deficiencies

According to the accrual concept of Sri Lanka Accounting Standard No. 1, the income and Expenditure relating to the year under review only should be shown in the comprehensive income statement. Nevertheless, allocation amounting to Rs. 4,832,800 relating to activities for which agreements had not been entered into and those not executed in the year 2013 had been brought to account as the expenditure of the year under review.

2:2 Comments on Financial Statements

2:2:1 Accounting Deficiencies

According to the accrual concept of Sri Lanka Accounting Standard No. 1, the income and Expenditure relating to the year under review only should be shown in the comprehensive income statement. Nevertheless, allocation amounting to Rs. 4,832,800 relating to activities for which agreements had not been entered into and those not executed in the year 2013 had been brought to account as the expenditure of the year under review.

2:3 Unexplained Differences

A difference of Rs. 843,895 in the reconciliation of ledger accounts and the schedules of the fixed assets relating to computers and office equipment relating to the year under review and differences amounting to Rs. 1,194,568 and Rs.915,991 respectively in the reconciliation of the ledger accounts and the schedules relating to depreciation on furniture and fittings and the depreciation on computers and office equipment were observed.

2:4 Accounts Receivable and payable

The following observations are made

- According to the agreement entered into with the Commission in connection with the regulation of lubricants, the variable registration fees should be paid half yearly within 30 days. Nevertheless, the sums of Rs.487,743 and Rs.1,119,122 receivable from 03 institution in respect of the preceding year and the year under review respectively had not been recovered even by 31 December 2013.
- According to condition No. 11 of the Generating Licenses issued to the generating license holders, such license holders pay the annual regulatory fee to the Commission on or before 30 June of the relevant year or within 30 days from the date on which the supply of electricity to the systems was commenced. Nevertheless, the regulatory fees amounting to Rs. 252,000 relating to the year 2012 and 2013 had not been recovered even by 31 December 2013.

2:5 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
(a) Treasury Circular No. 842 of 19 December 1978.	The Register of Fixed Assets had been maintained in the updated manner.
(b) Treasury Circular No.1A1/2002/02 of 28 November 2002.	The Register of Computers and Accessories had not been update.
(c) Paragraph 02 of the Public Finance Circular No. 431 of 24 April 2008.	Even though services of for air travel should be obtained from the airline companies of the Government, an officer of the Commission had obtained the services of a private airline company.
(d) Paragraph 24 of the Public Finance Circular No. PF/PE/6 of 31 January 2000	The pay as You Earn Tax amounting to Rs. 843,153 payable by the employees had been paid from the Commission Fund in the year under review as in the preceding years.

3. Financial Review

3:1 Financial Results

According to the financial statement presented, the operation of the Commission for the year under review had resulted in a surplus of Rs.9,482,122 as compared with the corresponding surplus Rs. 29,967,560 for the preceding year, this indicating a decrease of Rs.20,485,438 in the financial results as compared with the preceding year. The decrease of the variance registration fees income by a sum of Rs.4,225,248 and the increase of personal emoluments, the expenditure on foreign and local training and the other expenditure by sum of Rs.3,671,380, Rs. 3,562,380 and Rs. 3,997,574 Respectively, as compared with the preceding year had been the main reasons in that connection.

3:2 Analytical Finance Review

According to the financial statements presented, the current ratio of the Commission for the year under review and the preceding year had been 13:1 and 10:1 respectively and as such it was observed that a larger amount of current assets is maintained for the settlement of a current liability while 24 per cent of the total current assets represented short term investment. As such the current assets Management of the Commission had not been at the optimum level.

4. Operating Review

4.1 Performance

The following observations are made.

- According to the Annual Report prepared by the Commission the number of licences issued during the years 2012 and 2013 for the Renewable Energy Development Projects and their capacity are given below.

- (b) The Commission had commenced the issue of licences for the generation of electricity in the year 2009, and had issued 188 electricity generation licences to the small scale generators of electricity from that year up to the year 2013. But 67 of those licence holders had not commenced the generation of electricity by 31 December 2013. A specify period for the commencement of commercial operations by the licence holder since the issue of licences had not been introduced while the Commission had not taken follow up action on the licences holders.

Technology	2012		2013	
	Number of Licences	Capacity (Megawatts)	Number of Licences	Capacity (Megawatts)
Hydro Electricity	42	91.30	10	37.8
Wind Power	04	28.40	01	9.8
Bio Mass	10	51.00	01	10.0
Solar Energy	01	0.12		
	57	170.82	12	57.6

- (c) Consumer Advisory Committee
An examination of the reports of the Consumer Advisory Committee meetings for the year under review revealed that, the members of the Advisory Committees of many provinces out of the 09 provinces had not been appointed for certain months while it was revealed that a member for the North Western Province had not been appointed for the entire year under review. Even though sum of Rs. 905,030 had been spent in the year under review for the Consumer Advisory Committee, it was not possible to be satisfied in about that the objectives expected from the appointment of the Committees had been achieved.

4:2 Management Inefficiencies

The following observations are made

- An advance of Rs.55,000 paid to an officer who had participated in a seminar conducted by the South Asian Infrastructure Regulatory Association in Bangladesh in April 2012 had not been settled even by 31 December of the year under review.
- Instead of calling for competitive quotations for the procurement of hired motor vehicles through publication of an advertisement in terms Section 3.2 of the Procurement Guidelines 2006, a private institution had been selected over a number of years by calling for quotations from only 03 institutions. As the quotations had been revised annually and new agreements had been entered into with that institution the Commissions had been deprived of the opportunity of procurement of a service favourable to the Commission. Motor Vehicle hire charges amounting to Rs. 479,538 had been paid to that institution in the year under review alone.
- A penalty of Rs. 12,500 had been paid due to the delay in the payment of the semi luxury tax for the year 2012/2013 on a motor vehicle of the Commission.

4:3 Personnel Administration

The following observations are made.

- The approved cadre of the Commission as at 31 December 2013 had been 45 while the actual cadre had been 41. As such 4 vacancies in the cadre were observed.
- In the recruitment of officers and the determination of salaries, action in terms of paragraph 01 of the Circular No. 39 of 26 May 2009 of the Department of Management Services should be taken by referring the proposal for the revision of salaries and allowances of the Public Sector institutions for obtaining the recommendations of the National Salaries and Cadre Commission and obtaining the approval of the Department of Management Services for such Recommendations. But contrary to that the Commission had recruited 03 officers in the year 2013 and carried out a new revision of the salaries with effect from October 2013.

5. Accountability and Good Governance

5:1 Budgetary Control

Significant variances existed between the budget 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 Unsettled Audit Paragraphs

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

6. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the chairman of the Commission from time to time. Special attention is needed in respect of the following areas of control

- Foreign Travel
- Recovery of Licences Fees and Regulatory fees


W.P.C. Wickramaratne
Acting Auditor General

Response to Auditor General's Report



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இலங்கைப் பொதுப்பயன்பாடுகள் ஆணைக்குழு
PUBLIC UTILITIES COMMISSION OF SRI LANKA



මගේ අංකය
உமது இல
Your No.

FB/J/PUC/1/13/74

අපේ අංකය
எமது இல
Our Ref No.

PUCSL/FA/14/14(2)C

25.09.2014
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 ended 31 December 2013 in terms of the Finance Act No. 38 of 1971, 14 (2) (C)

Reference to your draft report dated 29 August 2014 submitted to the Public Utilities Commission of Sri Lanka, I herewith forward my clarifications and the documents related to those facts.

I kindly request you to take these comments into account and amend the draft report accordingly.

C.N. Saliya W. Mathew
Chairman
Public Utilities Commission of Sri Lanka

Copies: Ministry of Finance and Planning

Attachments: 1. Response to the draft report
2. Other Attachments

The response to the Auditor General's Draft Report on the Financial Statements of the Public Utilities Commission of Sri Lanka for the year ended 31 December 2013 in terms of the Finance Act No. 38 of 1971, 14 (2) (C)

Reference to draft report	Comments in draft report in concise form	My comments/clarifications and present status
2.2 Comments on financial statements	2.2.1 Accounting deficiencies: (a) Rs. 3,493,499 due in terms of variable registration fees from Ceylon Petroleum Corporation hadn't been entered in to the accounts.	The adjusted final accounts correctly shows the amount in variable registration fees to be paid by the Ceylon Petroleum Corporation (this had been paid). Attachment 1 (Extract of the 2013 final financial statement)
2.2.1 (b)	Licensing fees worth Rs. 36,000 which were due hadn't been entered into accounts.	The relevant licensee had started operations on 3 July 2013. Therefore, licensing fees for 6 months had been corrected as Rs. 18,000 and entered in the accounts. Steps have been taken to obtain that fee. Steps were taken to introduce a new internal control mechanism to update the obtaining of licensing fees. Attachment 2 (new internal control mechanism to monitor licensees)

2.2.1 (c)	Accrued expenses haven't been included in the comprehensive income statement according to Accounting Standards No. 01	<p>Rs. 731,847 for foreign training, Rs. 842,720 for publicity and promotion and Rs. 3,000,000 for local training are the agreed expenses for 2013. The relevant documents have been attached as evidence (Attachment 3, Attachment 4 and Attachment 5). The allocation of these funds had been done according to the accrual concept.</p> <p>(i) Allocation for training Rs. 731,847 (Attachment 3) This training programme had been planned from 9-13 December 2013. It was later informed by the relevant organization that the programme would be conducted from 10-13 February 2014. Accordingly, the funds allocated for this programme for 2013 were carried forward to year 2014 according to the accrual concept.</p> <p>(ii) Allocation for publicity and promotion – Rs. 842,720 (Attachment 4) Although the allocated funds were mentioned as Rs. 842,720 in the draft statement, it had been corrected as Rs. 342,720 in the financial statement. Also, since bids had been called for and the printing requirement ordered, this fund had to be retained based on the accrual concept. The actual amount of Rs. 342,720 is shown in the final accounts.</p> <p>(iii) Estimates for local training Rs. 3,000,000 (Attachment 5) The programme was due to be held in December 2013. It had to be postponed to 2014 due to the inability of some resource personnel to attend the event. Since all tasks related to organizing this programme had been completed in 2013, the fund was retained. The actual amount of Rs. 2,430,660 was adjusted to the final accounts.</p> <p>Section 33 of the Sri Lanka Public Utilities Commission Act No. 35 of 2002 provides instructions on the Commission's expenditure. According to Section 33 (2), estimated expenditure for the following year has to be gazetted. The estimated expenditure is prepared based on the projects identified and approved in the Corporate Plan (Activity Plan). When carrying forward a project identified during a particular year to another year, funds can't be allocated again from the latter year's funds. Therefore, the funds in such instances have to be carried forward. The estimated amount of Rs. 1,439,200 for public awareness programmes is one such example. The project was to be completed in 2014, covering the 2020 goals for the industry as well. The amended estimated expenditure has been entered in the final accounts as Rs. 1,297,000.</p>
2.2.1 (d)	Assets worth Rs. 7,352,420 which hadn't been bought had been debited to a deposit account for fixed assets and credited to a provision account for assets.	During the year under review, bids had been called and decisions had been made to purchase these assets. Since the expenses had been agreed upon, the funds for these assets were carried forward in accordance with the accrual concept. (Attachment 6)
2.2.1 (e)	Rs. 90,617 in foreign exchange losses had been entered into accounts as receivable advances	A difference in foreign exchange which had occurred in the process of reimbursing the cost of participation in an Asian Development Bank workshop under condition of reimbursement, was corrected by debiting the prior year adjustment and crediting the advances due account. (Attachment 7)
2.2.1 (f)	Gratuity allocation showed an additional Rs. 116,550	This difference was corrected in the final financial statement for 2013. (Attachment 8)

2.2.1 (g)	Depreciation for the year showed an additional Rs. 799,094	This is correctly entered in the final accounts. (Attachment 9)
2.2.2 Unexplained changes	Discrepancies between ledger for fixed assets and balance in schedules.	Steps have been taken to correct this in the 2014 accounts. (Attachment 10)
2.2.3 Receivable and Payable Account 2.2.3 (a)	The amount due as variable registration fees for 2012 and 2013 in regulating the lubricants market is cited as Rs. 2,330,826.	The due amount in variable registration fees should be corrected as Rs. 487,743 for 2012, Rs. 1,119,121 for 2013 and Rs. 1,606,864 as the total for both years. Steps have been taken to charge these due amounts. (Attachment 11) An internal control mechanism to collect licensing fees and variable fees has been prepared and introduced. (Attachment 12)
2.2.3 (b)	Rs. 252,000 in licence fees due from 10 electricity generating companies up to 31 December 2013 hadn't been collected.	Within the licence fees due for 2012, Rs. 60,000 had been included as fees for a company which hadn't commenced generation activities at the time. When that was rectified, the amount due was Rs. 62,000. Rs. 48,000 of this has already been received. Steps have been taken to obtain the remaining Rs. 24,000. (Attachment 12) The arrears for 2013 is Rs. 90,000. Reminders have been sent to recover this amount. (Attachment 13)
2.2.4 Non-compliance with laws, rules, regulations and management decisions 2.2.4 (a)	No action had been taken relating to shortages and excesses mentioned in board of survey reports according to F.R. 760.	A detailed survey was carried out again with regard to this matter. It observed that items had not been short. Therefore, not necessary to take any action according to F.R. 760. (Attachment 14)
2.2.4 (b)	The fixed assets register hasn't been updated.	The fixed assets register is updated, covering the requirements stipulated in the Treasury Circular 842 as well. (Attachment 15)
2.2.4 (c)	The computers and accessories register hadn't been updated.	A computers and accessories register is maintained, which takes into account all requirements in the model of the relevant Treasury Circular.
2.2.4 (d)	Public Finance Circular No. 431 hasn't been followed.	After approval was granted to the relevant officer for foreign travel, inquiries were made from the approved ticketing agencies to buy the air tickets according to Circular No. 431. As there were no seats available with SriLankan Airlines or Mihini Air on the required date, the ticket had to be bought from another airline considering the travel requirements. No additional expenditure was incurred in this regard.
2.2.4 (e)	Public Finance Circular No. PF/PE/6 hasn't been followed.	Steps have been taken to implement this recommendation from the tax year 2015/2016.
3. Financial Analysis 3.1 Financial Results	A decrease of Rs. 20,485,438 in the financial results	Section 33 of the Sri Lanka Public Utilities Commission Act No. 35 of 2002 provides instructions on the Commission's expenditure. According to Section 33 (2), estimated expenditure for the following year has to be gazetted. The estimated expenditure is prepared based on the projects identified and approved in the Corporate Plan (Activity Plan). Section 33 (4) imposes limits on maintaining excesses. Therefore, funds are estimated only to implement identified projects when preparing the budget. The annual budget is managed to prevent excesses or shortfalls from occurring in accordance with the limits imposed by the Act. (Attachment 16) Section 33 of Sri Lanka Public Utilities Commission Act

3.2 Analytical Review	Maintaining many current assets for one current liability	<p>The Commission receives the annual licence fees mid-year. In order to easily obtain the funds required for the projects identified in the Corporate Plan, short-term fixed deposits are maintained.</p> <p>Section 33 (4) imposes limits on maintaining excesses. Therefore, funds are estimated only to implement identified projects when preparing the budget. The annual budget is managed to prevent excesses or shortfalls from occurring in the following year.</p> <p>Section 33 provides instructions on the Commission's expenditure. According to Section 33 (2), estimated expenditure for the following year has to be gazetted. The estimated expenditure is prepared based on the projects identified and approved in the Corporate Plan (Activity Plan). (Attachment 16)</p>
4. Operational Review		
Performance 4.1 (a)	Issuing licences	Licences are issued to the parties fulfilling the requirements of public policy and the Sri Lanka Electricity Act.
4.1 (b)	Sixty seven parties who received electricity generation licences haven't commenced generation activities.	Parties generating electricity through renewable energy sources should obtain approval for those sources from the Sri Lanka Sustainable Energy Authority. This approval grants the holder a concessionary period of two years to commence operations. The approval is necessary for such parties to obtain a generation licence under the Sri Lanka Electricity Act. The document of approval granted by the Sustainable Energy Authority imposes conditions for the commencement of generation and there are instances when the conditions related to duration are amended. The generation licence granted by the Commission regulates the economic, technical and safety aspects of the generation process. Of those who had received licences up to 2013, 51 parties hadn't commenced generation activities according to the condition of the Sustainable Energy Authority. Inquiries were carried out from those parties regarding the matter and the Sustainable Energy Authority was also informed. (Attachment 17)
4.1 (c)	Three complaints raised by the public hadn't been responded to.	Steps have been taken to resolve these issues for which the complaints had been received between December 23 and 30, 2013.
4.1 (d)	Not satisfied with the assignments and vacancies for representatives of Consumer Consultative Committee (CCC)	The only vacancy which existed in the CCC by 31 December 2013 was for the representative from the Wayamba Province. Interviews to select a suitable person for that position had also been held by 31 December 2013. Since the approval of the Finance Minister is needed for the said appointment, the Finance Ministry had been informed about it. Approval was received in February 2014. The new appointment was made from 12 February 2014. (Attachment 18 – Appointing system and performance) The CCC has performed all their duties and functions. (Attachment 18.1)
4.2 Management Inefficiencies 4.2 (a)	Rs. 55,000 paid for participation in a summit held in 2012 couldn't be reimbursed.	Reminders have been sent with regard to the reimbursement of this sum. (Attachment 19)
4.2 (b)	Failure to obtain the services of a hired vehicle company in a way which would be beneficial to the organization	As it's disadvantageous for the Commission to obtain the services of a hired vehicle company for specific time periods (ex. monthly or annually), depending on its transport requirements, if the Commission's vehicle is not available at that time, transport services on an easy and speedy basis are obtained. During the year under review, the services of two companies and three-wheelers were used for transport requirements and the total expenditure incurred on those services (for 2013) was Rs. 566,247. The details are given below: Kangaroo Cabs – Rs. 479,538 Budget Meter Taxi – Rs. 83,809 Three-wheeler services – Rs. 2,900

4.2 (c)	Penalties had to be paid as the semi-luxury tax which has to be paid with regard to the Commission's double-cab hadn't been paid on the due date.	Steps have been taken to pay the required taxes for this vehicle without any delays from 2014. An internal control mechanism has also been established with regard to the payment of such taxes.
4.2 (d)	Although an official obtained visa fees and air tickets for participation in a foreign training programme, he didn't participate.	He couldn't take part in the said programme as approval was not granted by the Finance Ministry. From the total paid for the air ticket, Rs. 76,000 was refunded while steps have been taken to claim the remainder too. (Attachment 20)
4.3. Administration of staff 4.3. (a)	Four vacancies exist.	Steps are being taken to fill the vacancies.
4.3. (b)	Compliance with Circular No. 39 of the Department of Management Services	Section 12 of the PUCSL Act stipulates how the Commission's staff should be appointed, disciplinary action taken and remuneration paid (Attachment 21). At its inception, the Commission came under the Presidential Secretariat and clarifications with regard to the appointment of staff and remuneration to be paid to them were obtained from the Secretariat (Attachment 21). The Department of Management Services was also informed about the said clarifications made by the Presidential Secretariat (Attachment 22). The Department has not responded to this matter. Therefore, in order to carry out its regulations functions, the Commission has decided to appoint staff and pay remuneration based on the powers granted under the Act, under a proper mechanism.
5. Accountability and Good Governance 5.1	The Corporate Plan hasn't been prepared properly based on Section 5.1.1 of the PED 12 Circular of 2 June 2003.	Section 1.4 of the said circular mentions constitutional boards; this category doesn't include organisations which don't receive funding through the Government Budget. PUCSL also doesn't receive funds through the Budget. The said circular doesn't say how regulatory bodies should draw up their corporate plans. Therefore, the preparation of the 2013-2015 Corporate Plan was carried out, taking into account all areas which should be covered by a regulatory body and in compliance with the requirements of the relevant Acts. Another special feature in the preparation of this plan was that it was done in a very transparent manner, after conducting a public consultation. The 2014 Public Finance Circular instructs regulatory bodies on how they should prepare their corporate plans. PUCSL's Corporate Plan for 2015-2016 was prepared in compliance with this new circular.
5.2 Budget Control	Budget Controls hadn't been used as a productive management technique.	See 3.1 above
5.3 Unsolvable audit paragraphs	Management Services Circular No. 39	See 4.3 above
6. Systems Control 6 (a)	Foreign travel Separate files hadn't been maintained in connection with officers' foreign travel	Information related to officers who took part in foreign training programmes in 2013 was maintained in the foreign travel file and there was no need to maintain separate files as the number of such visits and the officers taking part in such programmes was limited. However, this was identified as an area requiring management attention and based on this recommendation, separate files have been opened for each officer from 2014.
6 (b)	Regulating lubricant and grease market Charging variable fees based on certified sales values instead of the audited annual accounts of lubricant and grease market	An internal control mechanism has been implemented for the collection of licence fees and variable fees. (Attachment 2)

Financial Statement 2013

Statement of Financial Position

As at 31st December

	Notes	2013 Rs. Cts.	2012 Rs. Cts.
Assets			
Non -Current Assets			
Property Plant & Equipment	25	25,714,915.41	31,804,899.46
Current Assets:			
Investment	15	132,164,893.86	121,674,405.58
Inventories		146,447.40	97,795.75
Deposit	16	836,570.80	828,070.80
Receivable	17	18,196,569.99	17,834,030.02
Advances & Pre Payments	18	3,310,173.86	2,239,440.23
Interest Receivable	19	3,373,262.78	4,499,976.03
Festival Advance		104,600.00	73,000.00
Distress Loan		2,632,752.62	1,345,609.60
Deposit A/C: Fixed Assets		6,372,781.59	2,010,497.02
Cash Balance		10,565,231.50	1,437,744.76
		177,703,284.40	149,165,080.27
Total Assets		203,418,199.81	180,969,979.73
Funds & Liabilities			
Funds			
Accumulated Fund	20	168,164,175.43	150,545,880.68
Revaluation Reserves	21	1,193,453.14	1,193,453.14
ADB- TA Assistance		2,227,880.00	2,227,880.00
Reserves / FSD		1,500,000.00	1,500,000.00
		173,085,508.57	155,467,213.82
Non-Current Liabilities			
Provision for Gratuity		5,960,384.00	3,974,460.00
Provisions Made	22	10,792,413.55	6,908,568.00
Current Liabilities			
Payable Accounts	23	2,619,893.69	14,319,737.91
Auditor General's Fees	24	360,000.00	300,000.00
Security Deposit - CEB		10,600,000.00	
Total Liabilities		13,579,893.69	14,619,737.91
		203,418,199.81	180,969,979.73



Damitha Kumarasinghe
Director General



Saliya Mathew
Chairman

Statement of Comprehensive Income

For the Year Ended 31st December

		2013			2012	
	Notes	Rs.	Cts.		Rs.	Cts.
Revenue						
Variable Registration Fees	1	32,211,456.04			32,704,472.64	
Annual Regulatory Levies	2	105,658,000.00			106,386,000.00	
Licences Application Fees	3	200,000.00			350,000.00	
Other Income	4	11,479,027.79			10,961,312.79	
Total Revenue		149,548,483.83			150,401,785.43	
Expenses						
Personal Emoluments	5	58,705,195.31			55,033,814.99	
Retirement Benefits	6	5,607,040.76			4,376,047.89	
Overseas & Local -Training & Travelling	7	19,691,318.89			16,098,365.73	
Consumable Materials	8	3,060,381.83			2,212,562.52	
Contractual Services	9	26,971,436.46			29,401,972.88	
Other Services	10	6,881,270.65			3,025,896.90	
Repairs & Maintenance of Capital Assets	11	1,403,237.40			1,029,842.18	
Finance Cost	12	10,450.00			10,405.00	
Identified Losses	13	0.00			5,630.22	
Total Expenditure		(122,330,331.30)			(111,194,538.31)	
Operating Surplus		27,218,152.53			39,207,247.12	
Provision - Depreciation	25	10,495,589.05			7,490,454.99	
- Provision for Gratuity		2,014,774.00			1,749,232.00	
		(12,510,363.05)			(9,239,686.99)	
Surplus/ Deficit for the Year		14,707,789.48			29,967,560.13	

Cash Flow Statement

For the Year Ended 31st December

	2013 Rs. Cts.	2012 Rs. Cts.
Cash Generated from Operating Activities		
Operational Surplus / (Deficit) in the year	14,707,789.48	29,967,560.13
Adjusted for		
Depreciation	10,495,589.05	7,490,454.99
Provision for Gratuity	2,014,774.00	1,749,232.00
Interest Income	(11,264,546.54)	(10,688,065.18)
Adjustment for Prior Year Period	177,982.95	363,320.24
Finance Cost	10,450.00	10,405.00
Fixed Assets Disposal Income	-	(139,672.08)
	16,142,038.94	28,753,235.10
Changes Working Capital		
Increase / (Decrease) in Inventories	(48,651.65)	20,093.75
Increase / (Decrease) in Deposit	(4,370,784.57)	-
Increase / (Decrease) in Interest Receivable	1,126,713.25	(2,672,883.60)
Increase / (Decrease) in Receivable	-360,574.95	(2,783,679.02)
Increase / (Decrease) in Payable	(9,574,347.20)	13,976,296.36
Increase / (Decrease) in Provisions Made	3,883,845.55	(1,461,879.00)
Increase / (Decrease) Advance, Pre Payments & Distress Loan	(2,389,476.65)	4,415,568.15
Net Changes in Working Capital	-11,733,276.22	11,493,516.64
Cash Generated from / (Used in) Operating Activities	4,408,762.72	40,246,751.74
Cash Flow from the Investing Activities		
Fixed Assets Disposal Income Received	-	139,672.08
Purchase of Fixed Asset	(4,483,123.25)	(15,908,145.06)
Interest Received	12,391,259.79	8,015,181.58
Withdrawn of Fixed Deposit	26,000,000.00	-
Decrease in Investment of Gratuity	28,850.00	-
Invested in Fixed Deposits/TBS & Call Deposits	(36,932,323.00)	(34,662,974.35)
Net Cash Flow from (Used in) Investing Activities	(2,995,336.46)	(42,416,265.75)
Cash Flow from the Finance Activities		
Finance Cost	(10,450.00)	(10,405.00)
Security Deposit -CEB	10,600,000.00	-
Net Cash Flow from (Used in) Finance Activities	10,589,550.00	(10,405.00)
Less: Cash and Cash Equivalent at the Beginning of the Year	(1,437,744.76)	742,174.25
Cash and Cash Equivalent at the End of the Year	10,565,231.50	(1,437,744.76)
Cash and Cash Equivalents,	10,565,231.50	(1,437,744.76)
Cash in Hand & at Bank	10,565,231.50	(1,437,744.76)

Statement of Changes in Equity

For the Year Ended 31st December

	Accumulated fund	Reserves	Revaluation Reserves	ADB- TA Assistance	Total
	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.
Balance as at 1st January 2013	150,545,880.68	1,500,000.00	1,193,453.14	2,227,880.00	155,467,213.82
Prior Year Adjustments					
Balance as at 1st January 2013	150,545,880.68	1,500,000.00	1,193,453.14	2,227,880.00	155,467,213.82
Surplus / (Deficit) in the Income Statement	14,707,789.48	-	-	-	14,707,789.48
Prior Year Adjustments	2,910,505.27	-	-	-	2,910,505.27
Balance as at 31st December 2012	168,164,175.43	1,500,000.00	1,193,453.14	2,227,880.00	173,085,508.57

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 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 2013 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 2013, 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. Liabilities and Provisions

Liabilities classified as current liabilities in the balance sheet are those obligations payable on demand or within one year from the balance sheet date. Liabilities classified, as non-current liabilities are those obligations, which expire beyond the period of one year from the Balance sheet date.

Following provisions have been made for the anticipated expenses for the approved activities of the year 2013.

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	<u>2,430,660.00</u>
	<u>10,792,413.55</u>

13 Funds for Sector Development

The Commission decided to establish a separate fund known as Fund for Sector Development and Staff Welfare exclusively for the consumer education and build up the capacity of the staff of PUCSL and to provide a health insurance scheme. However, the Treasury directed the Commission that any scheme should be implemented using the income derived from the regulatory levies. The approval was granted to maintain a fixed deposit of Rs: 1.5 million.

14. Retirement Benefit Plan-Gratuity.

14.1 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

14.2 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.

15. Payables

Payables are stated at their cost.

16. 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

17 Revenue recognition

17.1 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.

17.2 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..

17.3 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.

17.4 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.

17.5 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.

18. Expenditure Recognition

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

19 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.

20 Disclosures

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

Related Party Disclosures

Name	Position	Other Positions	Related Party Relationships as described in line with Sri Lanka Accounting Standard 30
Dr. H.J. De Costa, PC	Chairman		
Dr. C.T.S. Bandula Perera	Deputy Chairman	1. Chairman DRTV Ltd. 2. Director Piramal Glass (Ceylon) Plc. 3. Director Kelani Cables Plc. 4. Board Member Industrial Technology Institute (ITI)	Non-related
Prof. R.A. Attalage	Member of the Commission	1. Deputy Vice Chancellor University of Moratuwa 2. Director Environ Sustainability Globe (pvt) Ltd	Non-related
Mr. Sanjaya Gamage	Member of the Commission	1. Secretary Bar Association of Sri Lanka 2. Panel Lawyer Sri Lanka Transport Board 3. Unofficial Magistrate	Non-related
Mr. Prasad Galhena	Member of the Commission	1. Chairman National Gem and Jewellery Authority 2. Chairman Sustainable Energy Authority of Sri Lanka	Non-related

Notes to Accounts

Notes to the Financial Statements	2013		2012	
	Rs.	Cts.	Rs.	Cts.
01. Veriyable Registration Fees				
Lanka IOC Ltd	7,192,960.00		6,446,280.00	
Cheveron Lubricant Lanka	8,000,000.00		8,000,000.00	
Mclarens Lubricant	3,631,823.00		5,759,888.28	
Ceylon Petroleum Corporation	7,356,074.66		7,070,274.30	
LAUGFS Lubricants Limited	959,095.68		1,013,972.23	
Interocean Services Ltd	477,616.00		432,700.58	
Assosiated Motorways	1,046,203.00		1,290,775.55	
TVS Lanka (Pvt) Ltd	1,199,725.13		840,703.52	
United Motors	56,125.92		259,037.88	
Toyota Lanka (Pvt) Ltd	1,828,836.48		1,048,087.63	
N.M. Distributors (Pvt) Limited	462,996.17		542,752.67	
	32,211,456.04		32,704,472.64	
02. Annual Regulatory Levies				
Generation	28,852,000.00		106,386,000.00	
Transmission	16,950,000.00		-	
Distribution	59,856,000.00		-	
	105,658,000.00		106,386,000.00	
03. Licences Application Fees				
	200,000.00		350,000.00	
	200,000.00		350,000.00	
04. Other Income				
Interest	11,327,909.33		10,688,065.18	
Exemption fee	6,000.00		-	
Sundry Income	116,635.11		36,160.98	
Varification Fee -Green Energy	28,483.35		97,414.55	
Income:Fixed Asset Disposal	-		139,672.08	
	11,479,027.79		10,961,312.79	
05. Personel Emoluments				
Commissioners Remu:	1,683,666.67		1,848,000.00	
Salaries	53,484,612.85		36,431,317.89	
Other Allowances	171,750.00		-	
Consultancy	2,136,000.00		15,845,313.56	
Over-time	1,229,165.79		909,183.54	
	58,705,195.31		55,033,814.99	
06. Retirement benefits				
Contribution for Employee Provident Fund	4,544,708.48		3,500,838.29	
Contribution for Employee Trust Fund	1,062,332.28		875,209.60	
	5,607,040.76		4,376,047.89	
07 Training &Traveling Expenses - Overseas & Local				
Overseas & Local Training	10,379,911.72		8,377,648.16	
Foreign Travelling Expenses	3,676,284.20		2,579,158.72	

Notes to the Financial Statements

	2013 Rs. Cts.	2012 Rs. Cts.
Incidental / per diem	4,486,515.61	4,268,021.85
Travelling (Local)	1,148,607.36	873,537.00
	19,691,318.89	16,098,365.73
08. Consumable Materials		
Stationery	812,020.48	664,426.91
Open Stock 01-01-2012	97,795.75	117,889.50
Closing Stock 31-12-2012	-146,447.40	(97,795.75)
Fuel & Parking	2,033,644.02	1,249,294.45
Consumable Material	72,317.98	179,206.16
Entertainment	191,051.00	99,541.25
Other Expenses		-
	3,060,381.83	2,212,562.52
09. Contractual Services		
Transport & Hiring of Vehicle	695,314.09	5,149,918.36
Communication including Newspapers & Postal	2,737,284.66	2,489,376.07
Printing & Advertising	4,927,989.77	4,126,355.24
Survey	1,037,028.00	4,408,978.60
Rents and Rates for Building	8,528,134.42	7,696,652.61
Electricity	937,589.25	800,017.48
Medical	3,341,815.08	2,300,585.45
Water	340,255.61	272,428.37
Insurance	546,412.23	483,681.95
Subscription	390,911.75	423,968.00
Janitorial Services	823,571.60	523,010.75
Legal & Investigation Fees	2,665,130.00	727,000.00
	26,971,436.46	29,401,972.88
10. Other services		
Public Awareness Cost	4,410,219.05	613,437.50
Web Site Development	0.00	51,000.00
Auditor General's Fees	180,000.00	100,000.00
Welfare & Public Relations	1,196,962.80	1,349,674.00
Floral Arrangements	113,981.30	28,504.40
Consumer Consultative Committee Expenses	905,030.00	594,607.00
Others (Translation Fees)	75,077.50	288,674.00
	6,881,270.65	3,025,896.90
11. Repair & Maintenance of Capital asset		
Maintenance of vehicles	701,043.17	276,265.90
Maintenance of Office Building	61,493.24	369,322.78
Maintenance of Computer & Equipment	640,700.99	384,253.50
	1,403,237.40	1,029,842.18
12. Finance Cost		
Bank Charges	10,450.00	10,405.00
13. Identified Losses		
Loss on currency conversion	-	5,630.22
	-	5,630.22

Notes to the Financial Statements		2013	2012
		Rs. Cts.	Rs. Cts.
14. Previous Year Adjustment			828,558.26
Over provision of SAFIR membership	-	-	-
Under valuation of WHT payment correction	-	-	-
Refund ARV	-	-	-
Exemption Fee	-	-	-
			828,558.26
15. Invesments			
Fiexd Deposit	127,000,000.00	117,151,906.33	
Gratuity Fund Investment	3,664,893.86	3,022,499.25	
Special Fund Investment	1,500,000.00	1,500,000.00	
	132,164,893.86	121,674,405.58	
16. Deposit			
Dialog Axiata PLC	1,500.00	1,500.00	
BOC Property Development Ltd	826,570.80	826,570.80	
Girl Friendly Association	8,500.00		
	836,570.80	828,070.80	
17. Receivable			
Variable Registration Fee –Lubricant Sector			
Chevron Lubricant Ltd	4,000,000.00	4,000,000.00	
Lanka IOC Ltd	4,000,000.00	3,475,080.00	
Mclarans Lubricant	1,698,047.00	3,332,874.45	
Ceylon Petroleum Corporation	3,493,499.00	3,750,701.89	
Laugfs	636,403.43	374,382.22	
Interocean Services Ltd	281,370.00	149,857.56	
Associated Motorways	1,046,203.00	650,000.00	
TVS Lanka (Pvt) Ltd (Bharat Petroleum Cor.)	711,529.13	377,618.83	
United Motors	213,353.69	259,037.88	
Toyota Lanka (Pvt) Ltd	1,062,754.25	606,724.00	
N. M. Distributors (Pvt) Limited	793,512.17	337,104.32	
	17,936,671.67	17,313,381.15	
Annual Regulatory Levy – Electricity Sector	216,000.00	492,000.00	
Over Payment Communication	36,398.07	28,648.87	
Reconciliation Discrepancies	7500.25		
	18,196,569.99	17,834,030.02	
18. Advance & Pre Payment			
Advances	96,515.00	2,215,955.23	
Postal Dept	39,065.00	23,485.00	
Insurance Premium	3,174,593.86		
	3,310,173.86	2,239,440.23	
19. Interest Receivable			
Fixd Deposits	3,373,262.78	4,499,976.03	
	3,373,262.78	4,499,976.03	
20. Accumulated Fund			
Balance at 1st January 2013	150,545,880.68	119,749,761.89	
Surplus / Deficit for Year 2013	14,707,789.48	29,967,560.13	
Prior Year Adjustments	2,910,505.27	828,558.66	
	168,164,175.43	150,545,880.68	

Notes to the Financial Statements

	2013		2012	
	Rs.	Cts.	Rs.	Cts.
21. Revaluation Reserves				
Balance B/F	1,193,453.14		1,193,453.14	
Increase/ Decrease Value				
	1,193,453.14		1,193,453.14	
22. Various Provisions Made				
Provision for Foreign Training	762,419.96		1,908,568.00	
Provision for Advertising & Promotion	342,720.00		0.00	
Provision for Public Awareness Program	1,297,000.00		0.00	
Provision for Purchase Fixed Assets	5,959,613.59		0.00	
Provision for Consultancy/ Local Training	2,430,660.00		5,000,000.00	
	10,792,413.55		6,908,568.00	
23. Account Payable				
Consumable Materials	-		1,450.00	
Printing & Advertising	-		411,564.00	
Communication	234,138.50		268,010.13	
Legal & Investigation	571,160.00		-	
News Papers	10,930.00		30,885.00	
Overtime	119,122.00		83,928.75	
Stationary	26,600.00		1,040.00	
Translation	-		7,570.50	
Transport	8,494.86		20,526.84	
Travelling	36,460.00		80,240.00	
Welfare (Employee Engagement)	-		550,000.00	
CCC-Sitting Allowance	-		45,000.00	
Maintenance of Office Building	510.19		17,607.68	
Maintenance of Office Vehicle	37,500.00			
Property Plants & Equipment	-		2,125,497.02	
Janitorial Services	-		46,450.00	
Water	22,185.39		31,639.03	
Electricity	74,551.75		72,969.75	
Public Awareness	452,000.00		-	
Insurance			43,714.10	
Consultancy	847,560.00		9,880,861.11	
Stamp Duty Payable	3,525.00		13,025.00	
Paye	-		184,009.00	
Local Training Expense	-		275,000.00	
Postal	3,406.00		-	
Other Allowances	171,750.00		128,750.00	
	2,619,893.69		14,319,737.91	
24. Auditor General's Fees				
Balance B/F	300,000.00		200,000.00	
Payments for the year 2009,2010,2011	-536,928.00		-	
Provision for 2009,2010 &2011	336,928.00		-	
Povision for 2013	180,000.00		-	
Provision for 2012	80,000.00		100,000.00	
	360,000.00		300,000.00	

Note 25
As at 31st December 2012
Property, Plant & Equipment

	Furniture & Fixtures	Computer & Office Equipment	Vehicles	Tools	Software	Total
	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.
As at Beginning of the year	12,184,632.11	12,555,284.82	20,219,060.00	30,305.00	2,881,174.54	47,870,455.88
Additions During the year	238,521.02	3,674,331.23	-	-	570,270.40	4,483,123.25
Adjusment						
Less: Revaluation Book Value						
As at End of the Year	12,423,153.13	16,229,616.05	20,219,060.00	30,305.00	3,451,444.94	52,353,579.13
Depreciation						
As at Beginning of the Year	4,734,742.17	5,662,394.36	5,116,812.25	-	551,607.63	16,065,556.41
Charge for the year	2,480,753.16	2,922,184.71	4,043,812.00	-	1,048,839.18	10,495,589.05
Adjusment	-	74,537.12	-	-	2,981.13	77,518.26
Less: Removal of Revaluation Dep.						
As at the End of the Year	7,215,495.33	8,659,116.19	9,160,624.25	-	1,603,427.94	26,638,663.72
Net Book Value as at December 11	5,207,657.80	7,570,499.86	11,058,435.75	30,305.00	1,848,017.00	25,714,915.41

Report of the Public Utilities Commission of Sri Lanka for the period 1 January 2013 to 31 December 2013, to the Minister of Finance, the Parliament of Sri Lanka and all Stakeholders.

The Document comprises a report made under Section 37(1) of the Public Utilities Commission of Sri Lanka Act No. 35 of 2002