



# Activity Plan 2020

Public Utilities Commission of Sri Lanka

# Public Utilities Commission of Sri Lanka

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The Public Utilities Commission of Sri Lanka (PUCSL) is a multi-sector regulator established under the Public Utilities Commission of Sri Lanka Act No. 35 of 2002 to regulate electricity, water services and petroleum industries in Sri Lanka.

With the enactment of the Sri Lanka Electricity Act No. 20 of 2009, PUCSL was empowered to regulate the electricity industry as the technical, economical and safety regulator. The industry acts related to water services and petroleum industries are yet to be enacted to open regulatory platform for PUCSL.

The PUCSL also act as the shadow regulator for the lubricant market and for the electrical vehicle charging stations in Sri Lanka.

This report presents the activities of PUCSL for the

**year 2020 and the budget in respect of those activities.**

## Our Vision

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

## Our Mission

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

# The Report

The report is published annually and sets out the work of PUCSL to achieve the long-term goals by making a significant difference to consumers, licensees and other stakeholders in the electricity, water services and petroleum industries. The objectives and functions stipulated in the Public Utilities Commission Act No 35 of 2002 and the Sri Lanka Electricity Act No. 20 of 2009 is the base framework for the planning. Vision, Mission, Goals and Outcomes of the organisation also guided the planning process.

The activities for the year 2020 include activities for the electricity industry that are presented under four outcomes identified by the PUCSL to achieve long-term goals, preliminary activities for the water services and petroleum industries, lubricant market and electrical vehicle charging stations. Activities for routine functions are based on the functions stipulated in the relevant Acts.

The strategies and activities were formulated with the analysis of the present status and causes/issues/barriers in achieving the set goals. Some activities span over more than one year, while some activities will be repeated over several years. The implementation plan in respect of each activity has been prepared by the project manager. The responsibilities of each main / subtasks have been assigned among the team members of the project.

The total budget for the Activity Plan 2020 is 324 million rupees. The budget includes 121 activities in achieving the outcomes, routine functions and activities of the Consumer Consultative Committee respectively. The execution of the plan is carried out by nine functional divisions of PUCSL. The Activity Plan also comprises annual budget estimate, annual procurement plan, human resource development plan and internal audit plan.

# Electricity Industry

## Roadmap of 2020 towards the improved productivity and convenience for electricity consumers

### What we aim to achieve

**The electricity sector in Sri Lanka comprises the regulator, the PUCSL, the state utility provider, the Ceylon Electricity Board (CEB) who owns a larger share in the generation, transmission of electricity while about 20 percent of the electricity generated by the independent power producers and Lanka Electricity Company Private Limited (LECO) who shares the distribution business in the electricity industry with CEB.**

**Consumers and Licensees are the main stakeholders of the PUCSL. Therefore, activities for year 2020 have been listed to improve the productivity of both the regulator and the licensees to make the service more convenient for the electricity consumer and addressing the issues the licensees face in dealing with consumers.**

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

### Our Plan

#### **Update Supply Services Code and Statement of Rights & Obligations of Electricity Consumers (AP2020/CP/RA/03)**

The generic Supply Services Code (SSC) of Ceylon Electricity Board's (CEB's) Distribution Licensees (DLs) and the SSC of Lanka Electricity Company (Private) Limited (LECO) were initially approved in 2013. Thereafter, certain annexes to the SSCs and a number of related regulatory instruments have been approved by the PUCSL. Therefore, the SSCs of DLs need to be updated incorporating certain annexes and to be consistent with already approved regulatory instruments in order for consumers to better avail themselves of services provided by DLs.

Accordingly, the Statement of Rights & Obligations of Electricity Consumers (SRO) published in 2015 also needs to be updated. In year 2020, PUCSL plans to update the generic SSC of CEB's DLs and the SSC of LECO incorporating certain annexes to the SSCs and applicable provisions in related regulatory instruments already

approved by the PUCSL after discussing with CEB and LECO.

**Direct Budget: 3,588,750 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020												

**Implementation of Electricity (Distribution) Performance Standards Regulations (Commercial Quality) with Lanka Electricity Company (Pvt.) Ltd (LECO) and CEB ( AP20/CP/COA/01 / AP20/CP/COA/02)**

Under the Gazette notification No. 1975/44 published on 13th July 2016 on Electricity (Distribution) Performance Standards Regulations, performances of licensees to improve the levels of Power Quality, Supply Quality and Commercial Quality (Distribution System Losses and service Quality) are to be regulated by the PUCSL. Accordingly, implementation of regulations with respect to Commercial Quality is undertaken by Consumer Affairs Division while Implementation of Regulations with respect to Power Quality and Supply Quality is undertaken by Licensing Division of PUCSL. In 2020, PUCSL plans to monitor the compliancy for the regulation by the licensees ( CEB & LECO) on quarterly basis by evaluating the reports submitted by licensee against the regulations, aware consumers on implementation of the regulation through complaint facilitation and engage with licensees quarterly for continues improvements of the performance.

**Direct Budget: 130,000 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020												

**Guideline on shifting of electricity meters in consumer premises (AP20/CP/COA/03)**

It is identified that there is an increasing trend of consumers shifting the meters to the boundary wall or parapet wall. In this circumstance, the PUCSL receives consumer complaints on procedure of meter shifting including application, period of shifting, charges, Licensee’s safety certifying procedure (Safety certificate for single phase external wiring from meter to main switch board) etc. and consultation from licensees on technical requirement for bulk meter fixing and shifting, fixing meters on unauthorized wall, meter boxes fixed at the consumer premises etc. The same issues were also identified at the Island -wide Regional Public Consultations (RPC) conducted by the PUCSL in 2018.

With the aim of solving said issues, PUCSL expects to develop a guideline for licensees on shifting of meters as meter shifting is a part of customer service of licensees by analyzing issues and recommendation pointed out by the consumers and licensees. The guideline will be developed with the expectation of making the meter shifting procedure more systematic.

**Direct Budget: 100,000 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec

2020													
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**Implementation of regulatory tools (regulations, rules and guidelines) related to customer services by licensees (AP20/CP/COA/04)**

The PUCSL has issued number of regulatory tools (regulations, rules and guidelines) to be adhered/followed by licensees. But, when looking at the nature of complaints received by the PUCSL from consumers and advises request by the licensees, it implies that implementation of issued regulatory tools by licensees are not in satisfactory level. Obtaining licensees compliancy to above named regulatory tools are essential to protect consumers rights as well as licensees' rights. Hence, in order to fulfill the above objective, it is planned to interact with licensees to explain these regulatory tools, identify implementation barriers for licensees (if any), obtain licensees' suggestions (if any) and obtain the compliancy for smooth implementation. These interaction sessions will carry out mainly based on the consumer complaints received and licensee advise requests by the PUCSL. PUCSL expects to increase licensee's compliance with legislative requirements on service (commercial) quality through this initiative and ultimately make CEB and LECO to provide an improved service to the consumers.

**Direct Budget: 2,000,000 LKR**

Time Frame 2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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**Preparation of a Consumer Services Manual (AP20/CP/COA/05)**

There is a lack of proper mechanism documented to protect the interest of consumers and empower consumers on grievance handling, consumer advocacy, consumer integration, measuring service satisfaction, real-time information service, consumer mobile services etc. and there is no identification of services for consumers beyond handling consumers' complaints and educating them on their rights, responsibilities and obligations and the service quality standards that are to be maintained by the licensees. Therefore, it is planned to prepare a consumer service manual in order to identify the services for consumers including grievance handling, consumer advocacy, consumer participation/integration, measuring consumer satisfaction, real-time information services etc. This manual will provide a full description for functions of consumer protection empowered by both the PUCSL Act and Sri Lanka Electricity Act. Further this manual is to be used as a handbook for complaint handling and dispute resolution process.

**Direct Budget: 40,000 LKR**

Time Frame 2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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**Guidelines for regulatory impact analysis (Ex-Ante) (AP20/CP/RA/7)**

Lack of Regulatory impact analysis (Ex-Ante) is observed in the regulatory framework. The cost of regulatory

interventions might outweigh the benefits of the intervention. Therefore, it is required to do a proper cost-benefit analysis before initiating selected regulatory interventions. The PUCSL identified that a guideline must be introduced to select activities and how-to carryout the regulatory impact analysis. The PUCSL staff will also be trained on how to conduct the regulatory impact analysis in the year 2020.

**Direct Budget: 4,419,375 LKR**

Time Frame 2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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**Reviewing the Regulatory Manual and identifying the areas to be updated and improved (AP2020/CP/RA/08)**

Regulatory Manual (RM) was approved in 2014. After that there have been a number of documents related to RM, which were approved by the Commission at later stages, e.g.: changes in the organizational structure, guidelines on public hearings and stakeholder consultations, new guidelines on supplying services, etc. Therefore, it is identified, RM should be reviewed and the areas to be updated should be identified. After that RM should be updated and rewritten, incorporating the identified amendments.

Accordingly, new RM will be amended and approved by the PUCSL by the end of 2021 and will be published for the benefit of Consumers, Licensees and all the other stakeholders including PUCSL staff.

**Direct Budget: 0 LKR**

Time Frame 2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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**Our plan for the year 2020 towards establishing**



# improved safety for every living being and properties of general public, licensees & operators

## What we aim to achieve

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

**PUCSL has developed number of regulatory tools to ensure safe use of electricity by consumers and licensees and had managed to reduced 180 electrocutions took place in year 2012 to 89 electrocutions in the year 2018, which is almost a 50 percent reduction.**

**According to the international benchmark, the possibility of occurring electrocution, is only one (01) electrocution for one million people, per year. In 2012, Sri Lanka was at the position of nine (09) electrocutions for one million people which has now reduced to five (05) electrocutions for one million people per year by 2018.**

**PUCSL as the safety regulator of the industry has taken various measures to aware the public on the safe use of electricity and has introduced many regulatory tools including the framework for licensing of electricians in Sri Lanka, national standard for plugs and sockets in Sri Lanka, rules and regulations with regard to the minimum distance of power lines to the premises and etc. to create an electrical safety environment for public and premises and with a aim to achieve the international benchmark.**

## Our Plan

**Expansion of Incident Reporting System (IRS) to obtain information in hospitals related to deaths and injuries caused by electricity (AP20/CP/INS/01)**

At present PUCSL receives information on electrocutions from the Police. However, information related to electrical incidents or accidents are yet to be reported to the PUCSL. Therefore, obtaining such information about those instances is beneficial in order to assess root causes which will lead for appropriate electrocution- preventive measures. Further, this information is required to analyze not only the accounting cost but the economic burden to the country. Expansion of Incident Reporting System enables, to identify the root causes of the reported near misses & incidents. Meantime, enabling Health Services to engage in this reporting would be the most effective and efficient way in identifying such root causes to mitigate accidents which are imminent in time. This will lead to the reduction of number of electrocutions, since root causes to the core are identified. In year 2020, PUCSL plans to expand the

reporting system, so that not only the electrocutions but the shocks and other related incidents will also be reported to PUCSL through the empowerment of the hospitals.

**Direct Budget: 200,000 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020												

**Formulation of an advice to the government: Recommending an economic model specific to utility service corridor projects integrated with road development (to evaluate the economics and the sensitivities) (AP20/CP/INS/02)**

Unavailability of proper utility service corridors along roads have caused issues such as threat posed by overhead power lines to life and properties, reliability issues, obstructions to construction spaces and frequent damages to roads by utility (power, water, telecom) constructions especially in urban and congested areas.

Implementing utility service corridors is costly and hence without the evaluation of full benefits accumulated by road authorities, utility service providers, consumers and general public in the long run, the utility service corridors integration projects cannot be economically justified. Therefore, it is required to evaluate the economic benefits and costs associated with implementing utility service corridors along road development projects in order to convince the treasury or relevant agencies to secure funding, so that the utility corridors along the roads will be implemented. Accordingly, PUCSL plans to advise the government on an economic evaluation model that can be used by the decision makers to conduct economic evaluation and sensitivity analysis of integrating utility service corridors under road development projects.

The implementation of utility service corridors to the newest model will reduce the incidents such as electrical accidents, vehicle accidents, traffic congestions, increase the reliability of service providers, reduce the costs incurred in utility shifting and maintenance with respect to not having dedicated service corridors. Hence safety and economics of utilities will improve.

**Direct Budget: 30,000 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020												

**Electrical Safety User Guideline for Domestic Water Pumps (AP20/CP/INS/03)**

Among the functions assigned to PUCSL, the PUCSL has a responsibility to protect the public from danger arising from the generation, transmission, distribution, supply and use of electricity in accordance to the Section 4(1) (e) of the Sri Lanka Electricity Act No. 20 of 2009. In 2019, PUCSL noted that the water pumps used in homes has an impact on the number of electrocutions occurred in domestic level. Therefore, PUCSL decided to prepare a safety user guideline for the domestic water pumps in Sri Lanka. The guideline will include safety measures to be taken during installation and operation of water pumps.

**Direct Budget: 15,000 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020												

**Regulation or Rule for Security Electric Fences (AP20/CP/INS/04)**

During 2018, PUCSL received a set of complaints from consumers saying that their safety has been compromised by live electric fences erected along the boundaries of house premises of others which has been set as safety measure for theft. A regulation with regard to the security electric fences is currently unavailable in Sri Lanka. Therefore, PUCSL decided to work with relevant authorities and stakeholder to prepare a regulation or a rule to ensure the security of electric fences installed along boundaries of consumer premises by way ensuring the safety of the people and properties.

**Direct Budget: 10,000 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020												

**Development & implementation of Incident Reporting System ( AP20/CP/INS/05)**

It is required to gather information with respect to electrocutions and other electricity related accidents (occurring throughout the country) from as many parties as possible (such as CEB, LECO, Department of Police, Ministry of Health, Department of Labor, Insurance Companies, etc.) and therefore it is convenient and productive to use an information system to gather, organize and disseminate information. A web-based information system can allow different parties to provide information in minimum time. PUCSL plans to develop and deploy a web-based system and collaborate with other organizations, for them to use the system to provide information to PUCSL, to make the data gathering more accessible and systematic.

**Direct Budget: 200,000 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020												

**Partnership Programme with Local Authorities on Implementation of Street Light Management Plan, National Standard for Plug and Sockets, Line clearance regulation (AP20/CP/INS/06)**

Implementation of National Street Light Management Plan requires the involvement of Local Authorities and other respective organizations. Also, Local Authorities can support the implementation of some of safety regulations and policies such as line clearance and national standard for plugs and sockets.

Therefore, in year 2020, corporation with Local Authorities will be established and representatives from each and every local authority will be nominated to carry out the implementation and respective conditions will be included in the local authority's approval process for street lights. In the same time, PUCSL will kick off an awareness campaign on Street Light Management Plan for stakeholders around the country targeting provincial councils.

**Direct Budget: 1,000,000 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020												

**Awareness on Electricians Licensing and Safety (AP20/CP/INS/07)**

Licensing Mechanism for Electricians is planned to be launched during 2020 and it is required to carry out a comprehensive awareness programme for electricians in Sri Lanka to aware them about the new mechanism. Therefore, PUCSL plans to host 24 district-wise major workshops to cover estimated 21000 electricians who are currently working as electricians, technical colleges, electricians' clubs and other relevant institutions. Licensing regime will ensure the electrical workers obtained professional qualification and thereby ensure the successful implementation of all regulations related to electricity safety.

**Direct Budget: 2,000,000 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020												

**Training of Trainers Programme (Safety Module Introduction for Scouts and Training of School Teachers) (AP20/CP/INS/07)**

Currently about 75,000 Scouts are active and they are performing role of leaders in the school. By introducing a module on electricity safety, the scout community can be educated on electricity safety on a regular basis. This will make them student ambassadors who spread the practices for safe use of electricity among other students and establish a safe environment at schools. Also, school teachers too will be educated on the safe use of electricity through this programme in year 2020.

**Direct Budget: 2,000,000 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020												

# Roadmap of the year 2020 to establish an affordable price for consumers and sustainable financial stability for licensees

## What We Aim to Achieve

Over the past decade, Sri Lankan consumers' electricity costs have not risen compared with the average inflation rate, or increased network tariffs, supply price and taxes. According to the underlying market principle, reasonable may imply “economically efficient.”

However, in line with the principle of service for households, reasonable should be understood to mean “affordable.” The electricity bill should be able to justify the supply cost, supply quality, service quality, etc.

On the other hand, the sustainable financial stability of the utility provider also should be maintained to keep providing a better service to the consumer. Establishing transparent systems is the first step to move ahead.

## Our Plan

### Dispatch Audit for year 2019 ( AP20/CP/TEA/01)

As the economic regulator, PUCSL has to ensure that the electricity is supplied to the customer at an affordable price while ensuring economic stability of the sector. Dispatch Audit is essential to increase the efficiency in generation dispatch which will lead to lower electricity cost. PUCSL plans to carry out a dispatch audit based on the dispatch audit guidelines issued and the dispatch procedures.

Direct Budget: 3,650,000 LKR

Time Frame 2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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Concept report on Access controls and Market rules for Natural Gas industry ( AP20/CP/TEA/02)

The LNG policy has been subjected to public consultation and is expected to be finalized by 2020. Subsequent to gazetting policy elements need to be translated into a workable industry structure that can be implemented. Outlining a workable industry structure by identifying suitable access controls and market rules, based on the finalized Natural Gas Policy. PUCSL expects to study the Natural Gas policy and identifying policy elements that are relevant, carry out a literature survey on market rules and access control regimes used in regional and global markets and propose draft market rules and access regime.

**Direct Budget : 0 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020												

**Policy advice on investment attraction for electricity industry (AP20/CP/TEA/06)**

The investment level over the last 10 years suggests that electricity industry has not attracted investments as it could especially when compares with regional markets like India and Bangladesh. Ineffective procurement practices and slow transmission system development are seen as a major barrier to attract private investment into the electricity generation business. This activity attempts to investigate reasons for that, and intends to draft a policy advice on whether structural changes such as transmission open access, electricity wheeling and private transmission investment (lines and ancillary services) could promote investments in the industry. With the result of the study a policy advise will be presented to the Cabinet of Ministers and will be implemented subject to the approval.

**Direct Budget: 0 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020												

**Industry financial forecast 2025 (AP20/CP/TEA/07)**

As the economic regulator, PUCSL has to ensure that the electricity is supplied to the customer at an affordable price while ensuring economic stability of the sector. PUCSL found that there is a requirement to forecast the financial position of the sector in the future, as information for policy makers and public. Therefore in 2020, PUCSL plans to prepare a report on industry cost and tariff forecast for the period 2020-2025. The report will identify the current economic status of the electricity industry and the trend of economic stability and position of the electricity industry. With completion of this activity will help to predict the future economic stability of the sector and to do future tariff revisions.

**Direct Budget: 0 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020												

**Concept Note on Electricity Markets for Sri Lanka (AP20/CP/TEA/08)**

Sri Lanka is planning electricity trading with India (through undersea transmission link), which could open up access to Indian electricity markets. Also, the country needs to explore all options to attract more investments to electricity generation sector. A concept will be prepared on markets structure suitable for Sri Lanka, identifying the regulatory tools that are needed. The paper would compare market design options through peer review study - analyzing international practices. With completion of this activity, PUCSL plans to propose a better suited market model and the required regulatory tools to implement the best model will be identified.

**Direct Budget: 0 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020												

**The revision of the Tariff Methodology (AP20/CP/TEA/09)**

The Tariff Methodology has been approved by Public Utilities Commission in December 2011 and it was amended in November 2015. There are some areas in the Tariff Methodology that are not fully functional/ effective and may need revisions. Therefore, it was identified that the methodology needs revisions. PUCSL plans to assess the current Tariff Methodology, identifying the areas that need to be revised and conduct a stakeholder consultation for the revision and proposed the revisions accordingly in 2020.

**Direct Budget: 2,500,000.00 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020												

**Survey on Electricity Affordability (AP20/CP/TEA/10)**

The currently available data on electricity affordability are from as early as 2011 and do not adequately reflect the demographic and socio-economic changes that have taken place over recent years. A comprehensive survey on electricity affordability is required to analysis and review the existing data. The next year, PUCSL plans to carry out a in depth study on the above and the data will be used to review the existing end user tariff structure.

**Direct Budget: 2,000,000 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020												

**Research and Survey on Energy System Planning (AP20/CP/TEA/12)**

There is a need to conduct research on regulatory aspects in the electricity industry, especially on energy system planning. In year 2020, PUCSL plans to conduct the research on the same with the collaboration of a University in Sri Lanka and hope to find regulatory methods for better utilization of energy sources.

**Direct Budget: 1,000,000 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020												

**Set values (rates) for return on investment in electricity generation, transmission and distribution (AP20/CP/RA/6)**

Inconsistencies has been observed in return on equity (ROE) and return on assets (ROA) used in electricity generation, transmission and distribution. Most of the independent power producers enjoy over 20% ROE where distribution and transmission only receive 2% ROA. Further for least cost long term generation expansion planning process, USD discounting rate used is 10%, which seems to be high. PUCSL identified that it is needed to carry out a proper risk-return analysis for different businesses (licensed operations). With the study, PUCSL plans to implement the value of ROA for transmission and distribution for tariff review process to be done in end of 2020 for the period 2021-2025, to evaluate new generation PPAs in accordance to Value of ROI for generation projects and to prepare and review the LCLTGEP in 2021 with the Value for Discounting rate (Cost of capital).

**Direct Budget: 30,000 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020												

# Plan for improved environmental conditions for humans, animals and plants



# Our Plan

## Feasibility study on Utility Driven DSM programs (AP20/CP/EER/01)

Utility Driven Demand Side Management Regulation is not been properly implemented by the utility service providers until now. Therefore, PUCSL plans to investigate the reasons and find solutions through a comprehensive study under this activity. With the findings, PUCSL plans to prepare an implementable UDSM program and DSM projects with the corporation of the utility providers.

**Direct Budget: 960,000 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020												

## Techno-Economic Feasibility Study on Demand Response (DR) opportunities (AP20/CP/EER/02)

Demand response and energy storage are sources of power system flexibility that increase the alignment between renewable energy generation and demand. Demand response provides a means to shift demand to times of relatively high Solar/wind generation and low load, while storage technologies can store excess Solar/wind generation for use in times of relatively low Solar/wind generation and high load. Therefore, it is essential to do a proper study on demand response opportunities to identify the challenges and opportunities for implementing DR. The outcomes of the study could be used to improve the grid flexibility and thereby increase the variable renewable energy integration. In addition, the information gathered through the study could be used for setting appropriate tariff to encourage consumers engage in demand response projects in power crisis situations.

**Direct Budget: 3,000,000 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan21	Feb21	Mar21
2020															

## Promotion of Energy efficiency and conservation (AP20/CP/EER/03)

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

Energy usage benchmarks regulation has been finalised now and will be enforced by the end of the year 2019.

Objective of the activity is to align the energy managers, facility managers, building owners and other relevant officials with the aforesaid regulation. Improved energy efficient buildings will be the output of this activity.

**Direct Budget: 500,000 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020												

**Establish a process for data collection on renewable energy generation (AP20/CP/EER/07)**

Renewable energy generation data are vital for taking decision on generation planning, transmission planning, and analyze the issues associated with integrating VRE. As at now there is a gap in recording actual renewable energy generation and capacity contribution of certain power generation technologies, especially solar and wind.

In year 2020, PUCSL plans to develop a software-based solution to collect the actual energy dispatch data on renewable energy generation.

**Direct Budget: Allocated in IT Division**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020												

**EV and EVCs awareness program (AP20/CP/TEA/11)**

Awareness and corporation is required for smooth implementation of guideline and standards for Electrical Vehicle Charging Stations (EVCS), Multiple connection guideline, policy recommendations related to EVCS has already been drafted. Therefore, Corporation with respective organizations and joint awareness programme will be implemented to aware the public on the regulations. Public/Stakeholder participation will be increased to facilitate the implementation of regulatory decision related to EVCS.

**Direct Budget: 500,000.00 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020												

# Priliminary Regulation Framework for Natural Gas Market

### **Pricing regime for retail Natural Gas market ( AP20/CP/TEA/03)**

There is a requirement to establish a proper pricing scheme for retail Natural Gas market, once Sri Lanka starts importing and marketing LNG, PUCSL being the designated regulator for the industry, shall be ready with economic regulation schemes. PUCSL plans to prepare a concept paper on the network pricing and end user price regulation for Sri Lanka after carrying out an in-depth study on the Gas market locally and internationally.

**Budget : 0 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020												

### **Formulate framework for regulating the midstream and downstream Natural Gas market ( AP20/CP/REA/01)**

In 2006, a resolution was passed by the Parliament to include petroleum amongst the industries to be regulated by the PUCSL and accordingly the PUCSL has been identified as the regulator of the midstream and downstream Natural Gas market in the draft National Policy on Natural Gas being prepared by the Ministry of Highways & Road Development and Petroleum Resources Development. Therefore, the PUCSL needs to build regulatory capacity by formulating the regulatory framework as well as knowledge and skills for regulating the midstream and downstream Natural Gas market. In 2020, PUCSL plans to develop regulatory instruments as well as knowledge and skills to regulate the midstream and downstream natural gas market - regulatory instruments would include rules, codes and guidelines etc. pertaining to regulation of third-party access to essential infrastructure, pricing of natural gas as well as health, safety and environment.

**Direct Budget : 11,168,000 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020												

# **Priliminary Regulation Framework for Water Services Industry**

### Regulation of Water Service Industry (AP20/CP/COA/06)

Water Service Industry has been listed in the Schedule of Public Utilities Commission Act as an industry which comes under the purview of the Commission for regulations. Hence functions of the PUCSL extend to the water services industry and it is a requirement to introduce an industry act for the water service industry. Sustainable Development Goals (SDG) No. 6, requires achieving universal and equitable access to safe and affordable drinking water for all by 2030. In this context, water service needs to evolve as an industry and the necessary legal basis to be introduced by a Water Service Industry Bill.

Introducing the Water Services Industry bill will enable the water service industry operators to function properly with legal recognition and cost reflective tariff. Water service industry Act is a pre-request to commence the regulation of water services. Strong regulation is necessary to protect consumer interest and attract investment into the water service industry as investment is the key to provide un-interrupted supply to the consumer. When investment increases water services coverage, service quality will increase.

The Water Service Industry Bill is pending at the Cabinet nod. Under the provisions of water services industry Act there will be formal recognition to the water service providers through Licensing framework. Therefore, PUCSL will develop a license template in the year 2020, to increase transparent access to water sources and to introduce licensee specific tariffs.

**Budget : 4,500,000 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020												

### Transparent Access to Water Resources (AP20/CP/COA/07)

During the Public Consultation held last year, one of the major issues came up was that the access and allocation of water sources for drinking purposes. The main water service providers of CBOs and NWSDB pointed out that enough water is not available in water sources specially in dry season. There is a room for PUCSL to intervene issuing licenses for diverse sources rather than limiting to irrigation water, i.e. Sea water desalination. Such alternatives could be considered in cases where potential surface water and ground water are effectively/fully harvested.

In view of addressing the issue mentioned above, during the year 2019, a study carried out by independent consultant on possible solutions for water allocation decisions.

In the year 2020, the same work will be extended to specific area of operation for exploring the possible options for drinking water sources. Two case studies will be carried out in identified critical conditions of water sources (Eg. Puttalam District) and in Commercially viable district (Galle District). Such information will be made public with demand forecast for that area of operation. Any party including NWSDB, CBO, local authority who is interesting to engage in water service business could obtain a license from the PUCSL and start the water service. The main attraction for parties to come through PUCSL is that the PUSCL could offer License specific cost reflective tariff.

**Budget : 5,000,000 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020												

### Light Handed Regulation for Community Based Water Supply Schemes (AP20/CP/COA/08)

There are around 3500 water schemes comes under the Department of Community Water supply which going to be comes under the purview of the Commission for Regulation. There is an accepted practice that small scale

operations should not be regulated as of the large-scale monopoly regulations. Hence a light-handed regulatory mechanism to be designed and introduce in consultation with Department of Community Water Supply for CBO water schemes. CBO schemes are not financially strong enough to meet customer expectation. Hence specially design regulatory mechanism to be design for CBO's regulation.

PUCSL do not have a mechanism to extend the regulatory services in regional level. However, when water quality issues come up a regional intervention might require. PUCSL may enter a MOU with Department of Community Water Supply and North-Western Provincial Council to regulate CBOs. This activity will explore the possibility of entering into such MOU and draft the MOU including the regulatory functions for CBO regulations.

When an overall industry legislation is introduced there could be unforeseen consequences to the CBO schemes. The objective of this deliverable is to minimize such impacts and explore the possibility of harvest better outcomes. During the year 2020, A conceptual framework will be drafted in consultation with stakeholders. Upon reaching consensus, the conceptual framework will be converted action plan and implement in the future.

**Direct Budget : 0 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020												

**Survey on Affordability and Willingness to Pay for water services (AP20/CP/COA/09)**

In terms of the Draft Water Services Industry Bill, Water Service Tariffs to be cost reflective. Under the tariff review process the cost of the water services will be scrutinized and efforts will be made to transfer only the prudent cost to the end consumer. However, the amount of cost to be transferred to consumer will vary in terms of Affordability and Willingness to Pay.

Hence an independent assessment is required on affordability and willingness to pay. In this regard a sample survey will be carried out covering two commercially viable and critical water needed districts. The data gathered from survey will be made available in public for interesting parties NWSDB, CBOs and Local Authorities to develop water schemes. Further, policy advice will be developed on level of cost reflectivity. Starting from level 01, not covering the OPEX, level 02, covering OPEX, level 03, covering prudence OPEX, and Level 04 Covering prudence CAPEX and OPEX, and Level 5 covering OPEX, CAPEX and environmental cost. Tariffs setting process need to climb up this ladder gradually. For the Government to decide what level the water services tariff to be maintain a policy advice to be developed to the Government based on the Affordability and Willingness to pay of the Consumer.

**Direct Budget : 300,000 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020												

**Subsidy analysis of the existing end user tariff of the water sector (AP20/CP/TEA/05)**

There is a requirement to analysis the existing end user tariff of the water sector, as preparatory work for water industry economic regulation to be started upon receiving legal power to regulate the industry.

An analysis report will be prepared on the existing cross subsidies and demand management incentives in the tariff structure of the water sector in 2020. The report will analyze the existing cross subsidies in the tariff structure, demand management incentives in the tariff structure and cost structures in other countries.

This analysis will be required to improve the tariff structure in the water sector, when PUCSL gets the regulatory powers.

**Direct Budget : 0 LKR**

Time Frame 2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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**Formulate advise to the government on duty structure of imported and locally blended Lubricants for increased competition (AP20/CP/RA/4)**

Ministry of Petroleum Resources Development has requested the PUCSL to advise them on the duty differential of imported and locally blended lubricants. Further in the Public Consultation held on the subject of lubricant industry it was raised that mentioned duty differential cause barriers to competition. Therefore, PUCSL plans to ascertain current duty differential and maintain same at ten percent, as decided by the Cabinet for the interim and conduct independent and in-depth study of local value addition and ascertain duty differential to promote fair competition. Based on the output of the study a recommendation will be sent to the Petroleum Ministry on the duty structure and policy advice will be given to the government on the duty differential considering the local value addition.

**Direct Budget: 4,293,000 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020												

**Formulate procedure for detecting adulteration of petrol and diesel with kerosene (AP20/CP/RA/5)**

It was highlighted in the Public Consultations held regionally in 2018 that petrol and diesel is adulterated with Kerosene and sale of substandard petroleum fuels is in a rapid increase due to its low prices. Therefore in 2020, PUCSL plans to select an internationally accepted and proven technical method to identify the adulterated petroleum fuels with kerosene and convey as a policy advice to the Ministry of Petroleum. Also, the PUCSL plans to formulate a procedure to deploy the selected technical method in to market practice.

**Direct Budget: 4,293,000 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020												

**Review and update Sri Lanka Standards for Petroleum Fuels (AP2020/CP/RA/09)**

During the public consultations held in 2018, the industry experts and general public pointed out the importance having standards for petroleum fuels. Further, the Secretary of the Ministry of Highways & Road Development and Petroleum Resources Development requested the SLSI to update or prepare Sri Lanka Standards for petroleum fuels commencing with Gasoline, Diesel, Kerosene, Furnace Oil and Liquefied Petroleum Gas, and for the PUCSL to coordinate the same. In 2020, PUCSL plans to review and update existing Sri Lanka Standards for gasoline, diesel and kerosene as required as well as formulate Sri Lanka Standards for liquefied petroleum gas and furnace oil.

**Direct Budget: 1,000,000 LKR**

Time Frame	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec



2020											
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## Financial Requirement for Year 2020

Utility Industry	Direct & indirect cost on Outcome basis (LKR)	Direct and Indirect cost for the industry (LKR)
<b>Electricity Industry</b>		
<b>Outcome 01:</b> Improved productivity & convenience for electricity consumers	94,427,845	
<b>Outcome 02:</b> Affordable Price for consumers and sustainable financial stability for licensees	50,145,802	
<b>Outcome 03:</b> Improved safety of every living being and properties of general public, licensees & operators	59,767,737	
<b>Outcome 04:</b> Improved environmental conditions for humans, animals and plants	3,462,576	207,803,960
<b>Petroleum Industry</b>		78,873,909
<b>Water Services Industry</b>		37,826,731
<b>Total Cost</b>		<b>324,504,600</b>