

ANNUAL REPORT 2018



PUBLIC UTILITIES COMMISSION OF SRI LANKA

Content

Public Utilities Commission of Sri Lanka	05
Corporate Information	07
The Commission	08
Our Vision & Our Mission	11
Functions of PUCSL	12
Long Term Goals	13
Message from the Chairman	14
Director General's Review	15
Staff of the Commission	16
The Report 2018	21
Physical and Financial Progress – Year 2018	21
Highlights for 2018	23
Electricity Industry	24
Improved Productivity & Convenience for Electricity Consumers	27
Towards Affordable Price for Consumers and Sustainable Financial Stability for Licensees	35
Improved Safety of Every Living being and Properties of General Public, Licensees & Operators	39
Improved Environmental Conditions for Humans, Animals and Plants	45
Water Services Industry	48
Petroleum Industry	50
Public Consultation	51
Human Resources & Administration of PUCSL	59
Information Dissemination and Stakeholder Relations	62
Information Technology and Management Information System (IT & MIS)	62
PUCSL's Plan for 2019	63
Report of the Auditor General for the year ended 31 December 2018	75
Financial Statements 2018	82
Statement of Financial Position	82
Statement of Comprehensive Income	83
Cash Flow Statement	84
Statement of Changes in Equity	85
General Accounting Policies	86
Related Party Disclosures	90
Audit Committee Report 2018	99

Public Utilities Commission of Sri Lanka

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

PUCSL also acts as the shadow regulator of the lubricant market and empowered to regulate the electrical vehicle charging stations (EVES) in Sri Lanka.

The objectives, functions and the legal framework of the PUCSL defined under the Public Utilities Commission of Sri Lanka Act, the Sri Lankan Electricity Act No.20 of 2009 and the Sri Lanka Electricity (Amendment) Act No. 31 of 2013.

As of now, PUCSL regulate the safety, technical and economic aspects of the electricity industry while ensuring the that the industry has adequate investments, greater availability, efficient supply, and improved quality of services for electricity consumers as respective acts to regulate the water services industry and the petroleum industry is yet to be passed through the Parliament.

Corporate Information



Name of the Commission

Public Utilities Commission of Sri Lanka

Legal Status

Established by the Public Utilities Commission of Sri Lanka Act, No 35 of 2002

Members

Mr. Saliya Mathew - Chairman
Mr. Sanjaya Gamage - Deputy Chairman
Prof. Rahula Attalage - Member
Mr. Prasad Galhena - Member

Director General

Mr. Damitha Kumarasinghe

Secretary to the Commission

Mrs Janaki M Vithanagama

Registered Office

6th Floor, BOC Merchant Tower
St. Michael's Road, Colombo 3, Sri Lanka.

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Auditor

Auditor General, National Audit Office,
306/72, Polduwa road, Battaramulla.

Banker

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

The Commission

The Commission consists of five members appointed by the Minister with the concurrence of the Constitutional Council. The members shall be persons with ability and integrity and have shown capacity in addressing problems relating to engineering, law, economics, business management, accountancy or administration. The Commission's decision-making responsibilities are clearly set out in the respective legislation and rules.



Saliya Mathew is the Chairman of the Public Utilities Commission. Having taken oaths as an Attorney-at-law in 1975, he has practised in the District Court, Court of Appeal and Supreme Court. He served as the Governor of Sabaragamuwa Province for over a decade as well as Executive Director of the Sri Lanka Insurance Corporation, Chairman of the Employees' Trust Fund Board and Co-Chairman of the Salaries and Cadres Commission. Mr Mathew has also served on the Presidential Committee on Compensating Persons Affected by Political Violence at the General Elections, in 2001 and 2004, and on the Presidential Committee on Ex-Gratia Payment to Persons Affected by

Political Violence at the Presidential Election, in 2005. He also serves as a member of the national delimitation committee to amend the wards of the local government authorities

Sanjaya Gamage is the Deputy Chairman of the Public Utilities Commission of Sri Lanka. An Attorney at law by profession, he has been practising as a criminal lawyer for over 25 years and is also an unofficial magistrate of the Chief Magistrate Courts, Colombo. He was also the former Secretary of the Bar Association of Sri Lanka and at present is a member of the EXco- Committee of the Association. Mr Gamage has previously served as both Secretary and President of the Magistrate Court Lawyers' Association. He also was a member of the Building Materials Corporation's board of directors. He serves the Commission as an expert member in the field of law. He is also the chairman of lawyers' and police relations committee.





Prof. Rahula Attalage is a member of the Public Utilities Commission. He is a Director of the Postgraduate Institute of the Faculty of Engineering at the University of Moratuwa as well as the Deputy Vice Chancellor of the same. He has previously functioned as a Senior Lecturer in Mechanical Engineering and Visiting Faculty Member of the Energy Programme at the Asian Institute of Technology in Thailand and Visiting Professor at the International Corporation Centre for Education Department at the Toyohashi University of Technology in Japan. He also served as a Director of the Sri Lanka Transport Board. A (Honours) graduate in mechanical engineering from University of Moratuwa,

Prof. Attalage obtained his Master's degree in engineering from the Asian Institute of Technology in Thailand and a PhD from Ecoles des Mines de Paris in France. He also has a degree in Profound Studies obtained from the latter university. Prof Attalage serves and advises the Commission in the field of engineering.

Prasad Galhena is a member of the Public Utilities Commission. He previously served as Chairman of the Sri Lanka Handicrafts Board and Ceylon Shipping Corporation. A graduate of the University of Colombo, he also holds an MBA from the same university and CIM (UK) and is a Fellow of the Chartered Institute of Management Accountants. Mr Galhena serves the Commission as an expert member in the field of business management and Finance.



Commission Meetings

Board meetings in the year 2018	12 meetings
All members present	12 meetings

Our Vision

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

Our Mission

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

Functions of PUCSL

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

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

Long Term Goals

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

Supply Quality	
Goal 2	The system average interruption duration index is below 24 hours per consumer per year
Goal 3	The total number of electricity interruptions experienced by a consumer within a year is below 30 (on average basis)
Goal 4	The average restoration time for consumer service line faults is below 2 hours per consumer

Service Quality	
Goal 5	Information on consumer Rights and Obligations is made available to consumers in advance and when such information is required by them
Goal 6	The average time taken by an electricity service provider to serve consumer inquiries/requests/complaints is below 30 days
Goal 7	The average time taken by PUCSL to serve consumers is below 30 days

Electricity Tariff and Service Charges	
Goal 8	The total cost incurred in the supply of electricity in 2013 is reduced by 10 %. (Total cost is subject to adjustment for the generation mix and fuel prices, in real terms)
Goal 9	Charges levied by a service provider on services in 2013 is reduced by 10% in real terms

Electricity Safety	
Goal 10	Number of fatal electrical accidents is below 20 per annum

Electricity Demand	
Goal 11	Minimum 10 per cent reserve margin is maintained at all times by 2020 to ensure the electricity demands in the country are met all the time

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

Chairman's Message



‘We were able to turn another challenging year to an opportunity driven year’

The needs and issues of each stakeholder can be varied. The consumer today is more demanding and evolving fast with the knowledge and technology available. Therefore, it is our responsibility to maintain a healthy balance between all the stakeholders ensuring the continuity of electricity supply to every household.

Issues of stakeholders needed to be captured before providing regulatory solutions through regulatory tools like regulations, standards, methodologies or guidelines and to maintain a healthy balance.

Therefore Consulting public play a key role in the decision making of a regulator. Participation in decision-making processes means that the citizens, civil society organizations and other interested parties have the opportunity to influence the development of policies and laws which affect them.

The year 2018 was a challenging year for us but we were able to successfully turned it to an opportunity driven year.

We had public consultations in every province in Sri Lanka throughout the year which gave us the opportunity of connecting with the public, government officials, community leaders, institutions and experts around the country. We were able to gather issues, recommendations, innovative ideas that the public had for us in order to modify the regulatory tools that we already had and for prospective regulatory tools. More than 8000 people participated for public consultations and more than 10,000 written comments were submitted to us.

We also produced a number of regulatory tools that benefit the consumer and the licensees (CEB & LECO) and played the forerunner in introducing a national framework for licensing of electricians, a framework for electric vehicle charging stations and also played an important role in making the public aware of the standardization of plugs and socket outlets in Sri Lanka.

In overall, the year 2018, was a very productive year and I thank our staff, stakeholders and the public for helping PUCSL to achieve another successful year.

A handwritten signature in black ink, appearing to read 'Saliya Mathew'.

Saliya Mathew
Chairman

Director General's Message



‘We are committed – more strongly than ever – to do our part in ensuring energy security, electricity safety and continues electricity supply for Sri Lanka.’

In 2018, PUCSL redefined the way of engaging with the public and the stakeholders through the effective public consultation process. That helped us to rethink and reorganise the priorities of PUCSL to make a positive difference to build more powerful regulatory tools with public participation.

Sri Lanka is on her way of becoming an energy self-sufficient nation. In 2018, the Government stated that the energy mix of the country would be 20% from coal 20% natural gas, 17% major hydro and 33% other renewables by the year 2030. As the regulator for the electricity sector, we are planning to engage with public, licensees and other stakeholder to make the energy mix a reality.

As the designated regulator for the water services industry, PUCSL has started the discussion with the National Water Supply and Drainage Board as a measure of understanding and identifying the regulatory framework and responsibilities until the relevant act passed enabling PUCSL to fully regulate the industry.

PUCSL also introduce new regulatory tools for electric vehicle charging stations (EVCS) as the government had given power for PUCSL to regulate the EVCS.

We are committed – more strongly than ever – to do our part in ensuring energy security, electricity safety and continues electricity supply for Sri Lanka.

We hope your continues support for future endeavours.

A handwritten signature in black ink, appearing to read 'D. Kumarasinghe'.

Damitha Kumarasinghe

Director General

Staff of the Commission



Janaki Vithanagama
Secretary to the Commission



Gamini Herath
Deputy Director General



Nilantha Sapumanage
Director –
Inspectorate Division



Nalin Edirisinghe
Director –
Licensing Division



Chamath Goonewardena
Director –
Regulatory Affairs Division



Kanchana Siriwardana
Director – Tariff &
Economic Affairs Division



Gamini Sarathchandra
Director – Environment,
Renewable and Efficiency
Division



Jayanat Herat
Director – Corporate
Communications Division



Thilina Ranasinghe
Director –
Finance Division



Palitha Sirimal
Director –
HR Division



Laksiri Lokuhewage
Director –
IT & MIS Division

Deputy Directors



Shantha Jayasinghe

Consumer Affairs Division



Yasantha Rathuvithana

Consumer Affairs Division



Thushani Dharshika Haputhantri

Finance Division



Roshan Weerasooriya

Consumer Affairs Division

Assistant Directors



Lilantha Neelawala
Inspectorate Division



Sameera Adikaram
Inspectorate Division



Krishananth Shivanesarajah
Inspectorate Division



Amila Rajapaksa
Licensing Division



Punsara Nagasinghe
Licensing Division



Hasanka Kamburugamuwa
Regulatory Affairs Division



B. C. Pasindu
Regulatory Affairs Division



Dileepa Karunaratne
Tariff & Economic Affairs Division



Erandi Heshani Udageachchi
Tariff & Economic Affairs Division

Assistant Directors



W.A. Thanuj Dhanushka
Corporate Communication Division



Anushika Udari Kamburugamuwa
Corporate Communication Division



Arumugam Jayasooriyan
Corporate Communication Division



Sashini Abegunawardana
Corporate Communication Division



Vinosha Keerthirathna
Human Resource Division



Radhika Amarasinghe
Human Resource Division



Amila Costa
IT & MIS Division



Narada Wickramage
IT & MIS Division

Management Assistants



Dammika Wickramasinghe



Sachithra Lakshani



M.Z.M. Rahan



Dinushi Thewarapperuma



Sureni Sumanapala



Eranga Chandrasiri



Shashikala Hettiarachchi

The Report 2018

This report provides the progress of the annual activities of the year 2018 of the electricity industry to achieve long-term goals, preliminary activities for the water services and petroleum industries and lubricant market and routine activities based on the functions stipulated in the relevant Acts. Some activities span over more than one year, while some activities have to be repeated over several years. The execution of the activities carried out by nine functional divisions of PUCSL with the progress being evaluated and monitored in every month by the management. PUCSL's goals for the electricity industry is clustered in four outcomes for efficient implementation.

Outcomes for Electricity Industry

Outcome 01 - Improved productivity & convenience for electricity consumers

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

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

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

Statutory Requirement

The Report 2018 was prepared adhering to the Acts and Guidelines mentioned below, speculated from time to time.

- Section 37 of the Public Utilities Commission of Sri Lanka Act
- Public Enterprises Circular No PED/12 of 02.03.2003 2.2.1(a)
- Finance Act 1971 No 38 section 14 (2) (a), (c) and 14(3)
- Para 17 of the National Audit Act No. 19 of 2018 and the para 6.5.3 of the Guidelines on Good Governance of Public Enterprises

Physical and Financial Progress – Y 2018

95 per cent of all activities have been completed and 85 per cent of the allocated budget has been disbursed by the end of the year 2018.

Total Budget	Rs. 249,784,240
Total Disbursement	Rs. 212,427,993
Cash Disbursement Progress	85%
Activity Progress	95%

PUCSL DRIVE
TOWARDS
SUSTAINABLE FUTURE

14 Public Consultations

06 Policy Advices

11 Guidelines

04 Procedures

03 Rules

02 Frameworks

02 Standards

01 Methodology

04 Researches

Electricity Industry

The electricity industry in Sri Lanka comprises the regulator, the Public Utilities Commission of Sri Lanka (PUCSL), the state utility provider, the Ceylon Electricity Board (CEB) who does the generation, transmission and distribution of electricity and is one of the only two on-grid electricity companies in the country; the other distributor being Lanka Electricity Company (LECO). About 20 per cent of the electricity is generated by independent power producers.

In 2018, the total electricity generation grew by 4 per cent to 15,255 GWh, following the growth of 3.7 per cent in 2017.

Electricity Generation of Sri Lanka Year 2018

15,255 GWh

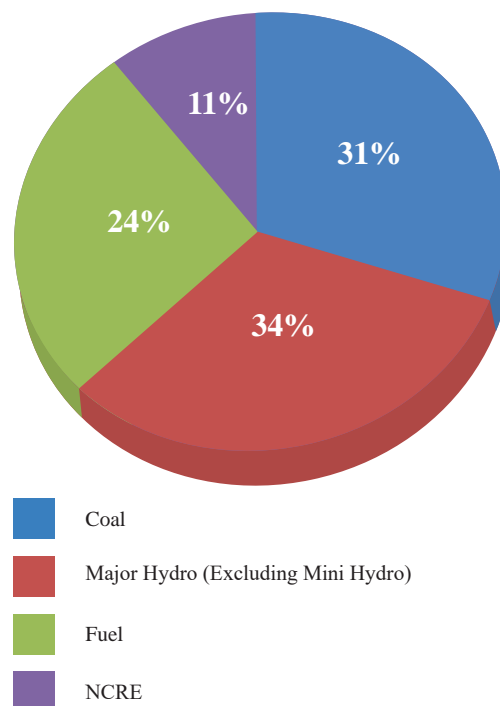
↑ 4%

The hydropower generation (major hydro) recorded an increase of 68.4 per cent to 5,149 GWh in 2018, in comparison to 2017 due to the higher rainfall Central Bank data shows. Total fuel oil-based power generation declined by 28.1 per cent to 3,626 GWh, while coal power generation decreased by 6.7 per cent to 4,764 GWh during 2018.

Power generation through Non-Conventional Renewable Energy (NCRE) sources showed an increase by 17.3 per cent to 1,716 GWh owing to the rise in mini-hydropower generation by 27.3 per cent to 1,203.4 GWh and solar power generation by 15.3 per cent to 98.2 GWh in 2018, in comparison to the corresponding period of 2017.

Accordingly, of the total power generation, the share of hydro, fuel oil, coal and NCRE power generation was 34 per cent, 24 per cent, 31 per cent and 11 per cent, respectively, during 2018.

Generation of Electricity 2018



The share of power generated by the CEB increased to 77.4 per cent in 2018, compared to 72.9 per cent in 2017, while the remainder was purchased from Independent Power Producers (IPPs).

The overall transmission and distribution loss as a percentage of total power generation reduced to 7.6 per cent in 2018 from 8.5 per cent in the previous year. During 2018, total electricity sales increased by 5.0 per cent to 14,100 GWh, compared to 13,430 GWh recorded in 2017.

In 2018, the Government announced its policy on the energy mix of Sri Lanka. It states that the energy mix of the country should consist of 20 per cent liquefied Natural Gas (LNG), 20 per cent coal, 10 per cent oil and 50 per cent of renewable including major hydro by the year 2030.

In line with the Government policy decision, PUCSL reviewed and approved the base case of the LCLTGEP 2018 - 2037 submitted by the CEB in June 2018, subject to the accommodation of Cabinet-approved 'Government to Government' LNG power plants and the latest government policy on the electricity generation mix.

Regulatory Efforts Towards A Better Electricity Industry

Improved Productivity & Convenience for Electricity Consumers

The needs of the electricity consumers are in constant change with the developing world. Even though Sri Lanka has achieved 100 per cent of electrification of the country the challenge to provide better and quality product and service still remain.

Today's consumer expects better service and supply for the price they are paying for the product.

Productivity and Convenience for consumers go hand in hand as quality can be achieved through improved productivity of the licensees.

In 2018, PUCSL took various measures to address both in the regulatory framework and even revisited the regulatory tools that are already in implementation in order to ensure the productivity is improved and to enhance convenience for the consumer and for licensees, Ceylon Electricity Board (CEB) and Lanka Electrical Company Private Limited (LECO).

Our Achievement for the Year 2018



Standardization of Applications Required to Get an Electricity Connection

Consumer complaints were at a rise with regard to the various documents required by the distribution licensees (CEB & LECO) in order to get an electricity connection. Therefore, it was necessary to standardize the required documents to make it more convenient to the consumer and also for the licensee. PUCSL prepared the following documents to ensure that the licensee is in compliance with the legal and regulatory framework and to improve transparency and non-discrimination. These standardized documents were forwarded to licensees (CEB & LECO) for immediate implementation.

1. Standard tariff agreement

In line with the Section 25 of the Sri Lanka Electricity Act, No. 20 of 2009 and Condition 32 of the Electricity Distribution & Supply Licenses, a Distribution Licensee (CEB & LECO) is required to enter into an agreement with the owner or occupier of the premises for connection and supply of electricity. The newly prepared

agreement consists of a principle agreement (agreement of the basic electricity connection) and a set of addendums to be included if a consumer wishes to include a scheme like Net Metering, Net Plus or Net Accounting.

2. Standard application for connection and supply of electricity

In line with the Section 25 of the Sri Lanka Electricity Act, No. 20 of 2009, the owner or occupier of a premises requiring a connection and supply of electricity is required to submit a request for same containing such information required to be provided by such person and reasonably required by the Distribution Licensee. Accordingly, the standard application for connection and supply of electricity was prepared by PUCSL confining documentary proof for identification and verification of ownership or occupancy of premises to those which are in the power of the applicant. In the case when none of them is available, the applicant has been given the chance to resort the certifications by officials such as the Grama Niladhari etc. In an extreme case of none of them cannot be availed, the respective Distribution Licensee must exercise the discretion aiming mainly at giving a connection.

3. Guidelines for connection and supply of electricity

The guidelines for connection and supply of electricity provides guidance to owners and occupiers of premises when requiring a connection and supply of electricity and guidance for electricity distribution and supply licenses when providing a connection and supply of electricity to premises.

Metering and Energy Estimation Code for Exempted Parties

The number of apartment buildings and condominium housing schemes (exempted distribution) in Sri Lanka is increasing at a rapid pace. With that, the disputes related to metering and energy estimation of the consumers within such exempted distributors expected to increase. In order to address the issue, metering and

energy estimation codes were prepared in the year 2018 after having limited stakeholder discussions.

1. Energy Estimation Code for Exempted Parties

The objective of this Code is to define the method and procedure to be followed when estimating the consumption of energy under specified events. It intends to encourage Exempted Parties to ascertain the quantity of electricity supplied to consumers by a meter or meters and to discourage Exempted Parties from supplying electricity without meters as well as supplying electricity through reported incorrectly registering meters or reported malfunctioning (stopped registering) meters. It also intends to encourage consumers to take proper care of electricity meters within their premises and inform the respective Exempted Party of any failure or abnormal meter reading.

2. Metering Code for Exempted Parties

The objective of this Code is to define the responsibilities of the Exempted Party and Consumers with respect to metering of energy, specify the minimum requirements for energy metering and lay down the procedures Exempted Parties have to adopt on maintenance, validation, collection, processing and verification of metering data.

Guidelines for Investigation of Suspected Alteration of the Register of Any Meter

The PUCSL receives numerous complaints regarding the manner in which investigations are carried out by distribution licensees on suspected alteration of the register of electricity meters. The primary reason cited is the lack of a transparent, participatory and consistent procedure being followed when conducting such investigations. Therefore, the PUCSL finalized the preliminary steps to issue guidelines to be followed by distribution licensees during such investigations which will increase the transparency of the procedure.

Guideline on Notice for Disconnection of Electricity Supply

The guideline was prepared to minimize the issues arise due to the notice of disconnection between consumers and licensee. The guideline provides the consumer and licensees with ways and means to carry out a disconnection on the request of a tariff customer, failure to provide a security deposit, failure to pay electricity bills and any other charges due to licensees, failure to pay monthly installment, using appliances that interfere with others supply, using electricity in a dangerous or unsafe manner, on any emergency and etc. and provides insights to how to carry out and reconnection and addresses the dispute resolutions. The guideline was finalized by the year 2018.

Amendments to Wayleave Guidelines

Sri Lanka Electricity Act requires licensees to obtain wayleave from any landowner to install or keep installed any electrical line/pole. Further, the Act also says, the landowner can request the licensee to remove/ shift the electrical pole/line installed in his/her land.

‘Wayleave’ guidelines give clear directions to the licensee on the occasions of installing an electrical pole or a line, under, over or at a land, owned by a consumer and directions for consumers in occasions of removing or relocating an electric pole or a line.

Due to the increase of complaints of this category PUCSL decided to amend the existing guideline and the first draft of the amended guidelines was presented at the regional public consultation for stakeholders to comment.

The consultation process started in the month of March 2018 and ended in December 2018. The comments that were received in the regional public consultation process were documented at the end of 2018 and the guideline was amended accordingly.

Guidelines on Shifting/Removing Poles/Lines erected on Public Roads/Places

PUCSL decided to introduce a guideline specifying the measures should be taken when shifting, removing poles and lines erected in public roads and places due to the increase of consumer complaints. Electric poles and lines are laid by service providers (CEB and LECO) on private roads/places as well as public roads/places.

Island-wide public consultations were carried out to identify the issues in depth and it was identified that,

- Electrical poles/lines that have located irregularly on public roads/places are creating difficulties for road users.
- Electrical poles that have erected on public roads disturb entrance to private lands.
- Even though roads get widen (mostly with the financial assistance from the Government or donor agencies), already located electrical poles and lines have not shifted accordingly.
- When road users request service providers to shift electrical poles/lines to edge/border of the road, service providers used to issue estimates for road users/consumers. But they reluctant to pay as the pole/line located on public roads/places, not in their private lands or roads.
- Service providers do not shift electrical poles/lines until shifting charges are paid.
- In certain places, service providers find it difficult to identify a practically suitable new location(s).

Sri Lanka Electricity Act No. 20 of 2009 as amended by Sri Lanka Electricity (Amendment) Act No. 31 of 2013 explain the legal provisions on locating electrical poles/lines as well as removing/shifting of such lines on private lands/roads and based on such provisions, PUCSL developed guidelines on shifting/removing electrical poles/lines on private lands/roads.

Incorporating of Charges Due in the Monthly Statement of Account

Distribution Licensees (DLs), CEB and LECO have the right to recover any charges due with respect to the

supply of electricity to any premises or the provision of any electricity meter, electric line or electrical plant for the purposes of that supply or agreements entered with tariff customers in relation to consumption and usage of electricity.

The statement of account only informs the tariff customer the quantity of the electricity he/she consumed and the amount of charges to be paid by him/her to the DLs for such consumption and monthly installments related to connect and supply of electricity to his/her premises etc. as well as other monthly installments (where the service provider has granted such facility) related to supply of electricity at his/her premises. As per section E (3) (e) of part II of Rights and Obligations of Electricity Consumers (ROEC), every consumer has a right to know the breakdown of the total charges due to DLs. Therefore, PUCSL finalized the guideline including charges payable with regard to connection and consumption of electricity, charges payable as the security deposit, charges payable as monthly installments associated to supply of electricity and dispute resolution process to incorporate a breakdown of all charges due by the tariff customer by way of issuing a monthly statement of account or notice in writing.

Procedure to Supply Electricity Connection to the Consumers in Block-out Lands

Land sellers are required to provide electricity for the blackout land when selling. However, PUCSL found out that lands under the Urban Development Authority (UDA) have a legal requirement of providing the electricity for every selling land block. However, this does not cover the block - out lands under local government. Stakeholders have made complains to PUCSL with regard to the difficulties they face in getting an electricity supply into these lands. PUCSL held a meeting with UDA and officials of local governments in order to develop a legal framework or amend the current legal framework enabling the providing of electricity facility as a must for all the block -out lands.

Implementation of Commercial Quality Regulations

In 2018, PUCSL had the discussion with both CEB and LECO in order to implement the adaptation stage of the Commercial Quality Regulations published in the Gazette Notification No. 1975/44 of 13.07.2016. Data from CEB and LECO was requested in order to monitor the adaptation of the regulation. When the regulations are fully implemented, the licensees are compelled to perform their customer services according to the targets committed by themselves or otherwise to pay compensations to customers for under-performance. Implementation of the regulation will increase the productivity of the licensees and will increase the conveniences of the customers as well.

Amendment to the Supply Services Code

Supply Services Code outlines the relationship that a licensee (CEB or LECO) as the service provider have with the tariff customer. It is a guide to the standards and duties that a licensee is statutorily required to comply in terms of the Sri Lanka Electricity Act no. 20 of 2009. The Supply Services Code also tells the tariff consumer what a licensee will do for the customer and how the tariff customer can be of assistance to the licensee. The Supply Service Code should be amended from time to time in order to accommodate the changes in the industry and consumer patterns. Therefore, the PUCSL held discussions with CEB and LECO and guided them on the amendment of the Supply Service Code.

Policy Advice on Managing the Safety Clearances of Transmission Line Corridors

The transmission licensees face various difficulties with respect to their routine activities such as inspections, maintenance and attending of breakdowns in transmission lines with unauthorized and unsafe constructions along the line corridors. Therefore, it is needed to specify minimum safety clearances between the power lines and buildings/structures to ensure safety for lives and properties of the general public and system reliability of licensees (CEB and LECO). In 2018, A steering committee was formed including CEB, LECO, Ministry of Provincial Council & Local

Government, Commissioners of local government (Western, Central and Southern provinces and Colombo, Kandy and Ratnapura Districts) and Urban Development Authority to formulate the policy advice and preliminary measures were taken to prepare the policy advice.

Guideline for Power Failure Investigations

In case of major power failures, the PUCSL investigate and also direct licensee to submit their findings on the failures. To conduct systematic 'Power Failure Investigations' (PFI), the investigators have to be in line with industry accepted procedure, so that the investigation become successful and complete. Therefore, in order to prepare guidelines directing the investigation of the electrical inspectors, PUCSL reviewed all the past investigations conducted and studied the views and recommendations from other utility regulators in the world with regard establishing a framework to conduct investigations. PUCSL completed the literature survey and preliminary measures to draft the guideline.

Periodical advice on Short-term Energy Security Issues

The combination of rising oil prices and increasing domestic demand for energy in middle-income Sri Lanka places a higher premium on achieving energy security. The concept of energy security involves the association of national security and the availability of natural resources for energy consumption. PUCSL planned to identify short term risks to the continuity of power supply which will ultimately inconvenience to consumer and the economy of the country. In 2018, PUCSL analyzed and prepared the reports of energy security for the months of January, February, March, April based on the data submitted by the licensees. The report contains the risks to the electricity supply and advises to the licensees on the mitigation plan were published and communicated to CEB and LECO.

Also, PUCSL launched a programme with the cooperation of Bulk Customers who own on-site generators to obtain their contribution during temporary

shortages of system's energy supply, minimize scheduling planned maintenance of any large generator units in March-May period, where system annual peak demand usually occurs and etc.

Implementation of Transmission Performance Regulation

The transmission performance regulation requires Transmission / Generation licensees and PUCSL to identify the present level of performance and gradual improvement of the performance through setting performance targets. Preliminary measures to implement the regulation was completed.

Implementation of Electricity Distribution Performance Standard Regulation

This regulation contains three implementation stages. Out of that, the first stage (preliminary stage) of the regulation was completed with respect to LECO. Accordingly, LECO submitted a report including the following and PUCSL approval was granted.

- Distribution system segregation
- Required additional resources and associated cost for the implementation of the regulation

Further, LECO started their measurements with respect to Power Quality and Supply Quality and LECO expected to submit them by the first Q of the year 2019. PUCSL also modified the LISS in order to accept those data.

Guideline to Prepare the Business Plan of Distribution System and its Monitoring Mechanism

PUCSL held discussions with LECO with this regard and commonly agreed for the basic structure of the said Business Plan. The content and basic framework were finalized.

Procedure for Conducting Public Hearings and Public Consultations

Public hearing is the mechanism prescribed under Section 18 of the Public Utilities Commission of Sri Lanka Act, No. 35 of 2002 for the PUCSL to discharge the functions assigned to it by or under that Act or any other industry Act, where the PUCSL deems necessary in the public interest to investigate or determine any matter with participation of interested parties or persons.

Stakeholder Consultation is the mechanism prescribed under Section 17 (b) of the Public Utilities Commission of Sri Lanka Act, No. 35 of 2002 for the PUCSL to discharge the functions assigned to it by or under that Act or any other industry Act, where the PUCSL deems necessary to consult, to the extent the PUCSL considers appropriate, any person or group who or which may be affected, or likely to be affected, by the decisions of the PUCSL.

The procedures for both public hearing and the stakeholder consultation were prepared in compliance with the respective acts. Accordingly, future public hearing and public consultations would be conducted in compliance with these guidelines.

Format for Dissemination of Commission's Decisions

PUCSL prepared a standard format to disseminate the Commission's decisions to make it more transparent to all the parties and will be implemented in 2019.

Approval for Generation Licenses and Exemptions

The Sri Lanka Electricity Act, No. 20 of 2009 makes it mandatory to obtain the approval of the PUCSL for any party planning to establish or operate an electricity generation plant. Accordingly, generation licenses are issued by the PUCSL to all parties producing electricity in the country. The CEB remains the largest generation licensee. In 2018, PUCSL received 36 applications to obtain licenses to generate electricity. 10 applications

were processed and other applicants were requested to submit further information. PUCSL also received 15 applications to obtain exemptions. PUCSL processed 08 applications while other applicants were requested to submit more information.

Procedure for Processing Applications on Licenses and Exemptions

It is a must to update the applications and procedures in order to incorporate the changes in the industries. In 2018, PUCSL prepared the draft procedure for processing applications for licenses and exemptions, making each institute or people involved responsible for timely application and issuance of licenses and exemptions.

License Information Submission System Administration

License Information Submission System (LISS), was established to cater to the information requirement of PUCSL for regulatory purposes. In 2018 PUCSL prepared the templates to obtain data related to Distribution Performance Regulation (power quality and supply quality), templates to obtain data related to Net Meeting, Net Plus and Net Accounting schemes

Consumer Consultative Committee and Establishment of National Consumer Network

Consumer Consultative Committee (CCC) was established to obtain inputs from grass root issues of the consumers related to industries that come under the regulatory purview of PUCSL and advice the PUCSL on appropriate standards, monitor whether the needs

of consumers are being satisfied, promote awareness of standards prescribed by the Commission. In this context, CCC regularly meets every month and discuss consumer issues in Electricity, Petroleum and Water Services. Under this, only one member is appointed for one province. Since it is difficult for one member to identify all the issues in a province, in 2018, PUCSL established 27 consumer societies and formed a National Consumer Network for CCC members in order to get maximum public involvement in the decision-making process. These consumer societies made a successful contribution to the public consultations of the PUCSL.

Electricity Consumer Complaints

Electricity consumers are entitled to receive a fair and reasonable response from the electricity service provider (CEB / LECO), refer their issues arise with regard Electricity Bills, Calculation of electricity consumption, Electricity tariff category, Electricity meter, Power lines going over consumer's land, Damage to consumer's electrical equipment due to power fluctuations, etc. However, if the initial step failed or if the consumer is unable to get a satisfactory response, the consumer can make a complaint to PUCSL. In 2018, a total of 450 complaints were facilitated.

Statistics show 38 per cent of consumer complaints were on way leave, 12 per cent on new electricity connections and 11 per cent complaints were on electricity billing related issues. The following table shows the categories of the complaints received by the PUCSL in the year 2018.

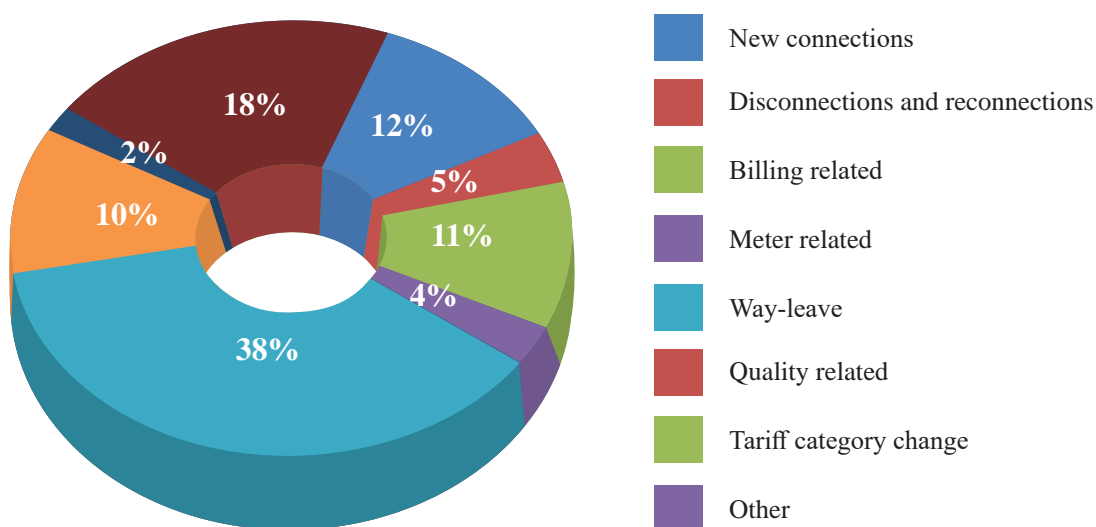
Table 02- Categories of electricity complaints

Category	Total
New connections	56
Disconnections and reconnections	21
Billing related	50
Meter-related	16
Way-leave	173
Quality related	46
Tariff category change	7
Other	81
Total	450

Consumer Disputes

Rules on Dispute Resolution Procedure is a set of written and gazette rules which describe the procedure adopted by the PUCSL in resolving disputes of the electricity consumer with regard to the electricity supply. Disputes arise between a licensee, and a consumer or another licensee; or any other affected party can refer to the PUCSL, to get the dispute resolved under the Electricity (Dispute Resolution) Rules prescribed by the PUCSL. Only 02 cases were identified as disputes for the year 2018. However, only one case was resolved and issued a settlement certificate, while the other case was not resolved due to the non-participation of CEB in the process.

Categories of Electricity Complaints - 2018



Towards Affordable Price for Consumers and Sustainable Financial Stability for Licensees

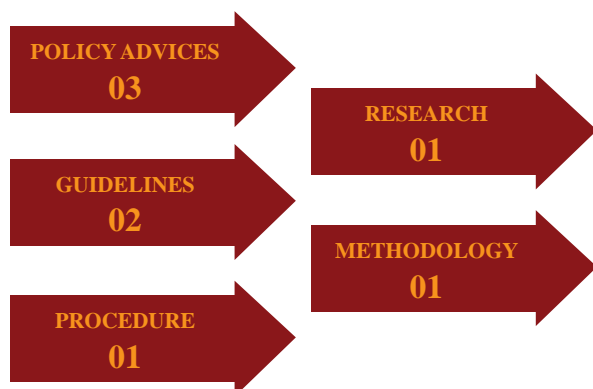
Affordable price is the biggest goal a utility can achieve while maintaining sustainable financial stability. It is the regulator's duty to facilitate both requirements through a regulatory framework.

The CEB's financial performance showed weak in the year 2018 due to the losses incurred on the account of high-cost thermal power generation. According to the unaudited provisional financial statements, the CEB recorded a loss before tax of Rs. 28.9 billion in 2018, in comparison to Rs. 46.0 billion loss in 2017 – Source: Annual Report 2018 of Central Bank

Higher transparency in the accounts will allow to identify the issue/s and will help the regulator to prepare specific measures to minimize the losses of the utility provider. Ultimately, the consumer will be benefited through reduction of losses.

In 2018, PUCSL carried out a number of activities to improve the affordability of the price and to establish sustainable financial stability for the licensee.

Our Achievement for the Year 2018



Survey on Electricity Affordability

Reliability of data on electricity affordability plays a vital role in an end user tariff design and is essential for the successful realization of policy objectives associated with the tariff design. However, the currently available data on electricity affordability are from early as 2011 and do not adequately reflect the demographic and socio-economic changes that have taken place over the years. PUCSL completed preliminary work with regard to the policy advice to the Government on tariff structure.

Policy Advice on Short-Term Impact of ‘Generation Mix’ and Fuel Prices on Generation Costs

The dispatch cost contributes a major part of the overall electricity costs that go into tariff and therefore any changes in fuel prices or short-term changes of generation mix results in a significant variation of overall electricity costs. PUCSL studied the forecast dispatch cost from 2018 to 2020 for different possible generation mixes, the fuel price pass-through dispatch costs and completed the draft report. Once the report is finalized, policy advice with this regard will be issued.

Revision of Tariff Methodology

The Tariff methodology has been approved by the PUCSL in December 2011 and it was amended in November 2015 to accommodate the industry changes. The system provides higher transparency

to the electricity tariff. It was identified that there are some areas in the tariff methodology that are not fully functional and may need revisions through an expert. PUCSL finalized the initial study and work in preparing the consultation document on tariff methodology.

Policy advice on Time of Use (ToU) tariff model for domestic consumers

The night-time peak demand drives the sector investments and hence has become a major target area for Demand Side Management programmes aimed at energy conservation and efficiency improvement. TOU is perceived as a major tool to curb peak demand. PUCSL identified that the prevailing TOU tariff has not been derived after load research and not attractive among the consumers.

Therefore in 2018 PUCSL completed a research study on the optimum time of use tariff for domestic consumers which will turn in to policy advice to the Government. It was identified that a full cost-reflective TOU tariff will result in large fixed charges and thus a policy intervention is required to attract consumers for this tariff.

Review of Allowed Charges

Electricity tariff is not the only charge that is to be charged from the consumers. There are other instances where the consumer is in need of services from the Transmission Licensee and Distribution Licensees. Basically, these services include new electricity supply connection, services in relation to an electricity supply already provided (Energy meter testing, Installation testing, Pole shifting, etc.) and any other services which the Licensees are required to provide at the request of a customer. To supply these services, the licensee has to bear a certain cost and therefore the consumer should be charged in a fair manner. These charges are known as Allowed Charges and PUCSL review the charges in every year. In 2018, PUCSL reviewed and approved the allowed charges of LECO.

Regulatory Accounts of 2017

In terms of Section 15 of the Public Utilities Commission

of Sri Lanka Act, No. 35 of 2002, the PUCSL has the power to request any information, books and accounts or other documents from a licensee. Further, in terms of Condition 9 (2) and (3) of the Generation Licences as well as Condition 8 (2) and (3) of the Transmission & Bulk Supply Licence and Distribution & Supply Licences issued by the PUCSL, required to keep separate accounts for the respective business.

Furthermore, in terms of Condition 3 (1) and (2) of the Generation Licences, Transmission & Bulk Supply Licence as well as Distribution & Supply Licences, licensees are required to furnish in such manner and at such times as the PUCSL may require such information and reports as the PUCSL may consider necessary for performing its' functions, including accounting information which is more extensive than or differs from the statutory accounts submitted by such licensees and may be of any description and any format specified by the PUCSL.

In view of the above, guidelines on the preparation of regulatory accounts were formulated and issued in May 2016 and training on implementing the said guidelines was provided in July 2016 to employees nominated by the CEB and LECO. Further, as requested by the CEB, arrangements were made to clarify issues as and when they crop up during a pilot run as well as actual implementations of the guidelines. The Ceylon Electricity Board submitted the first set of regulatory accounts (2017) in 2018. The PUCSL commenced the process of auditing and reviewing the accounts submitted by CEB.

Guidelines and Templates for Tariff Filing Based on Regulatory Accounts

Licensees file tariffs for the approval of the regulator. With the introduction of regulatory accounts, the need aroused to formulate a new guideline and templates to support licensees to submit and prepare the tariff filing based on the regulatory accounts. In 2018, an in-depth study was carried out to identify areas for the new guidelines and preliminary measures were taken to prepare the guideline.

Technical Guidelines and Minimum Standards Electric Vehicle Charging Stations

With the regulatory powers given to PUCSL to regulate electrical vehicle charging stations, PUCSL identified that there is a lack of technical instructions to be followed by the charging stations and lack of standards. Therefore, PUCSL conducted a stakeholder consultation and developed Technical Guidelines and Minimum Standards for the importing or manufacturing Electricity Vehicle (EV) chargers.

The Technical Guidelines and Minimum Standards cover the general aspects of Electric Vehicle charging which introduces charging modes, interface definitions, and interface types as specified in the relevant IEC standards, minimum standards for each model of charging systems, technical guidelines to be followed for protective device, plug and socket outlet, extension unit, circuit, type of test certificate and etc. The guidelines were circulated to all the key stakeholders for implementation.

Supply Tariff Methodology for Exempted Persons

In terms of the Sri Lanka Electricity Act, No. 20 of 2009 as amended, a Certificate of Exemption is issued to persons such as condominiums, shopping malls, industrial parks etc., who purchase electricity in bulk from electricity distribution and supply licensees for re-distribution and supply to their tenants. Further, in terms of Condition 19 of the Certificate of Exemption, an exempted person is required to prepare a tariff schedule in accordance with a methodology approved by the PUCSL and submit such schedule for approval by the PUCSL prior to charging their tenants.

In 2018, PUCSL introduced a tariff methodology for exempted persons after consulting such exempted persons in the industry. The new tariff methodology standardizes the preparation of the tariff and streamlines approval of the tariffs being charged by exempted persons from their tenants.

Procedure to Review the Least Cost Long-Term Generation Expansion Plan

The generation planning is carried out according to the guidelines issued by the PUCSL to the transmission licensee. The guidelines lack a procedure for timely preparation and approval of the plan. Therefore, PUCSL prepared a procedure to make each and every person involved in preparing the plan responsible for a timeline and scope in order to make sure timely approval and implementation of the plan to ensure energy security and continuous electricity supply.

Policy Advice on the use of Stand by Generators in the Government Institutions

Sri Lanka's electricity supply is challenged for many years due to non-implementation of long-term generation expansion plans, drought situations and non-reliability of major power plants and increasing electricity demand. Therefore, PUCSL made policy advice to the government in 2018 recommending to use all the installed generators of the government institutions as stand by generator when the grid fails or when there is a load shedding due to a power shortage. The total installed standby generator capacity is estimated to be about 1500 MW, out of which about 500MW is having more than 1MW capacity per generator. Government institutions along have the capacity of 200MW of stand by generator capacity that can be used as in power shortages.

Based on the recommendations of PUCSL, Cabinet of Ministers decided to direct all state institutions who have stand by generators (unit size more than 200kVA) to install synchronizing equipment in conformity within the CEB specifications and technical parameters and to allow CEB to purchase electricity from government agencies without a tender procedure. A cabinet committee would be deciding the purchasing prices.

The Cabinet also directed CEB to immediately enter into power purchases agreements to procure electricity from stand by generators owned by the Government institutions during peak demand and emergency situations at a cost-based tariff approved by the PUCSL. PUCSL was also asked to issue a category exemption to stand by generators to sell electricity to CEB.

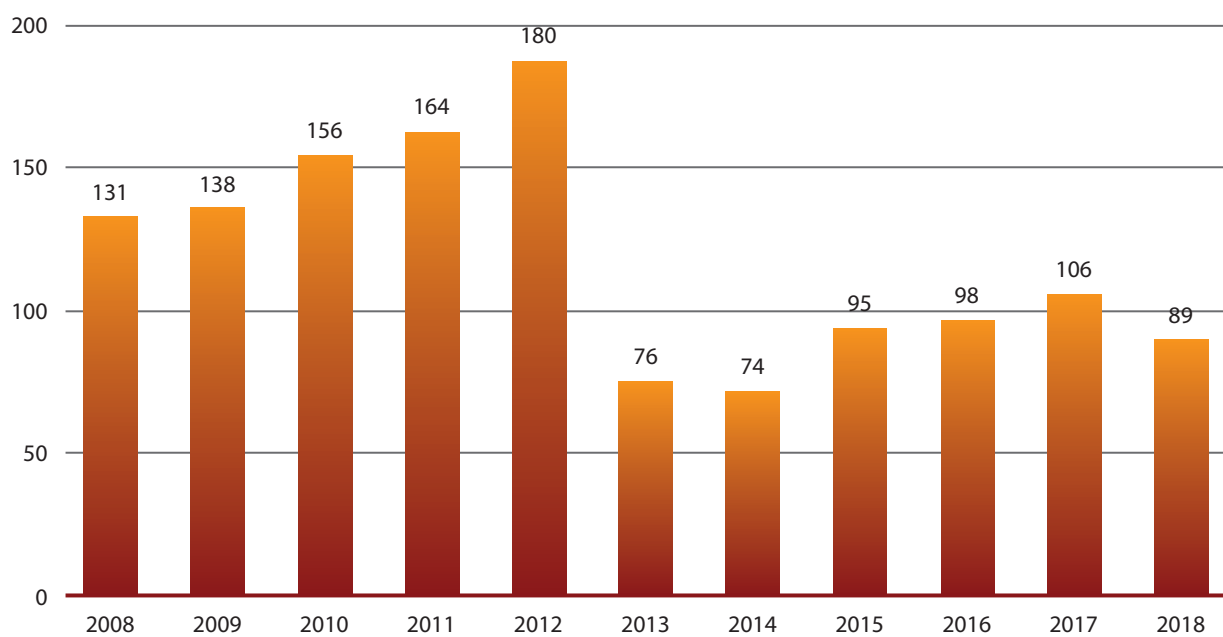
The Cabinet Decision directed CEB and LECO to centralize procurement of electricity from the stand by generators by providing technical assistance for installation of synchronizing equipment's complying with distribution code, commissioning of the interconnection installation and manage purchase of electricity from stand by generators as and when required and asked CEB to develop power purchase scheme to procure electricity from private stand by generators in consultation with PUCSL.

Improved Safety of Every Living being and Properties of General Public, Licensees & Operators

The number of electrocutions reporting per year in Sri Lanka is very high compared to the international benchmarks associated with electrocution, the Electrocution Analysis in Sri Lanka (report) by PUCSL revealed. The international benchmarks associated with electrocution is only one (01) electrocution for hundred thousand people, per year.

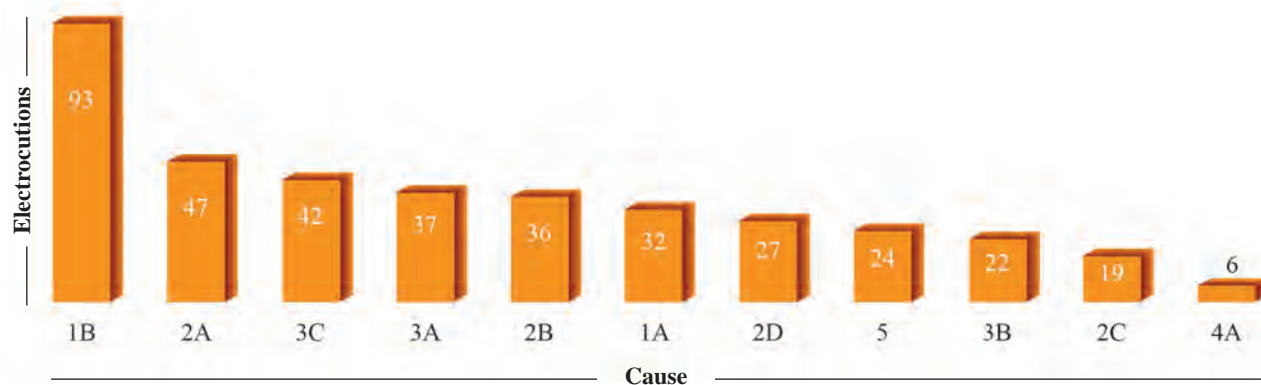
Sri Lanka has reported 89 electrocutions in the year 2018 compared to 107 electrocutions in the year 2017, the electrocution analysis report revealed. The following graph shows the electrocutions in Sri Lanka for the past 10 years.

Electrocutions in Sri Lanka



Illegal power tapping to kill wild animals or for cultivation safety is the major cause for electrocutions in Sri Lanka and Usage of damaged/broken/insulation failed electrical appliances had also cause electrocutions in the country.

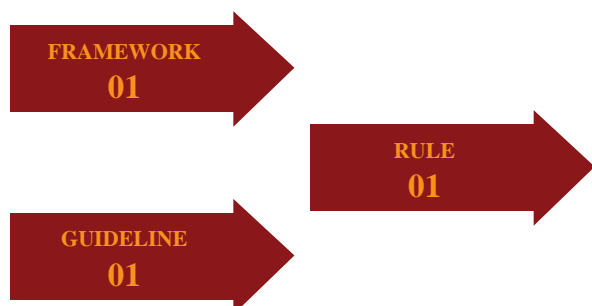
Causes of Electrocutions 2015 - 2018



Code No	Cause of electrocution
1	Illegal power tapping
1A	Get electricity supply illegally from the main power line
1B	Draw power lines illegally to protect cultivation or kill wild animals
2	Working Under Unfavorable Environment
2A	Usage of damaged/broken/insulation failed electrical appliances
2B	Unsafely drawn electrical lines away from the house (well/water pump)
2C	Touching/removing fallen power lines
2D	Improper/unsafe wiring (installation) and bad maintenance practices
3	Mistakes and Carelessness
3A	Activities near power lines
3B	Small scale electric repair work at the home/ workplace
3C	Plugging/connecting electricity appliances
4	Licensee side faults
4A	Violation of proper installation procedures by the licensee
5	Other Cause or Cause not reported

PUCSL has taken various actions to address the above disastrous condition of the country with a goal of reducing the number of fatal electrical accidents to improve the safety of every living being and properties for the general public, licensees and operators.

Our Achievement for the Year 2018



National Framework for Licensing of Electricians

In 2018, PUCSL proposed a mechanism in collaboration with the Institution of Engineers Sri Lanka (IESL), Tertiary, Vocational Education Commission (TVEC) and Construction Industry Development Authority (CIDA), CEB and LECO to establish an accepted professional status for electricians in the country through accrediting their qualifications and experience which ultimately increase the safety level of households and properties.

It is estimated that Sri Lanka has about 21000 electricians and data show that only a few of them are qualified in National Vocational Qualification (NVQ). Most of the wiring and maintenance of the households and other premises are carried out by electricians who have no recognized qualifications but have experience through practice. This situation can lead to unsafe electrical wiring at households and premises.

With the introduction of the mechanism, all the electricians will be issued a temporary license which will be only valid for three (03) years, to continue their work. For those who are qualified with National Vocational Qualification 3 (NVQ 3) and above, can obtain a permanent license from CIDA within a day, after proving their knowledge at the evaluation facilitated by the Evaluation Panel.

For those who are not professionally qualified, but have hands-on experience, are given the opportunity to prove the competency and to qualify for NVQ levels through a process facilitated by CIDA, so that they can apply for the permanent license. With the permanent license,

electricians can design, wire, test, the installation of domestic wiring (30 amps Signal phase) and issue a certificate to get the electrical connection which is accepted by CEB and LECO.

According to the proposed mechanism, it is a must to produce the certification of an electrician with the permanent license, which states that the installation was designed, wired and tested to receive the electrical connection to a domestic (up to 30A, single phase). Electricians with permanent licenses can also carry-out the wiring, testing and installation of the three phases 30 amps & 60 amps installation, subject to the design by a chartered engineer.

The proposed mechanism will also provide a career ladder for the electricians, according to their professional level and expertise, starting from apprentice, junior electrician, senior electrician, master electrician and utility electrician. The utility electricians are recognized to install and maintain the distribution lines of 1000 Volt to 33000 Volt.

PUCSL held a public consultation with all the stakeholders including electricians, institutions, government authorities, electrical manufacturers and importers, researches and public on the proposed mechanism for licensing of electricians. More than 500 people participated from around the country to the consultation process and more than 30 written comments and 45 oral comments were received by the PUCSL at the consultation process. With incorporating the respective public comments, the proposed mechanism for licensing of electricians was further improved and PUCSL planned to submit the mechanism for the consent of the government for implementation.

Recommendation of Sanctions

In terms of Subsection (3) of section 48 of Sri Lanka Electricity Act (As amended) the Officers in charge of Police stations to institute proceedings in a Magistrate court for an offence committed under sections 49 and 50 of SLEA. The written sanction of PUCSL is required for each and every prosecution instituted in courts, in terms of subsection (4) of Section 48 of SLEA.

PUCSL carefully reviewed the illegal electricity extraction incidents and improper use of electricity and recommended sanctions for the prosecution. The data shows that there is a gradual reduction of illegal electricity extraction incidents in the year 2018 compared to the previous years.

Y 2016	Y 2017	Y 2018
973	858	777

Inspections

PUCSL receives requests directly from stakeholders and the public to carry out inspections regarding issues such as power quality, safety and energy efficiency. In line with the requests, the PUCSL has carried out relevant site inspections to obtain evidence and measurements that are indispensable for dispute handling. Accordingly, PUCSL carried out 01 inspections, 03 investigations and 39 consumer complaints.

Guideline to Ensure Safety and Reliability of MV Lines

Unforeseen structural failures of the medium voltage distribution network in Sri Lanka has become a key factor leading to power outages as well as electrical safety of lives, properties, equipment accessories.

Many circumstances might occur (e.g. weather conditions, installation problems or the faulty selection of protector, etc.) which can make the existing protective schemes ineffective, or even to endanger the operational safety of the network. Hence, it has grown into a prime requirement to establish a better long-term technical and economic balance from the aspect of protection of the network and economical solution for the protection of medium voltage overhead lines.

Therefore, PUCSL appointed an expert committee to investigate and submit relevant proposals to address the issue. After in-depth studies and the recommendations of the committee the draft guideline was finalized.

Rule on Periodic Inspection on Domestic and Retail Customer Installations

The electrical installation plays a key role in the electrical safety of a household or a premise. PUCSL has identified that 50 per cent of electrical accidents takes place due to improper maintenance and deficiencies of an electrical installation. These electrical installations should be inspected and tested at regular intervals to assure that the installation is in a safe and in a satisfactory condition for continued use. Such safety checks are commonly referred to as 'periodic inspection and testing'.

PUCSL completed the preliminary stage and appointed a steering committee to formulate the rule.

Implementation of National Standard for Plugs and sockets in Sri Lanka

In 2016, based on PUCSL's recommendation the Government decided to implement a single standard for plugs and sockets for Sri Lanka. Accordingly, the type G (widely known as the 13 amperes plug and socket) was adopted as the unique and single standard for plugs and sockets in Sri Lanka.

In 2018, the implementation of National standard for plugs and socket outlets in Sri Lanka reached another milestone as the country banned sales of non-standard plugs, sockets, adapters, electrical appliances without square pin plugs from 1st of January 2019. Accordingly, Sri Lanka cannot import, sale, store and manufacture non-standard plugs and socket outlets (round pin) other than 13 A, Type G plug and socket outlet for the domestic market. PUCSL actively worked with consumer affairs authority, department of import and export control, importers and manufacturers to smoothly implement the standard.

PUCSL also conducted a wider awareness campaign during 2018 to aware the stakeholders to help in a smooth transition.

AWARENESS IS THE KEY TO MITIGATE ELECTROCUTIONS

15 AWARENESS PROGRAMMES TO EDUCATE CHILDREN AND PUBLIC

Electrocution Mitigation Program

Protect the public from danger arising from the generation, transmission, distribution, supply and use of electricity is one of the main objectives of the PUCSL stipulated in Section 4(1) (e) of the Sri Lanka Electricity Act No. 20 of 2009. According to the statistics of the electrocution reports, PUCSL has identified unawareness of the people about the danger of the electricity is one of the major issues for electrical accidents.

Therefore, PUCSL continued its awareness programme to educate the public on electrical safety in the year 2018 with the aim of ensuring the safety of lives through reducing electrical accidents.

PUCSL successfully completed held a safety poster/essay/short movie competition island wide for school children to educate them about the danger of unsafe use of electricity and held an electrical safety day with a participation of more than 500 school children and parents.

PUCSL also participated in 05 exhibitions to educate the public on the safe use of electricity and conducted 13 awareness programmes in schools in Dambulla, Kekirawa and Habarana, 02 awareness programme in Sri Lanka Police.

As another measure to aware public PUCSL advertised on electrical safety using traditional and non-traditional media and carried out a poster campaign in public places in order to strengthen the knowledge of the public about the causes for electrocutions and how to have an electrically safe environment.

Improved Environmental Conditions for Humans, Animals and Plants

Electricity generation, transmission and distribution can affect the environmental conditions of every living being. Each of these components can have environmental impacts at multiple stages of their development and use including in their construction, during the generation of electricity, and in their decommissioning and disposal. These impacts also include operational impacts (fuel sourcing, global atmospheric and localized pollution) and construction impacts (manufacturing, installation, decommissioning, and disposal).

The variety of fuels used to generate electricity have some impact on the environment. As an example, Fossil fuel power plants release air pollution, require large amounts of cooling water, and requires large extracts of land during the mining process.

In 2018, PUCSL looked at ways and means of how to improve the environmental conditions for humans, animals and plants and to establish a sustainable environment for everyone.

Our Achievement for the Year 2018



Policy Advice on the Establishment of Service Corridors for Newly Constructed and Rehabilitated Roads

Overhead electrical power lines pose a threat to life and properties, especially in urban and congested areas. The medium voltage and low voltage power lines are generally routed along the roadsides on poles. Therefore, buildings in these areas must maintain a safe distance for the safety of lives and properties. On the other side, this requirement causes loss of highly valuable land corridors for the public, construction spaces and aesthetics.

PUCSL identified that underground service corridors provide a better solution for utilities to route their lines in a safe manner without disturbing the public, especially in city areas. In 2018, PUCSL completed the literature survey, reviewed the relevant Acts such as National Thoroughfares Act, Road Development Authority Act (and amendments), Urban Development Authority Act (and amendments) and formulated the draft policy recommendation to the Government. The draft recommendation was forwarded to the key stakeholders to obtain their comments to further improve the policy advice.

Study on External Cost of Thermal Power Generation in Sri Lanka

Power generation impacts a range of costs due to local air pollution, water pollution and other adverse impacts to the local and global environment by releasing toxic materials in addition to the climate change impacts from GHG emissions. These external social and environmental costs which are known as externalities

are unaccounted costs originated as a result of impacts on climate, human health, crops, structures and biodiversity. These costs are inevitable with different types of power generation technologies in different scales while coal-based electricity generation known to be the worst amongst the fossil fuel technology options. Therefore, unless these costs are properly identified and quantified in monetary terms, there is limited opportunity to select the least cost technology. In view of estimating the external cost of thermal power generation in Sri Lanka, the PUCSL launched a study in 2018 and completed the draft report of the study.

Techno-Economic Study on Optimal Integration of Solar PV in Sri Lanka

Photovoltaic energy considered as one of the most promising renewable energies for Sri Lanka. It is freely available, environment-friendly and requires less maintenance. The annual average solar irradiations in the country reach 4.4 to 5.6 kW/m²/day¹. Harvesting of photovoltaic energy will lead to economic, social and environmental benefits. Several studies have been carried out for integration of non-conventional renewable energy into the Sri Lanka national grid. These studies have proposed many recommendations to increase the share of NCRE power generation. However, these studies have not been adequately addressed the techno-economic aspects of integration of rooftop solar PV via the Net-metering methods introduced by the “Battle for Solar” program launched during September 2016.

In this context, PUCSL started to conduct a techno-economic study on optimal integration of Solar PV into the Sri Lanka National grid and completed the draft report in 2018. The study determines the technical and economic impact of the integration of solar PV into distribution and transmission networks through the various methods introduced and estimate the short term and long-term economic impact on the country with the different level of solar PV integration.

Guidelines on Rooftop Solar PV Installation for Solar Service Providers and Utility Providers

The Government expected to add 200MW of solar electricity to the national grid by 2020 and 1000MW by 2025 through Battle for Solar Power initiative. More than 200 solar service providers were registered in Sri Lanka Sustainable Energy Authority (SLSEA) in the year 2018, having created over 1,500 direct and 3,600 indirect employment through the industry, thereby contributing to the Sri Lankan economy as an emerging economic subsector. Hence sustainable development of the solar PV industry needed to be ensured by standardising the quality of installations by confirming the quality of the equipment and workmanship while ensuring the safety of the people and properties.

With the aim of achieving sustainable development of the industry, guidelines and best practices for the installation of rooftop solar PV systems in Sri Lanka were prepared by the PUCSL in the year 2018.

Guidelines on planning and installing rooftop PV systems was introduced targeting the solar PV manufacturers and sellers and guideline on the interconnection of rooftop solar PV power generating facilities at Low Voltage Consumer Feeders of National Grid were also introduced.

Research on Full Potential of Solar PV in Sri Lanka

Development of renewable energy around the world has shown enormous growth in the recent past. Limited deposits of fossil fuel, global warming and GHG emission have significantly influenced the world to rethink on the usage of fossil fuel for future use. However, the potential of solar power generation in Sri Lanka is one of the areas that needed research. PUCSL finalized the inception report and commenced the in-depth study report.

Water Services Industry

Access to water and sanitation is crucial for enhancing the livability of Sri Lanka. According to the Demographic and Health Survey - 2016, conducted by the Department of Census and Statistics the household's access to water services are as follows:

	Urban	Rural	Estate
Improved Sources of Water	98.7	91.0	43.0
Tap borne water	73.5	28.3	19.2
Protected well, tube well, CBO	25.2	62.7	23.8

Demographic and Health Survey -2016

Improved water sources are defined as sources that are protected from the exterior and water source is adequate if it is within 200 meters of households' premises and yields at least 40 litres per person per day. However, the representations made during the public consultation on water services indicate that access is inadequate since water and sanitation services can be too far away or insufficient to meet the household's needs. Significant investment in both rehabilitation and Greenfield will be necessary to ensure the supply of water services in the country. The key challenge ahead is to maintain the achievements of the past while extending services to a growing population and to people not yet serviced. With fiscal consolidation initiative of the Government, there is a limit that the Government could directly fund for water projects. Hence, cost recovery is paramount important now.

The performance of the National Water Supply and Drainage Board (NWSDB) has improved remarkably in the recent past, but there are still areas for improvement. However, since average tariffs are below cost, there is a real challenge for NWSDB to meet the customer needs. Hence, a regulatory has a major role to play.

The water services industry is one of the utilities identified in the act to be regulated by the PUCSL. Robust regulation is necessary to protect consumer interest and attract more investment into the water services industry. This is because the pipe network of an urban water supply system displays the features of natural monopoly whereby it is less costly for a single provider to supply services. As a result, customers are

unable to choose between competing water supply companies. In such circumstances, unless there is regulation, the service provider motivates to charge higher prices for providing services at low quality. Thus, external economic and technical regulation is required to safeguard consumer interests.

Water Service Industry bill is being drafted empowering the PUCSL to regulate the water services and once the act is amended PUCSL will be able to fully regulate the industry. In 2018, PUCSL prepared regulatory tools for water services industry as a measure of strengthening the organization and its staff to regulate the industry once the act is passed. PUCSL also worked hand in hand with the institutions related to water service industry in order to uplift the water services industry in Sri Lanka.

Regulation of Water Service Industry

Water Services Industry has been listed in the schedule of the PUCSL act, however, to provide the service as the regulator an industry act to be enacted by the Parliament and assigned the respective powers and the functions to the PUCSL. In this regard, the Ministry of City Planning, Water Supply and Higher Education appointed a sub-committee to work with the Department of Legal Draftsman and provide necessary policy inputs to draft the Industry Bill. Draft water service industry bill has been prepared by the Legal Draftsman and submitted to the Attorney General's Department for their clearance.

Advice on National Policy on Drinking Water and Sewerage

While water service industry act provides a necessary legal framework, government policy on water services also to be conducive to implement the regulatory framework. The expected outcomes of the regulation go hand in hand with necessary changes to existing tariffs setting and resolving consumer issues. The initial draft of the policy has been prepared and to be submitted to the Ministry of City Planning, Water Supply and Higher Education for necessary action.

Develop a Guideline on Minimum Quality of Service Standards for Water and Sewerage Services

Regulatory systems that incentivize the operator to decrease costs also lead the operator to curtail service quality. The regulator may respond to these incentives by regulating service quality. Regulating service quality involves the steps of identifying the preferred (affordable) level of service quality, designing a system for providing the operator with the incentive to offer the service quality. In this regard, Minimum Service Quality Standards were drafted during the year 2018.

National Framework for Licensing of Plumbers in Sri Lanka

PUCSL identified that there is a need to establish a professional status for plumbers to ensure the public gets a quality water service and supply. Most of the plumbers in Sri Lanka lacks technical training but practice with experience. PUCSL also identified that standards should be established with regard to water fittings to ensure quality water for the public.

It is estimated that there is a loss of water approximately 44% in urban areas and 26% in rural areas due to plumbing. The percentages do not include the losses occur beyond the end user meters. PUCSL identified that this loss can be minimized with quality workmanship. Therefore, a trained, competent and skilled workforce

is required to ensure safety, quality and reliability of craftsmanship to cater to the needs of the industry development in Sri Lanka.

PUCSL initiated the work process in this regard and appointed a steering committee including National Water Supply & Drainage Board (NWS&DB), Greater Kandy Water Supply Project (NWS&DB), Department of Labour, Construction Industry Development Authority (CIDA), Tertiary and Vocational Education Commission (TVEC), National Apprentice and Industrial Training Authority (NAITA), Ministry of Skill Development & Vocational Training, Ministry of Education, Vocational Training Authority (VTA), National Contractor's Association of Sri Lanka and The Institute of Engineers, Sri Lanka (IESL). The Committee decided that the Construction Industry Development Authority (CIDA) has the mandated to accredit the skill persons in any craft in Sri Lanka including plumbers and CIDA is now in the process of formulating a framework.

Regulating the Water Fittings Available in the Sri Lankan Market

Water conservation has been identified as a measure for addressing the capital requirement for providing new safe pipe born water supplies. Therefore, the need for regulatory measures for fittings which contribute most to water wastage is identified and decided to be regulated. At present, the importation of float operated valves is being regulated, but there are other critical water fitting items that need to be regulated to safeguard the quality. Therefore, PUCSL consulted key stakeholders to discuss the issues and finalized a consultation document with the areas to be addressed in the water fitting market.

Petroleum Industry

PUCSL has been designated as the regulator for Petroleum Industry in Sri Lanka. Since the amendments to the respective industrial legislations are yet to be passed by the Parliament, PUCSL does not have powers to regulate the petroleum industry.

The Status of the amendments to Petroleum Sector legislations

- Petroleum Products (Special Provisions) Act, No. 33 of 2002 – amendments have been cleared by the Attorney General's Department.
- Ceylon Petroleum Corporation Act, No. 28 of 1961 – amendments have not been finalized by the Ministry of Petroleum Resources Development.

The Attorney General's Department has advised the Ministry of Petroleum Resources Development that the amendments to the Petroleum Products (Special Provisions) Act, No. 33 of 2002, may be enacted on its own pending the enactment of the amendments to the Ceylon Petroleum Corporation Act, No. 28 of 1961.

In the current role, PUCSL advises and assist the Ministry of Petroleum & Petroleum Resources Development and related Government agencies on policy and regulatory matters until the respective acts passed by the Government for PUCSL to regulate the industry.

PUCSL has identified preliminary activities for the year 2019 with regard to the petroleum industry until the regulatory powers come under PUCSL.

Dispute Resolution Rules in Petroleum Industry

Petroleum industry comes under the regulatory purview of PUCSL. However, the respective acts to regulate the industry is yet to be passed by the Parliament. With the anticipation of the PUCSL commences regulation of downstream petroleum industry, and receive disputes seeking solutions from the PUCSL, a rule to resolve the dispute was drafted and forwarded to Legal Draftsman to obtain clearance as the Petroleum Products (Special Provisions) Act is yet to be passed.

Preparation of Rules on applications and templates for licenses, exemptions and authorizations

In 2006, a resolution was passed by the Parliament to include petroleum amongst the industries to be regulated by the PUCSL. Towards this end, in 2012, the then Ministry of Petroleum Industries prepared amendments to the Petroleum Products (Special Provisions) Act, No. 33 of 2002. In terms of such amendments and upon enactment of same, the rules on applications and the templates for licenses, exemptions and authorizations need to be published by the PUCSL to enable existing market participants to apply for licenses or authorizations as applicable to continue their respective activities under the proposed new legal and regulatory regime. Therefore, the said rules and templates were drafted and will be finalized in consultation with stakeholders prior to the enactment of the said amendments.

Lubricant Industry Related Activities

PUCSL is the shadow regulator of the lubricant market in Sri Lanka. In 2018, PUCSL conducted two awareness campaigns for students in technical colleges and finalized the quarterly reports of the lubricant market in the country. PUCSL also held a public consultation on the lubricant market to identify the issues faced by the stakeholder due adulteration of lubricant products, value addition and complaint handling process. With the suggestions received, PUCSL drafted the complaint handling the procedure for the lubricant market.

Public Consultation

Overseeing safety, economic and technical regulations of the electricity industry, with water and petroleum soon to be included under its purview, PUCSL is dedicated to maintaining a fair, balanced and transparent process through public consultations.

The mandate to consult the public is well written in the Act of Public Utilities Commission of Sri Lanka under section 17 (b) and the Electricity Act explaining the process of conducting the public consultation.

Public Consultation plays a key role in the decision-making process of PUCSL and PUCSL use public consultation process in order to improve the efficiency, transparency, and public involvement in large scale projects that impact public, laws and policies.

In the Public Consultation process, opportunities are provided for interested parties to present their views both in written and oral formats. Thereafter, the document containing the responses of the PUCSL with regard to such views and the final decision of the PUCSL will be published.

In 2010, the first public consultation was held when PUCSL introduced the tariff methodology. Since then, PUCSL has successfully conducted and concluded many consultations with the participation of stakeholders. Comments received with relevant to the proposed mechanisms were accommodated to improve the proposed systems and regulatory tools.



National Public Consultation – 2018

Public Consultation on National Framework for Licensing of Electrician in Sri Lanka

Issues of wiring, maintenance and non-standards are the main causes of electrocutions in Sri Lanka. The absence of a licensing regime for electrical technology workers has caused negative implications, with widespread violation of stipulated safety measures & standards in electrical installations.

Therefore, a mechanism to license the electricians of Sri Lanka was developed by PUCSL in collaboration with the Institution of Engineers Sri Lanka (IESL), Tertiary, Vocational Education Commission (TVEC) and Construction Industry Development Authority (CIDA), Ceylon Electricity Board (CEB) and Lanka Electricity Company (PVT) Limited (LECO) to uplift the safety & quality of the electrical installation and establish a professional status for electricians in the country.

In 2018, PUCSL held a public consultation on accrediting and licensing electricians with a view of receiving public expertise and other stakeholder comments on the proposed mechanism relating to the following areas :

1. Categories/classes of a license to be issued and corresponding prerequisite qualifications
2. Eligibility requirements for licenses and the responsibilities held.
3. Suggestions for the structure of the licensing issuance framework and implementation.
4. Accountabilities held by key stakeholders and consortium.
5. Socioeconomic impacts of the licensing issuance framework establishment.

More than 500 stakeholders took part in the public consultation process. Professionals, government institutions, electricians, expertise and public making their submissions at the consultations welcomed the move to certify electricians and to make it a professionally recognized field of employment. All the comments received with relevant to the proposed mechanism were accommodated to improve the proposed system.

Public Consultation on Establishment of Safety & Technical Management Plan for Electricity Industry in Sri Lanka

PUCSL held a public consultation on the establishment of safety & technical management plan for the electricity industry in Sri Lanka with the aim to develop a safety and technical management plan for the distribution licensees (Ceylon Electricity Board-CEB and Lanka Electricity Company (Pvt) Ltd-LECO).

Interested parties were invited to send their written submissions on the following areas to the PUCSL;

- a) Work practices of licensees and record keeping
- b) Maintenance programs with respect to licensee's assets (Plant and Equipment)
- c) Emergency and normal Operating procedures
- d) Administrative procedures (authorizations, work permit, investigations, etc....)
- e) Rules, Regulations, Codes and standards applicable to Safety management.

Stakeholders representing the electricity industry and professional representing the industry attended the consultation their suggestions and issues were accommodated for smooth implementation of the proposed system.

Public Consultation on Quality and Price of Lubricant Market

PUCSL held a public consultation to revise the duty structure of the lubricant products considering the local value addition and investment by local blenders and in addressing the price differences between the imported and locally produced lubricants. PUCSL held a public consultation on issues related to the same.

More than 300 people participated in the consultation including the public, industrialists, manufacturers, officials and experts and expressed their views on the proposed mechanisms. All the comments received were taken into accounts for the further development of the proposed mechanism. PUCSL developed complaint handling procedure for the lubricant market

and suggested that the country should build a testing facility to test lubricant products to stop the adulterated lubricant products.

Regional Public Consultation -2018

The YEAR 2018
11 PUBLIC CONSULTATIONS
8,000 PARTICIPANTS

Direct Communication to more than 10,000 public, government officers, institutions, the business community and non-government organizations around Sri Lanka

The PUCSL launched the regional public consultations in March 2018 from the Southern province, seeking stakeholder views, issues and suggestions on the four different regulatory tools in order to identify, prepare and modify the regulatory tools. The consultation papers were drafted and circulated among more than 10,000 of stakeholders including professional, government institutions, ministries, educational institutions, industrialists, manufacturers, the business community, research organizations, community leaders, experts and the public. The draft regulatory tools include,

- National Framework for Street Light Management
- Customer Service Guidelines on Electricity Supply and Use of Electricity
- Consumer issues and complaint handling process in the downstream Petroleum Industry
- Consumer issues and complaint handling process Water Services

The process was carried out in accordance with the power vested in the Act of Public Utilities Commission of Sri Lanka under section 17 (b) and the Electricity Act.

THE PROCESS OF PUBLIC CONSULTATION

Identifying the Issue



Draft proposed solution as regulatory tools



Advertise in media asking stakeholders to comment



Collect written comments on the draft regulatory tool



Hold Oral Public Consultation where stakeholders will voice their view



The study, Analyze and modify the draft regulatory tool then and there necessary



Commission Approval for the Regulatory Tool



Implementation of the Regulatory Tool

The PUCSL successfully held the public consultations in all the nine (09) provinces of Sri Lanka starting from Galle – Southern Province throughout the year. Pre-Public Consultations, where offices of PUCSL visit the community leaders and make the leaders and public aware of the consultation documents, were also held throughout the country.

Expertise committees were created on each regulatory tool to monitor the comments received at the consultation, study the comments and make recommendations to upgrade the regulatory tools and to identify new regulatory tools.

More than 7500 public, government officers, institutions, the business community and non-government organizations and community leaders participated in the regional public consultations process and about 2500 people representing government, non-government, social group and individual submitted their views and ideas in written and oral formats at the consultations on the regulatory tools of PUCSL.

The regulatory tools of the regional public consultation process

- National Framework for Street Light Management

Street lighting consumes about 1.5% of the total demand for electricity in Sri Lanka. Most of the street lamps out of the estimated 700,000 installed are hung on Medium Voltage (MV) or Low Voltage (LV) poles used in the distribution network, and dedicated street lighting poles are limited to urban areas. Most of the street lamps are installed by the local authorities/municipalities and thus design standards are yet to be fully imposed as there are so many decision makers with some legal authority.

PUCSL as the regulator for electricity industry has imposed limits on public street lighting energy consumption (a maximum 2% of the total demand) for each of the five distribution Licensees (Four Licenses held by Ceylon Electricity Boards' – CEBs' four distribution regions and one License held by Lanka Electricity Company- LECO).

The cost of operating and maintaining the street lights are made by several institutions as Ceylon Electricity Board, Road Development Authority, Provincial Councils and etc. The consultation paper covers the adequacy of street lighting, the safety, cost recovery and the management of street lighting in Sri Lanka.

- Customer Service Guidelines on Electricity Supply and Use of Electricity

This consultation paper was drafted on customer service guidelines prepared by the PUCSL and issued to be issued to distribution licensees on electricity supply and use of electricity in order to enhance the quality of the customer services to electricity consumers. PUCSL seek stakeholder views on the,

Guidelines on Electricity Bill Payments

Guidelines on Electricity Supply Disconnection and Reconnection'

Guidelines on Payment of Interest on Security Deposit

Guidelines on Removing/Shifting of Electrical Poles/ Lines

Guidelines on Interruption to Electricity Supply

Guidelines on Change of Tariff Customer

Draft Guidelines on Electricity Billing

Draft Guidelines on Entering into Premises

- Consumer issues and complaint handling process in the downstream Petroleum Industry

The downstream petroleum industry comprises of the importation and refining of crude oil as well as the importation, exportation, distribution, supply and sale of petroleum products such as petrol, diesel, kerosene, furnace oil, liquefied petroleum gas, marine fuel, aviation fuel, naphtha, bitumen as well as other mineral oil products and lubricant oil including greases. It is primarily governed by the Ceylon Petroleum Corporation Act, No. 28 of 1961 as amended and the Petroleum Products (Special Provisions) Act, No. 33 of 2002.

The monopoly rights of importation and refining of crude oil as well as importation, exportation, sale supply and distribution of aviation fuel still remain with the Ceylon Petroleum Corporation.

In view of the above, there are a number of different markets within the industry with varying degrees of competition and minimal or no regulatory oversight. Thus, there is no mechanism for protecting the interests of consumers by regulating prices as well as the quality of products and services. Non-transparent and unfair pricing, substandard and adulterated products, non-

availability and in-accessibility of products, inaccurate dispensing of products, unsafe product handling, absence of consumer redress mechanisms are problems affecting consumers, especially in petroleum fuels. The consultation paper addresses the issues with regard to the quality, quantity and availability of the products and demanded the public views and ideas on the same.

- **Consumer issues and complaint handling process**
Water Services

Increasing access to improved drinking water is one of the Sustainable Development Goals. According to the Demographic and Health Survey- 2016, Department of Census and Statistics, 90 per cent of households have access to improved drinking¹ water. The balance, approximately 10 per cent of the households used water from sources said to be unimproved. The main water service utility National Water Supply and Drainage Board (NWSDB) provides water service in authorized

areas. During the dry season, the water levels in irrigation schemes go down which results in seasonal water shortages. When water is limited in the source itself there are no options to provide a continuous supply of water for the customers.

The objective of the consultation is to create a discussion on burning issues in the Water Service industry which will provide the platform for the designing of an appropriate regulatory framework. Thus, the paper addresses the areas of adequacy and access to water services, water quality and service quality and affordability and wiliness to pay.

Summary of the Regional Public Consultations

Event	Venue	Date	Invited	Attended	Submissions	
			Participants	Participants	Written	Oral
1 st Public Consultation – Southern						
1 st Pre-Consultation	Sarvodaya Centre Galle	06 th March	80	60	20	25
2 nd Pre-Consultation	Divisional Secretariat Elpitiya	13 th March	150	125	25	30
3 rd Pre-Consultation	Baddegama Town Hall	16 th March	100	75	25	30
1 st Public Consultation	District Secretariat in Galle	29 th March	450	300	50	42
2 nd Public Consultation – Central						
1 st Pre-Consultation	District Secretariat in Kandy	3 rd April	200	125	40	35
2 nd Public Consultation	District Secretariat in Kandy	24 th May	625	420	70	50
3 rd Public Consultation – Sabaragamuwa						
1 st Pre-Consultation	District Secretariat in Rathnapura	27 th April	250	167	45	40
2 nd Pre-Consultation	District Secretariat in Rathnapura	01 st June	150	128	30	35
3 rd Public Consultation	Sabaragamuwa provincial council in Ratnapura	19 th June	850	700	75	40
4 th Public Consultation – Western						
1 st Pre-Consultation	District Secretariat in Kalutara	10 th July	135	95	37	24
2 nd Pre-Consultation	District Secretariat in Gampaha	24 th July	150	114	41	27
3 rd Pre-Consultation	Ranmagapaya Auditorium – Battharamulla	26 th July	150	104	28	25
4 th Public Consultation	BMICH-Colombo	9 th August	500	400	45	45

Event	Venue	Date	Invited	Attended	Submissions	
			Participants	Participants	Written	Oral
5 th Public Consultation – Northern						
1 st Pre-Consultation	Vavuniya - District Secretariat Auditorium	28 th August	150	98	35	32
2 nd Pre-Consultation	Kilinochchi - District Secretariat Training Center	29 th August	150	110	42	28
3 rd Pre-Consultation	Jaffna - District Secretariat Auditorium	14 th September	150	135	118	42
5 th Public Consultation	Jaffna - Chelva Place Hall	27 th September	488	400	51	32
6 th Public Consultation – North Western						
1 st Pre-Consultation	Kurunegala District secretariat	20 th September	310	250	37	36
2 nd Pre-Consultation	Puttalam District secretariat	21 st September	210	150	18	20
6 th Public Consultation	Hotel Blue Sky Kurunegala	30 th October	700	575	36	36
7 th Public Consultation – Eastern						
1 st Pre-Consultation	Trincomalee - Kulakkottan Training Centre	23 rd October	150	120	42	32
2 nd Pre-Consultation	Ampara - District Secretariat	08 th November	150	88	35	34
3 rd Pre-Consultation	Batticalo - Corporative Hall	09 th November	150	65	40	28
7 th Public Consultation	Ampara – Monty Hotel	29 th November	650	700	144	30
8 th Public Consultation – Uva						
1 st Pre-Consultation	Postal Auditorium, Badulla	13 th November	160	120	48	36
2 nd Pre-Consultation	District Secretariat, Monaragala	14 th November	155	42	21	15
8 th Public Consultation	Capital City Hotel, Badulla	6 th December	850	592	74	34

Event	Venue	Date	Invited	Attended	Submissions	
			Participants	Participants	Written	Oral
9 th Public Consultation – North Central						
1 st Pre-Consultation	District Secretariat in Anuradhapura	21 st November	350	250	136	39
2 nd Pre-Consultation	District Secretariat in Polonnaruwa	23 rd November	200	125	72	28
9 th Public Consultation	Golden Mango Resort in Anuradhapura	21 st December	1631	1200	233	35
Total			10394	7833	1713	985

Human Resources & Administration of PUCSL

The Human Resources and Administration division delivers human resource leadership to ensure a high performing workforce to the Commission. The division provides strategic direction in developing and implementing innovative human resource policies and practices in terms of fulfilling legislative and public adherence related to employment, on time contentment of staff requirements match with desired competencies, managing compensation and benefits, dealing with employee training and development requirements and other administrative related routine functions.

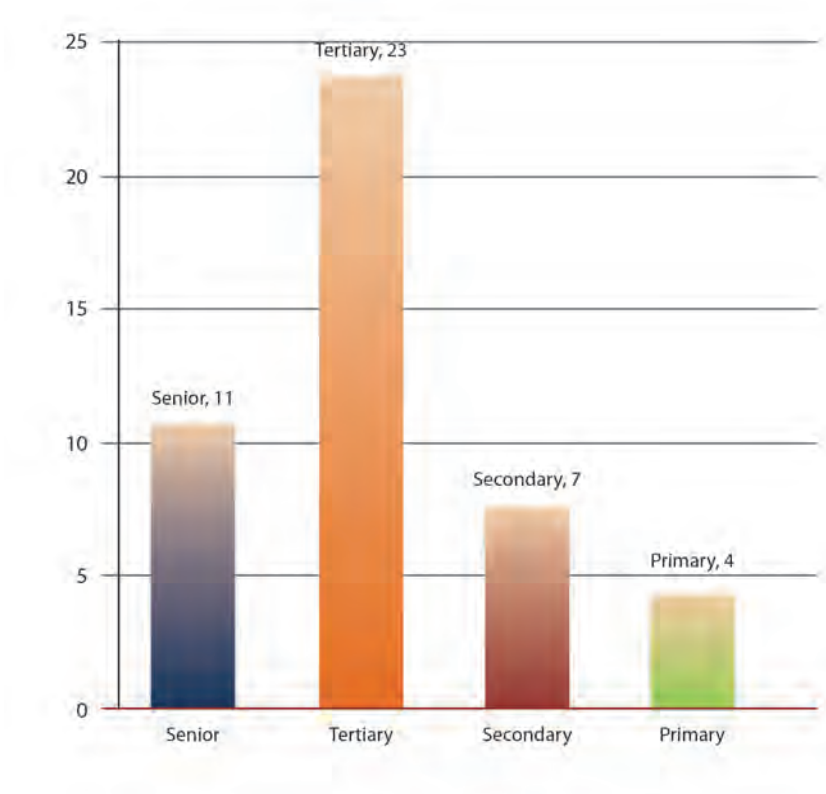
We understand that it is our people - qualified professionals in different streams, set our values and drive our success year by year. We possess a diverse professional workforce able to thrive in a high-

performance culture and the Commission continuously focuses on developing their technical and soft skills to be competent to yield on higher levels of responsibility. In a way our employees are significantly benefited through our flat organizational structure comprises with lesser number of layers that elevates the employee level of responsibility, easier decision making and delegation of more responsibilities are throughout the limited number of employee levels. By end of the year 2018, the Commission employed up to 45 individuals on permanent and contract basis across all the divisions by encouraging female existence in the composition as well.

The composition of Staff as at 31/12/2018

Designation	Approved Carder	Existing Carder	
		Permanent	Contract
Director General	01	01	-
Secretary to the Commission	01	01	-
Deputy Director General	01	01	-
Director	11	08	-
Deputy Director	06	03	02
Internal Auditor	01	01	-
Assistant Director	17	15	02
Management Assistant	10	07	-
Driver/Office Assistant	04	04	-
	52	45	

The composition of staff – Grade wise



Capacity Building and Training

Aiming at the development of innovational thinking culture mapped with existing competency levels of employees, Human Resources division focusing on creating a path towards a learning organization. During the year 2018 division carried out following activities in that line.

- Facilitating employees in attending finely selected local and foreign technical training programmes/ workshops related to their assigned technical deliverables.
- Organize in house training programmes for employee soft skills development
- Conduct outbound professional development programme

Employee Performance Management

Systematic employee performance evaluation process was carried out during the year by conducting individual appraisals for the entire staff in order to meet the criteria in Organizational Results Framework (ORF) aligned with activity plan of the Commission which facilitated identification of key result areas and related outputs & outcomes in each of trust area.

Employee Engagement and Welfare

Employee engagement contemplates as one key pillar in our annual Human Resources plan as we realize that maintaining respectable employee relations comforts to reduce workplace conflict, elevates employee morale and in conclusion increases overall productivity. In that line, we have implemented different activities to keep our employees affianced during the year.

Developments to the Human Resources Information System

Further developments to the newly implemented Human Resources Information System have been executed by introducing the Employee Self Service (ESS) portal and much more expedient features to make efficient employee routine with human resources functions.

Responsibility towards the Community

As a socially responsible regulatory institution in the country, we have offered some opportunities to selected students in government higher education/ vocational training institutes to complete their training requirements in the Commission by helping to develop their general and technical competencies.

Information Dissemination and Stakeholder Relations

During 2018, the Corporate Communication Division (CCD) strengthens its role as a centre for information dissemination to its internal and external stakeholders to support PUCSL's decision-making process to aware the public and licenses on regulatory tools produced by the PUCSL and to get the stakeholder views and suggestions to improve the newly prepared regulatory tools.

Access to Information

Press releases, press notices and interviews with electronic, print and social media were used to disseminate information during 2018.

A mega awareness campaign was carried out in 13 radio channels throughout the year sharing safety tips, consumer rights and obligations, new standards, energy conservation and lubricant market.

PUCSL also participated in more than 15 discussions in television, radio and paper in order to the aware public on electricity safety, electricity conservation, consumer rights and obligations and national standard of plugs and socket outlets in Sri Lanka.

Social Media were used as a key communication channel to aware the public on electrical safety, consumer rights and obligations and regulatory tools that PUCSL produced throughout the year.

PUCSL also establish a network of stakeholders in regional communities, network of district secretariats, network of academia and network of consumer movements to communicate regulatory tools for fast implementation and to get the public participation in the decision-making process of PUCSL.

PUCSL also represented Sri Lanka in the South Asia Forum for Infrastructure Regulation (SAFIR) and hosted the discussion in Sri Lanka.

Facilitation of Right to Information

The Right to Information Act No. 12 of 2016 came into effect on the 03rd of February 2017. CCD continued to facilitate the information required by various stakeholders through the Right to Information Act. 17 requests were received seeking information during the year 2018, and 15 requests were facilitated during the same year. The summary report of the RTI was finalized and will be submitted to the Commission in the next year.

Information Technology and Management Information System (IT & MIS)

PUCSL finalized the new website of PUCSL which integrated with social media to reach a wider audience. PUCSL also implemented a Document Management System (DMS) and a considerable part of documents that PUCSL is in possession of has already been digitized to minimize the paperwork and to improve efficiency.

A Human Resourced Management System was also implemented during 2018 in order to automate the HR related business processes.

Security of IT systems was also improved and BCP/DR strategy of PUCSL was enhanced to accommodate the recovery of operations in the event of a disaster.

PUCSL's Plan for 2019

Activity Plan 2019 presents a wider range of activities targeting four key thrust areas (Price, Quality, Safety and Environment) that have been identified by the PUCSL as indicators to achieve long term goals. The Activities for the year 2019 are drafted in a bottom to top approach to deliver specific outcomes and outputs according to its purpose.

The plan comprises 113 activities that are required to be executed on an annual basis up to the target year.

Every year the gap between the present status and the aspired status of the goal is evaluated to prepare the annual activity plan. The identification of strategies to narrow the gap is considered as a key to formulate activity plans. Accordingly, activities have been

identified with the view of moving from the present status to the aspired status of the goals in a systematic manner.

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

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

The Activities for each division are identified below.

CONSUMER AFFAIRS DIVISION			
	Reference	Activity – 2019	Output
01	AP19/CP/COA/01	Implementation of Electricity (Distribution) Performance Standards Regulations (Commercial Quality)	Implemented the adaptation stage of Electricity (Distribution) Performance Standards Regulations with respect to Commercial Quality
02	AP19/CP/COA/02	Amendment to Wayleave Guideline and Implementation Mechanism	Increased compliance with legislative requirements on service (commercial) quality
03	AP19/CP/COA/03	Formulation of a guideline for shifting of electrical lines/poles in public roads	Increased compliance with legislative requirements on service (commercial) quality
04	AP19/CP/COA/04	Formulate a procedure for submission and review of consumer complaints in the Petroleum Sector	Increased compliance with legislative requirements on service (commercial) quality
05	AP19/CP/COA/05	Water Resource Management	The objectivity of access to water sources and fairness of water allocation ensured
06	AP19/CP/COA/06	Regulation of Water Service Industry	Regulation of Water Services by PUCSL
07	AP19/CP/COA/07	Preparation of regulatory tools (procedure, rules, regulation) for Dispute Resolution	Number of disputes intervened by the Commission

CONSUMER AFFAIRS DIVISION			
	Reference	Activity – 2019	Output
08	AP19/CP/COA/08	Disaster Management Plan for Water Services	Mitigation of Cost of Disaster to the utility consumers
09	AP19/CP/COA/09	Policy advice on CBO sustainability	Sustainable Rural Water Supply Schemes
10	AP19/RU/COA/16	Facilitate Consumer Complaints in accordance with Consumer Rights and Obligations (CRO) Statement	Increased compliance with legislative requirements on service (commercial) quality
11	AP19/RU/COA/17	Resolution of disputes in accordance with dispute resolution rules	Increased compliance with legislative requirements on service (commercial) quality
12	AP19/RU/COA/18	Consumer Consultative Committee Coordination	Monthly Meetings for CCC members to discuss the Consumer Issues
INSPECTORATE DIVISION			
	Reference	Activity – 2019	Output
13	AP19/CP/INS/01	Public survey on electrical accidents due to household electrical appliances	Assessment on, the requirement of regulatory intervention to ensure the electrical safety of household electrical appliances
14	AP19/CP/INS/02	Draft procedure(s) for calibrating metering pumps at petroleum fuel retail outlets and verification.	Procedure(s) for calibrating metering pumps at retail outlets and verification
15	AP19/CP/INS/03	Expansion of Incident Reporting System for the public	Increased information on root causes of electrical accidents, incidents and near misses
16	AP19/CP/INS/04	Implementation of Safety and Technical Management Plan	Reduced number of incidents/accidents caused because of the lapses by electrical licensees through Safety and Technical Management to bring down the electrocutions to the accepted number 20 by 2020

INSPECTORATE DIVISION

	Reference	Activity – 2019	Output
17	AP19/CP/ INS/05	Public Awareness Program	<ol style="list-style-type: none"> 1. Increased knowledge and awareness on the safe use of electricity 2. Increased effectiveness of the licensing process
18	AP19/CP/ INS/06	Electrocution Mitigation Program	<ol style="list-style-type: none"> 1. Increased knowledge and awareness on the prevention of electrocutions 2. Domestic Electrical Safety Guideline
19	AP19/CP/ INS/07	Prevention of electrocutions occurring due to illegal electricity extractions and unavailability of Trip Switches in Kandy, Ratnapura and Galle Police Divisions through the Community Police Units and Community Organizations registered under Divisional Secretariats of Kandy, Ratnapura and Galle Districts	Increased knowledge and awareness on the prevention of electrocutions
20	AP19/CP/ INS/08	Standardization of Residual Current Devices (RCDs) and Miniature Circuit Breakers (MCBs)	Preparation of Sri Lankan Standards for RCDs and MCBs (Process Output)
21	AP19/RU/ INS/16	Monitoring of Activities Related to Electrical Safety	Improved effectiveness of the programs conducted to improve safety
22	AP19/RU/ INS/17	Conducting Inspections, Test electric lines or plants or Supply of electricity on request from consumers or upon directives by the Commission as per Section 2 of the Electricity (Electrical Inspector's Functions, Duties and Procedures) Regulation -2015	Increased compliance with the legislative requirement on service quality, supply quality and commercial quality
23	AP19/RU/ INS/18	Recommendation of sanctions to prosecute persons who extract or use electricity illegally via electricity transmission & distribution system of licensees	Increase compliance with the legislative requirement on supply quality and commercial quality

INSPECTORATE DIVISION			
	Reference	Activity – 2019	Output
24	AP19/RU/INS/19	Development of regulatory measures for water fittings	Policy Advice to the government (Process output)

LICENSING DIVISION			
	Reference	Activity – 2019	Output
25	AP19/CP/LIC /01	Review and Approval of Least Cost Long Term Generation Expansion Plan 2020-39	Approve Generation Plan, meeting all technical requirements and satisfactory to the stakeholders
26	AP19/CP/LIC /02	Review and approval of Long-Term Transmission Development Plan	Improved quality and reliability of electricity supply
27	AP19/CP/LIC /03	Implementation of Transmission Performance Standards Regulations	Continuous improvement of generation and transmission system performance
28	AP19/CP/LIC /04	Implementation of Electricity (Distribution) Performance Standards Regulation (Power quality and Supply quality)	Establishment of Measurement and Reporting infrastructure
29	AP19/ CP/LIC /05	Evaluation of MV Development Plan 2019 of DLs for regulatory compliance and Review the progress of MV Development Plan 2017 plan	Improve (reduction) the MV level outages (Duration and Frequency)
30	AP19/ CP/LIC /06	Amending Distribution Code	Revised Distribution Code
31	AP19/ CP/LIC /07	Preparation of a solution for collection, recycling and disposal of used lubricants	Identification of a proper solution for collection, recycling and disposal of used lubricants
32	AP19/ CP/LIC /08	Guideline for Infrastructure Sharing	Identification of a proper guideline to be followed by Licensees on Infrastructure Sharing
33	AP19/ CP/LIC /09	Study on Methods of Incorporating Rupee Depreciation in Generation Planning	Identification of methods of incorporating rupee depreciation

LICENSING DIVISION			
	Reference	Activity – 2019	Output
34	AP19/ CP/ LIC /10	Policy advice on using economic cost for merit order dispatch of power plants	Policy advice on using economic cost for dispatch of power plants
35	AP19/ CP/ LIC /11	Disaster Management Plan for Electricity, Petroleum and Water Sectors	The disaster management plan for water, petroleum and electricity sectors
36	AP19/ CP/ LIC /12	Standards for Installation & Operation of Street Lights and Policy Advice on street lamp operational structure	Improve (reduction) the MV level outages (Duration and Frequency)
37	AP19/ RU/ LIC /16	Report on Short Term Energy Security	Monthly report
38	AP19/ RU/ LIC /17	Generation and Transmission Performance Reports	Monthly report
39	AP19/ RU/ LIC /18	License Applications and Exemptions (new applications, modifications, extensions) evaluation and grant license and Invoicing	Issuing a license /exemption for the electricity business
40	AP19/ RU/ LIC /19	LISS Administration	Ensure the data is available at LISS as required
41	AP19/ RU/ LIC /20	Execution of the decision taken at DCERP meetings	Increased compliance to power and supply quality standards by licensees
42	AP19/ RU/ LIC /21	Lubricant (Awareness programs/ workshop/Market report)	Quality, Price
43	AP19/ RU/ LIC /22	Evaluation and Granting License for New Lubricant Market Players (3rd round)	Granting license for new lubricant market players
44	AP19/ RU/ LIC /23	Monitoring Implementation of Generation Plan	Adequate generation availability
REGULATORY AFFAIRS DIVISION			
	Reference	Activity – 2019	Output
45	AP19/ CP/ REA/01	Formulate regulatory framework for the Natural Gas market	Regulatory instruments

REGULATORY AFFAIRS DIVISION

	Reference	Activity – 2019	Output
46	AP19/ CP/ REA/02	Review and update Sri Lanka Standards for lubricants	Updated and new Sri Lanka Standards for lubricants
47	AP19/ CP/ REA/03	Formulate Guidelines for investigation of suspected alteration of the register of any meter	Increased compliance with legislative requirements to protect consumer rights whilst protecting the DLs rights to investigate, take legal actions against alteration of any meter
48	AP19/ CP/ REA/04	Review of the Water Sector License Templates with external parties	License Templates for the water sector
49	AP19/ CP/ REA/05	Formulate procedure for compulsory import inspection of lubricants by the Sri Lanka Standards Institute and Sri Lanka Customs	Implementation of a procedure for compulsory import inspection of lubricants by the Sri Lanka Standards Institute and Sri Lanka Customs
50	AP19/ CP/ REA/06	Formulate advise the Government on a mechanism for testing the quality of petroleum fuels	Successful implementation of the mechanism for testing the quality of Petroleum Fuels
51	AP19/ CP/ REA/07	Formulate advise to the government on duty differential of imported and locally blended Lubricants for increased competition	Duty differential of imported and locally blended lubricants is maintained at 10 per cent
52	AP19/ CP/ REA/08	Formulate procedure for identifying the presence of kerosene in petrol and diesel	Procedure for identifying the presence of kerosene in petrol and diesel
53	AP19/ CP/ REA/09	Examine the first set of regulatory accounts submitted by the Ceylon Electricity Board and Lanka Electricity Company (Private) Limited and provide training on review of same	Complete set of Regulatory accounts reviewed by PUCSL staff
54	AP19/ CP/ REA/10	Formulate mechanism for ensuring supply of the correct quantity of petroleum fuels to Fuel Filling Statins	The mechanism for ensuring supply of the correct quantity of petroleum fuels to FFSs
55	AP19/ CP/ REA/11	Formulate standards for Petroleum Fuel Dispensing Pumps and Mechanism for Monitoring	Implementation and monitoring of minimum technical standards for petroleum fuel dispensing pumps
56	AP19/ CP/ REA/12	Standards for Fuel Filling Stations	The standards for FFSs

TARIFF AND ECONOMIC AFFAIRS DIVISION

	Reference	Activity – 2019	Output
57	AP19/CP/TEA/01	Development of merit order dispatch procedures	Increased efficiency in dispatch procedure, leading to lower electricity cost
58	AP19/CP/TEA/02	Review of allowed charges methodology	Reduced, allowed charges for service connections and other services.
59	AP19/CP/TEA/03	Study on Vehicle to Grid and Stand-by Tariff	Vehicle to Grid and Stand-by Tariff
60	AP19/CP/TEA/04	Guidelines to handle a request for multiple connections for the same location	Allowing the customers to obtain multiple connections for the same premises.
61	AP19/CP/TEA/05	Reconciliation of submitted data in the tariff filings with the actual data	Increasing the prudence in the cost of electricity by using the generated report
62	AP19/CP/TEA/06	Cost-benefit analysis of Bare lines and ABC lines in distribution networks	The study report on cost analysis of Bare and ABC electric lines.
63	AP19/CP/TEA/07	Survey on Electricity Affordability - Phase 2	Results of the Survey - Data and Statistics
64	AP19/CP/TEA/08	Reviewing of the Water Sector Tariff Methodology with external parties and Initial Tariff Review	A tariff methodology for the water sector
65	AP19/CP/TEA/09	Policy advice on Petroleum fuel pricing	Policy advice on petroleum fuel pricing
66	AP19/CP/TEA/10	The mechanism to monitor and audit community-based water supply schemes	The mechanism to monitor and audit community-based water supply schemes
67	AP19/CP/TEA/11	The revision of the Tariff Methodology	Reviewing the Tariff Methodology and conducting a stakeholder consultation on the methodology
68	AP19/RU/TEA/16	Review of allowed charges filed for 2020	Efficient and reasonable allowed charges
69	AP19/RU/TEA/17	Small distributor tariff review	Efficient and reasonable electricity tariffs
70	AP19/RU/TEA/18	Bulk supply tariff, Uniform National Tariff and end-user tariff review	Efficient and reasonable electricity tariff

ENVIRONMENT, RENEWABLE & EFFICIENCY DIVISION

	Reference	Activity – 2019	Output
71	AP19/CP/ EER/01	Energy Efficiency Awareness Campaign	Conduct energy efficiency awareness campaign
72	AP19/CP/ EER/02	Preparation of Water Conservation Guideline	Reduction in additional water requirement to match the demand
73	AP19/RU/ EER/16	Monitoring Environmental Performance and Mitigation Action Plan of Lakvijaya	Implementation of environmental impact mitigation actions
74	AP19/RU/ EER/17	Study on Implementation of Mandatory Energy Audits for high energy consumers	1. Completion of energy audit pilot project 2. feasibility study on implementing mandatory energy audits

CORPORATE COMMUNICATION DIVISION

	Reference	Activity – 2019	Output
75	AP19/CP/ CCO/01	Establishing District wise communication force to promote awareness on existing and new regulations, rules, other regulatory tools and regulatory decisions	Establishment 24 Communication Force Networks at each District
76	AP19/CP/ CCO/02	General Communication Programme	Increased service quality and satisfaction of consumers
77	AP19/CP/ CCO/03	Promotion of regulatory role and regulatory impact among academia	Improved awareness of regulatory role among academics of Sri Lanka Improved stakeholder relationships
78	AP19/CP/ CCO/04	Knowledge Catalyst	Enhanced stakeholder participation in regulatory decision making
79	AP19/RU/ CCO/16	Compilation and Dissemination of Corporate Reports	Timely delivery of Annual report 2018, Activity Plan 2020, Lubricant Market Report 2018, Public Consultation Report 2018, Report to Central Bank, Summary report to the line ministry
80	AP19/RU/ CCO/17	Content development for mass media and Corporate Reports (Sinhala)	Increased service quality and satisfactory consumers

CORPORATE COMMUNICATION DIVISION			
	Reference	Activity – 2019	Output
81	AP19/RU/CCO/18	Content Development for Mass Media and Corporate Reports (English)	Transparency and efficient information dissemination
82	AP19/RU/CCO/19	Establishing and maintaining a national and international network of journalists	Media Interviews, Media Discussions, Media Discussions, Articles, Features
83	AP19/RU/CCO/20	Management of Public, Corporate and Managerial information	An efficient system for Management of Managerial, Corporate and Public Information
84	AP19/RU/CCO/21	Increasing the visibility of PUCSL	Dispatch of reports, awareness messages and other relevant information timely
85	AP19/RU/CCO/22	Facilitation of Information requests and obligation to statutory framework under Right to Information Act No. 12 of 2016	Facilitation of information requests received under Right to Information Act No. 12 of 2016
86	AP19/RU/CCO/23	The building, Updating and Managing Stakeholder Database	Dispatch of reports, awareness messages and other relevant information timely
87	AP19/RU/CCO/24	Publication of statutory notices	Information Dissemination
88	AP19/RU/CCO/25	Promotion of Electricity Industry Related Content in Tamil Media	Improved Safety of the Tamil Community
89	AP19/RU/CCO/26	Content development for mass media and Corporate Reports (Tamil)	Improved Safety of the Tamil Community
90	AP19/RU/CCO/27	Feasibility study and recommendations on the implementation of ISO 9001:2015 Quality Management System	Recommendations on implementation of ISO 9001:2015 (Quality Management System) to PUCSL

HUMAN RESOURCES DEVELOPMENT DIVISION			
	Reference	Activity – 2019	Output
91	AP19/CP/HRD/01	Formulation of a Scheme of Recruitment	Introduction of a comprehensive graded pay scales for each category, Uniform method of recruitment
92	AP19/CP/HRD/02	Preparation of Standard Operating Procedures	A proper set of documents that contains Standard Operating Procedures for events
93	AP19/CP/HRD/03	Further development of the existing HRIS by integrating Activity Plan (progress monitoring), Performance management system & budget measurements	Efficient report generation through a centralized system
94	AP19/RU/HRD/16	Employees' Performance Management	Quality of output, Level of productivity, Level of creativity
95	AP19/RU/HRD/17	Capacity Building and Training	Improved behavioural changes and performance
96	AP19/RU/HRD/18	Employee Engagement and Welfare	Mutual understanding among employees Develop a sense of self belonging
97	AP19/RU/HRD/19	Routine HR & Admin Activities	Efficient operation of the routine functions of the Commission
98	AP19/RU/HRD/20	Streamline the Distress loans and property/vehicle loan interest reimbursement	Efficient operation of the routine functions of the Commission

INFORMATION TECHNOLOGY & MANAGEMENT INFORMATION SYSTEM			
	Reference	Activity – 2019	Output
99	AP19/CP/IT/01	Management of Information Systems & Business Intelligence	Increase the services provided to office staff
100	AP19/CP/IT/02	Licensee Management System	Increase the services provided to office staff
101	AP19/CP/IT/03	Incident Reporting System - Phase II	Increase the services provided to office staff

INFORMATION TECHNOLOGY & MANAGEMENT INFORMATION SYSTEM

	Reference	Activity – 2019	Output
102	AP19/RU/IT/16	Office Automation	Increase in the services provided to staff
103	AP19/RU/IT/17	Infrastructure Development	The hardware platform is ensured to meet the growing requirements of PUCSL
104	AP19/RU/IT/18	Business Continuity Planning / Disaster Recovery (BCP/DR) + Security	The hardware platform is ensured to provide the necessary support required to achieve Business resilience
105	AP19/RU/IT/19	Remote Physical Archiving	Increase the services provided to office staff
106	AP19/RU/IT/20	Other Business Applications	Increase the services provided to office staff
107	AP19/RU/IT/21	Maintenance	It is ensured that PUCSL has the ability to continue to enjoy the services that it has obtained
108	AP19/RU/IT/22	ICT Policies, Audit & penetration testing	Improved security of ICT solutions & infrastructure
109	AP19/RU/IT/23	use of external organization's ICT solutions& infrastructure for PUCSL	Cost effective & collaboration with external organizations for the ICT solutions
110	AP19/RU/IT/24	Awareness and Knowledge Gathering for future PUCSL-ICT & MIS	Move to new technological & utility trends & solutions

FINANCE DIVISION

	Reference	Activity – 2019	Output
111	AP19/RU/FIN/16	Preparation of Financial Statements	Getting an unqualified audit opinion
112	AP19/RU/FIN/17	Coordinate the procurement activities	Streamline and improve the procurement process to maximize its value to PUCSL and realize cost-saving opportunities
113	AP19/RU/FIN/18	Keep accurate finance recording	Accurate information on time

Report of the Auditor General for the year ended 31 December 2018

(Translation of the Sinhala Report of the Auditor General)



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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

TRE/D/PUC/1/18/15

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

May 2019

Chairman

Public Utilities Commission of Sri Lanka

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Public Utilities Commission of Sri Lanka for the year ended 31 December 2018 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Public Utilities Commission of Sri Lanka for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of comprehensive income, statement of financial performance, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Public Utilities Commission of Sri Lanka as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Commission is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Commission.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my

auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

National Audit Act, No. 19 of 2018 includes specific provisions for following requirements.

- I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Commission as per the requirement of section 12 (a) of the National Audit Act, No. 19 of 2018.
- The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.
- The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

- to state that any member of the governing body of the Commission has any direct or indirect interest in any contract entered into by the Commission which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.
- to state that the Commission has not complied with any applicable written law, general and special directions issued by the governing body of the Commission as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018 except for following observations;

Reference to law/ direction

Description

- (a) Sri Lanka Public Utility Commission Act
 No. 35 of 2002 Section 3(1) and 3(2)

Though it should be required to fill those vacancies within 03 months from the time of arising any vacancy in the membership of the Commission, one member position has been vacant from 30 September 2014.

- (b) Public Enterprises Circular No. PED/12 dated on 02 June 2003 Paragraph 6.5.3
- Though the annual reports should be tabled in the Parliament within 150 days after ending of financial year, the annual report for 2017 of the Commission had not been tabled in the Parliament even as at 31 December 2018.
- (c) Public Administration Circular No. 02/2018 dated on 24 January 2018
- Instances of non-compliances in terms of circular were as follows.
- (i) Failure in signing Annual Performance Agreements for the entire staff to upgrade the staff performance engaged in the Commission.
 - (ii) Failure in preparing proper system to identify the gap between available prevailing skills with relating to the permanent responsibility of the staff and skills to be prevail for the success of duties.
 - (iii) Failure in preparing a Human Resources Development Plan specific for the Commission to minimize the skills gap.
- to state that the Commission has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018.
 - to state that the resources of the Commission had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018 except for following observations;
 - (a) Other than the office premises of the Commission located at 6th floor of Bank of Ceylon Merchant Tower building, actions had also been taken to acquire 17th floor for regulatory activities of Petroleum and Water Industries with effect from 01 July 2017. However a sum of Rs. 05 million had to be spent unnecessarily in the years 2017 and 2018 due to non-commissioning of the said activity up to the month of April 2019.
 - (b) One University had been selected on Single Source Selection basis and had been awarded the contract amounting to Rs. 7.75 million by the Commission on 16 April 2018 to obtain Consultancy Service with regarding the preparation of Safety and Technical Management Plan as a regulatory document with the objective to secure activities connecting with electricity of the licensees. Following observations are made in this regard.
 - (i) According to the paragraph 9.5.1 and 9.5.2 of Guideline for the Selection and Engagement of Consultants issued by the National Procurement Agency of the year 2007, though the Commission should sign a proper agreement with the Consultant Institute for which the contract was awarded, actions had not been done accordingly.

- (ii) Safety and Technical Management Plan should be completed within 5 months a period as per the procurement time line of the Terms of Reference of this activity. However the Inception Report which should be presented within 3 weeks from tender awarding i.e. by ending of first week of May 2018, had been submitted to the Commission in the month of June 2018 and relevant activity had not been completed by the Consultancy Institute even up to 15 March 2019.
- (c) When examining the progress of the activities with relating to Consultancy Service agreement engaged during the last 05 years, it was observed that the effectiveness of the following projects had been in a lower level due to non-delivering information which should be provided to the Commission by Ceylon Electricity Board.
 - (i) Benchmarking Transmission and Distribution Cost Project implemented by spending a sum of Rs. 10.2 million which had the possibility to minimize the cost of electricity transmission and distribution.
 - (ii) Develop Dispatch Audit Guide Lines Project with a value of Rs. 12 million which was to be examined whether the purchasing of electricity had been done at a minimum cost from the generating licensee by the transmission licensee.
 - (iii) Tariff Formulation Project which would be helpful in formulating policies for future electricity prices.
 - (iv) Study on Generation Cost Benchmarking Project which was to approve the prices of biannual estimated bulk supplies of transmission licensee.
 - (v) Recommendations on stability, remaining weakness and minimizing those weakness in the electricity system within Sri Lanka had been presented by the Consultancy Company in their Final Report issued on the study with regarding the electricity Network Stability prevailing in Sri Lanka; and though those recommendations had been sent to Ceylon Electricity Board by the Commission, it was unable to verify its successiveness or un-successiveness due to non-receiving information from the Electricity Board.

3. Other Audit Observations

- (a) Lubricant Sellers should pay the balance amount into the Public Utility Commission after the payment of fixed charges of Rs. 2.5 million to the Ministry of Petroleum Resources Development from the amount on 0.75 per cent of their biannual total sales invoice value. Though the lubricant selling Institute had used their sales when charging this Variable Registration Levy, a system had not been implemented within the Institute to verify that those charges had made by using correct sales value. Though this situation had been highlighted by the previous audit queries; out of 13 Institutions, only 2 had submitted sales reports for the year 2018.
- (b) Though the powers of regulating activities of the electricity field in Sri Lanka had been vested to the Commission, following instances where Ceylon Electricity Board had avoided to follow some recommendations and directions of the Commission as licensee of electricity transmission and distribution, observed in the test checks are as follows and it was observed that the remedial actions had not been taken by the Commission to rectify this situation.

- (i) Though the prices of estimated bulk supplies should be presented to the Commission once in 06 months and get them approved by the transmission licensee, those prices had not been presented to Commission by the Electricity Board after the month of June 2018.
 - (ii) According to the paragraph 5.2.2 of Tariff Methodology amended on 15 October 2015, Commission has prepared and communicated Uniform National Tariff Adjustment quarterly to transmission licensee by using actual revenue and cost data presented by transmission and distribution licensees, and Ceylon Electricity Board had not presented relevant data into the Commission from the month of January 2018.
 - (iii) According to the paragraph 8.1 of Methodology for charges issued by the Commission; though charges and calculations of other services related to electricity supply which is to be charged during the upcoming year, other than electricity charges, should be presented to the Commission before 15 November in every year by transmission and distribution licensees and get them approved; Electricity Board had not complied accordingly in the year 2018 for the year 2019.
 - (iv) Incident reporting computer system had been introduced to Ceylon Electricity Board and Lanka Electricity Company (Pvt) Ltd (LECO) by the Commission to report accidents occurred in electricity related activities, and Electricity Board had not input data into this system after the month of May 2018.
 - (v) Agreements, applications, and guidelines with regarding connections and supply to the electricity consumers had been prepared at a cost of Rs.2.54 million by the Commission during the year 2018 with the support of a Consultancy Institute. Though Electricity Board had been invited by the Commission to the discussions in several occasions for their comments, they had participated only one meeting.
- (c) Accounts Receivables and Payables
- (i) Annual regulatory tax should be paid to the Commission on or before 30 June of the particular year or within 30 days of commissioning the supply of electricity for the system in terms of Condition No.11 of the Electricity Generation License issued to the licensees. However, regulatory tax receivable of Rs. 81,852,700 for the years 2014 and 2015 had not been received to Commission from the Electricity Board even as at 31 December 2018. Further regulatory tax receivable for the year 2018 had not been collected from 28 percent of licensees.
 - (ii) Even though variable registration fees should be paid within 30 days after the end of relevant period, Commission had failed to recover a sum of Rs.1,134,697 as a total of a sum of Rs. 460,780 and Rs. 673,918 from one Lubricant Seller for the years 2013 and 2014 respectively and a sum of Rs.5,000,000 with relating to second biennium of 2017 from the Ceylon Petroleum Corporation which is the State Lubricant Seller even as at March 2019.
 - (d) Necessary actions had not been taken with regarding the unusable 20 UPS presented in the report of the Board of Survey and identification codes had not been given for many items as per the report of the Board of Survey. Further the responsibility of items in common places such as dining room, kitchen, lobby and library had not been given to a responsible person in writing.

- (e) Though the regulations pertaining to electricity trading agreement with licensees relating to procurement procedure of electricity purchasing and generation, transmission and distribution under 'Formulation Regulations Electricity Trading Arrangements between Licensees' had been prepared and presented to the Ministry of Power and Renewable Energy on November 2016, these regulation had not been enforced by the relevant Ministry by publishing in the Gazette.

(f) Progress of the Annual Action Plan

According to the Annual Action Plan of the Commission, the progress of 21 activities in 08 sectors had been in minimum level and it would be observed that this situation would be adversely affected to the overall performance of the Commission.

(g) Staff Administration

- (i) According to the paragraphs 9.2 (d) and (e) of Public Enterprises Circular No.12 dated on 02 June 2003, though the approval should be taken by amending the organization chart and submitting it to Department of Public Enterprises, actions had not been taken accordingly.
- (ii) According to the paragraph 9.3 of Circular mention in above paragraph (i), though proper procedure should be available in recruitment and promotions as well as approval should be taken for that procedure by directing to the relevant Ministry with the concurrence of the Department of Public Enterprises; actions had not been taken accordingly.
- (iii) The approved cadre was 51 as at 31 December 2017 and actual cadre as at that date was 43, hence the number of vacancies was 8.

W.P.C. Wickramaratne

Auditor General

Financial Statement - 2018

PUBLIC UTILITIES COMMISSION OF SRI LANKA

Statement of Financial Position

As At 31st Dec 2018

	Notes	2018 Rs	2017 Rs
Assets			
Non-Current Assets			
Property Plants & Equipment	1	54,387,467	28,237,012
Capital work in progress	1.1	3,014,350	10,110,684
Distress Loan		2,848,266	2,519,949
Total Non-Current Assets		60,250,083	40,867,645
Current Assets :			
Investment	2	267,348,309	152,076,267
Inventories	3	419,981	558,211
Receivable	4	165,634,010	163,412,727
Deposit, Advances & Pre Payments	5	6,491,044	9,699,826
Cash & Cash Equivalents		3,275,337	8,617,950
Total Current Assets		443,168,681	334,364,981
Total Assets		503,418,764	375,232,626
Funds & Liabilities			
Funds			
Accumulated Fund	6	426,945,054	317,343,957
Revaluation Reserves		27,444,698	3,027,878
		454,389,752	320,371,835
Non-Current Liabilities			
Provision for Gratuity		12,803,688	14,576,749
		12,803,688	14,576,749
Current Liabilities			
Payable Accounts	7	23,761,624	27,930,742
Auditor General's Fees	8	1,863,700	1,753,300
Security Deposit - CEB		10,600,000	10,600,000
Total Liabilities		36,225,324	40,284,042
		503,418,764	375,232,626

The Accounting Policies and Notes appearing on pages 86 to 98 form an integral part of the financial statements. The Members of the Public Utilities commission of Sri Lanka are responsible for the preparation and presentation of these financial statements.

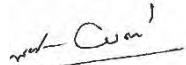
FOR AND ON BEHALF OF THE PUBLIC UTILITIES COMMISSION OF SRI LANKA



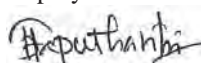
Saliya Mathew
Chairman



Damitha Kumarasinghe
Director General



Sanjaya Gamage
Deputy Chairman



Thushani Haputhantri
Deputy Director -Finance

PUBLIC UTILITIES COMMISSION OF SRI LANKA

Statement of Comprehensive Income

For the Year Ended 31st Dec 2018

	Notes	2018 Rs	2017 Rs
Revenue			
Variable registration fee	9	142,341,968	132,791,385
Annual Regulatory Levies	10	190,645,988	188,280,911
Licences Application Fees	11	371,000	195,000
Other Income	12	22,760,865	9,981,236
Total Revenue		356,119,821	331,248,532
Expenses			
Personnel costs	13	101,874,102	94,986,858
Consultancy Services		21,338,222	10,960,733
Operational Expenses	14	126,868,862	114,199,535
Finance Cost	15	9,120	10,931
Total Expenditure		250,090,306	220,158,057
Operating Surplus for the year		106,029,515	111,090,475

The Accounting Policies and Notes appearing on pages 86 to 98 form an integral part of the financial statements.

PUBLIC UTILITIES COMMISSION OF SRI LANKA

Cash Flow Statement

For the Year Ended 31st Dec 2018

	2018 Rs	2017 Rs
Cash Generated from Operating Activities		
Operational Surplus / (Deficit) in the year	106,029,515	111,090,475
Adjusted for		
Depreciation	12,496,154	11,399,626
Provision for Gratuity	(914,261)	2,983,015
Income on disposal of fixed assets	(1,786,990)	(90,460)
Adjustment for Prior Year Period	3,571,582	309,804
Interest income	(18,011,932)	(9,791,261)
Finance Cost	9,120	10,931
	101,393,188	115,912,130
Changes Working Capital		
(Increase) / Decrease in Inventories	138,231	(126,471)
(Increase) / Decrease in Deposit	(8,000)	231,689
(Increase) / Decrease in Receivable	(963,020)	(49,546,847)
Increase / (Decrease) in Payable	(6,003,478)	(1,990,075)
Increase / (Decrease) in Provisions Made	110,400	969,250
(Increase) / Decrease Advance, Pre Payments & Distress Loan	2,888,466	(2,111,912)
Net Changes in Working Capital	(3,837,401)	(52,574,366)
Cash Generated from / (Used in) Operating Activities	97,555,787	63,337,764
Cash Flow from the Investing Activities		
Fixed Assets Disposal Income Received	1,786,990	90,460
Purchase of Fixed Asset	(4,852,462)	(9,803,793)
Addition to the WIP	(446,634)	(3,843,024)
Interest Received	15,901,109	8,127,846
Withdrawal of Fixed Deposit	85,000,000	64,500,000
Increase in Investment of Gratuity	(2,419,483)	(2,084,109)
Invested in Fixed Deposits/TBS & Call Deposits	(197,000,000)	(120,000,000)
Net Cash Flow from (Used in) Investing Activities	(102,030,480)	(63,012,620)

PUBLIC UTILITIES COMMISSION OF SRI LANKA

Cash Flow Statement

For the Year Ended 31st Dec 2018

	2018 Rs	2017 Rs
Cash Flow from the Finance Activities		
Finance Cost	(9,120)	(10,931)
Gratuity Payments	(858,800)	(81,000)
Net Cash Flow from (Used in) Finance Activities	(867,920)	(91,931)
Cash and Cash Equivalent at the Beginning of the Year	8,617,950	8,384,737
Cash and Cash Equivalent at the End of the Year	3,275,337	8,617,950
Cash and Cash Equivalents,	3,275,337	8,617,950
Cash in Hand & at Bank	3,275,337	8,617,950

Statement of Changes in Equity

For the Year Ended 31st December 2018

	Accumulated fund	Revaluation Reserves	Total
Balance as at 1 st January 2018	317,343,957	3,027,878	320,371,835
Revaluation		24,416,820	24,416,820
Surplus in the Income Statement	106,029,515		106,029,515
Prior Year Adjustments	3,571,582		3,571,582
Balance as at 31st December 2018	426,945,055	27,444,698	454,389,752

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. The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

2.3 Financial period

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

03. Adoptions of Sri Lanka Accounting Standards

The Commission has adopted the following new and revised Sri Lanka Accounting Standards (LKAS) and accounting policies of the Commission have been revised where relevant, to reflect the revision of these LKAS.

The adoption of the new and revised standards has resulted to changes to the method of presentation and additional disclosures being made in the financial statements

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

LKAS 1 Presentation of Financial Statements

LKAS 2 Inventories

LKAS 8 Accounting Policies, Changes in Accounting Estimate and errors

LKAS 10 Events after the Balance Sheet date

LKAS 16 Properties, Plant and Equipment

LKAS 20 Accounting for Government Grants and Disclosure of Government Assistance

LKAS 18 Revenue

LKAS 26 Accounting and Reporting by Retirement Benefits Plans

LKAS 24 Related party disclosures

LKAS 37 Provisions, Contingent Assets and Liabilities

04. Comparative Information

The Accounting Policies applied by the Commission are, unless otherwise stated, consistent with those used in the previous year. Previous year's figures and phrases have been rearranged, wherever necessary, to conform to the current year's presentation.

05. Events after the Balance Sheet Date

All material post balance sheet events have been considered and appropriate adjustments or disclosures have been made in the respective notes to the financial statements.

06. Valuations of Assets and their Bases of Measurement

6.1 Property Plant & Equipment

The Property Plant & equipment are recorded at cost/less accumulated depreciation and revaluation gain and losses as set out below. The cost of property plant and equipment is the cost of purchase or construction together with any expenses incurred in the bringing the assets to its working condition for its intended use.

6.2 Revaluation of Property Plant and Equipment

A committee was appointed by Director General to revalue the following class of assets. Motor vehicles, Computer and equipment and furniture and fixtures. The above entire class of assets have been revalued by the committee. The effective date of revaluation is 31st December 2018. The increase amount of carrying value of assets has credited to the revaluation reserves.

6.3 Depreciation

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

1 Furniture and Fixtures	20%
2 Computer and Office Equipment	
Multi Media Projector	25 %
Desktop computer	25 %
Laptop computer	25 %
Mobile phones	33 1/3 %
Portable hard disk	33 1/3 %
LTO Tape drive	33 1/3 %
LTO Tape	33 1/3 %
UPS	50 %
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.

6.4 Capital work in progress

Capital expenses incurred during the year which are not completed as at the reporting date are shown as capital working progress whilst capital assets completed during the year and available for use will transfer to the property plant and equipment.

07. Inventories

Inventories are valued at lower of cost. The cost of the inventories is arrived at by using the first-in, first-out (FIFO) basis.

08. Investments

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

09. Receivable

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

10. Advances & Prepayments

Prepayments account includes a part of the premium paid to different suppliers to get the services for the specific time period and the amounts which are paid not relevant to the period under review (but for the future period) and advance account includes advances taken and which are not settled as at 31-12-2018.

11. Cash and cash Equivalents

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

12. Retirement Benefit Plan-Gratuity.

12.1 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. The PUCSL has carry out the first actuarial valuation of the gratuity liabilities to confirm with LKAS 19. The actuarial valuation was carried out by the professional actuarial valuers, Acturial and Management Consultant (pvt) Ltd

The adopted methodology to determine the required provision is Projected Unit Method (PUC) which is recommended method by the Sri Lanka Accounting Statndard ,LKAS 19. using the Projected Unit Credit Method. The defined benefit obligation for retiring gratuities payable under the Payment of Gratuity Act No.12 of 1983 recognised in the Statement of Financial Position, represent the present value of the defined benefit obligation. All actuarial gains and losses are recognised immediately in the Statement of Financial Performance and Other Comprehensive Income.

The provision for liability is externally invested after Balance sheet date

12.2 Employee Provident Fund and Employee Trust Fund

Contributions were made in line with respective statutes and regulations in respect of all eligible employees.

Increase the EPF Contribution 12% to 15% by the employer and 8% to 10% by employee effect from 1st October 2013.

13. Government Grants

During the year under review the PUCSL has received recurrent gant from the UNDP and it recognised as income in the period in which the related costs are recognized. Government grants utilized to acquire assets that will be expensed in subsequent periods are recognized as deferred income. Government Grants represented by other assets including cash and cash equivalents, less liabilities (other than liabilities on account of the Grants received) are recognized as liabilities

14. Recognition of Liabilities

A liability is recognized in the Balance Sheet when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measure reliably. Payables are stated at their cost.

Income Statement

15. Revenue Recognition

15.1 Variable Registration (License) Fees

In term of the clause 2 of the “Lubricant Agreement” executed with the Government of Sri Lanka, the lubricant market participants are required to pay bi-annually two million and Five Hundred Thousand(Rs. 2.5 million) or 0.75% of Total Invoiced Sales for that period, whichever is higher . a sum of Rupees Two Million and Five Hundred Thousand (Rs. 2.5 million)shall be paid on or before the 1st January another sum of Rupees Two Million and Five Hundred Thousand (Rs. 2.5 million)shall be paid on or before 30th June of each year in favour of the Secretary, Ministry of Petroleum Resources Development,In the event 0.75% of a market participant’s total invoiced sales for a bi-annual period being greater than rupees two million and five hundred thousand, such additional amount is to be paid to the Public Utilities Commission, within 30 days of the end of the period.

15.2 Annual Regulatory levy

According to Section 46 of Sri Lanka Electricity Act, No.20 of 2009, Commission empowered to impose an annual regulatory levy and it's to be recovered from every licensee before the 30th day of June of that year. This Act was certified on 8th April 2009 and implemented by the Commission from that date.

15.3 Licenses Application fees

In addition to the imposed the levies, according to Section 11 of the Sri Lanka Electricity Act, the Commission is empowered to collect the application processing fee with the license applications for licenses generate, transmit or distribute the electricity.

15.4 Interest Income

Interest income was calculated on accrued basis. Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the Commission. Therefore net interest income shown in the financial statements after deducting 5% withholding tax as final tax according to section 84 (1) of Act No:24 of Inland Revenue Act 2017.

16. Expenditure Recognition

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

17. Disclosures

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

Related Party Disclosures

Name	Position	Other Positions	Related Party Relationships as prescribed in line with Sri Lanka Accounting Standard 24
Mr. C.N.S.W.Mathew	Chairman	None	None
Mr. Sanjaya Gamage	Deputy – Chairman	Justice of Peace Unofficial Magistrate	Non-related
Prof. Rahula Attalage	Members of the Commission	Director – Environ Sustainability Global (Pvt) Ltd	Non-related
Mr. Prasad Galhena	Members of the Commission	Member of Board of Directors 1. SLT Vision Com (Private) Limited	Non-related

Note 01

PUBLIC UTILITIES COMMISSION OF SRI LANKA

Property Plants & Equipment

As at 31st December 2018

	Furniture & Fixtures Rs	Computer & Office Equipments Rs	Vehicles Rs	Tools Rs	Software Rs	Total Rs
As at Beginning of the year	14,896,327	41,831,198	32,869,060	30,305	9,031,577	98,658,467
Additions During the year		6,083,952				6,083,952
Transferred from WIP	5,770,837				2,375,000	8,145,837
Revaluation	1,253,445	1,341,467	21,821,908			24,416,820
Disposal During the year	(55,251)	(1,767,317)	(3,564,000)			(5,386,568)
As at End of the Year	21,865,358	47,489,300	51,126,968	30,305	11,406,577	131,918,508
Depreciation						
As at Beginning of the Year	13,475,073	24,004,638	26,770,968		6,170,776	70,421,455
Charge for the year	1,327,335	6,821,963	2,530,000		1,816,856	12,496,154
Prior year adjustment						
Revaluation						
Depreciation on disposal	(55,251)	(1,767,317)	(3,564,000)			(5,386,568)
As at the End of the Year	14,747,158	29,059,284	25,736,968		7,987,631	77,531,041
Net Book Value as at 31 December 2018	7,118,200	18,430,016	25,390,000	30,305	3,418,945	54,387,467

Note :1.1 Capital working progress

	2018
Website	1,900,000
DMS	1,114,350
	3,014,350

PUBLIC UTILITIES COMMISSION OF SRI LANKA

Notes to the Financial Statements

1st of January to 31st December 2018

02. Investments

Fixed Deposit

Gratuity Fund Investment

03. Inventories

04. Receivable

Variable registration fee

Chevron Lubricant Ltd

Lanka IOC Ltd

Mclarans Lubricant

Ceylon Petroleum Corporation

Laugfs

Interocean Services Ltd

Associated Motorways

TVS Lanka (Pvt) Ltd (Bharat Petroleum Cor.)

United Motors

Toyota Lanka (Pvt) Ltd

N. M. Distributors (Pvt) Limited

Annual regulatory levies

Fixed Deposits Interest receivable

Other-receivable

	2018 Rs	2017 Rs
	252,000,000	140,000,000
	15,348,309	12,076,268
	267,348,309	152,076,268
	419,981	558,211
	30,566,137	34,756,464
	11,018,428	9,005,070
	6,212,967	4,136,360
	10,000,000	10,000,000
	4,669,110	3,868,641
	350,238	550,862
	1,410,878	1,224,691
	2,994,191	2,439,180
	825,451	3,000,000
	6,700,386	5,270,334
	3,143,342	1,542,306
	77,891,128	75,793,908
	82,111,527	83,215,750
	5,402,789	4,144,525
	228,566	258,544
	165,634,010	163,412,727

PUBLIC UTILITIES COMMISSION OF SRI LANKA

Notes to the Financial Statements

1st of January to 31st December 2018

05. Deposit, Advances and Prepayments

Deposit

Deposit Dialog Axiata PLC

BOC Property Development Ltd

Girl Friendly Association

Advance & Pre Payments

Advances

Postal Dept

Pre Payments

Distress Loan

Festival advance

Total Deposit, Advance and Prepayments

06. Accumulated Fund

Balance at 1st January 2018

Surplus /(Deficit) for 31/12/18

Prior Year Adjustments (6.1)

6.1 Disclosure on prior year adjustment 2018

Category

Maintenance of Software

Communication and newspapers

Subscription

Foreign travelling

Consultancy

Electricity

Maintainance of Office bulding

	2018 Rs	2017 Rs
	1,500	1,500
	826,571	826,571
	43,000	35,000
	871,071	863,071
	638,598	1,268,636
	34,620	26,840
	3,472,202	5,990,083
	4,145,420	7,285,559
	1,358,753	1,432,596
	115,800	118,600
	6,491,044	9,699,826
	317,343,957	205,943,678
	106,029,515	111,090,475
	3,571,582	309,804
	426,945,054	317,343,957
	Total	2018
	(5,097)	(5,097)
	(22,550)	(22,550)
	(566,658)	(566,658)
	(3,346)	(3,346)
	(170,392)	(170,392)
	(8,469)	(8,469)
	180	180

PUBLIC UTILITIES COMMISSION OF SRI LANKA

Notes to the Financial Statements

1st of January to 31st December 2018

	2018 Rs	2017 Rs
printing	71,112	71,112
Sundry Expenses	(180)	(180)
Water	8,469	8,469
Insurance	204,170	204,170
Welfare & Public relations	540	540
Public awareness	4,531,902	4,531,902
Regulatory levy	(15,390)	(15,390)
Variable registration fee	(362,708)	(362,708)
Variable registration fee	(90,000)	(90,000)
Total	3,571,582	3,571,582
07. Account Payable		
Printing & Advertising	-	814,000
Communication	184,225	283,394
Floral arrangement	-	8,863
Other allowances	3,670,915	2,821,754
News Papers	18,640	16,130
Overtime	156,480	93,078
Transport	26,207	8,754
Travelling	8,000	17,250
Welfare & Public Relations	-	541
Maintenance of Office Building	-	44,457
Maintenance of Office Vehicle	-	4,110
Water	-	26,238
Electricity	-	101,629
Public Awareness	5,993,425	12,122,017
Consultancy	9,878,364	7,691,607
Stamp Duty Payable	4,175	3,700
Janitorial Servicers	66,024	59,400
Postal	35,903	840
Insurance		223,120

PUBLIC UTILITIES COMMISSION OF SRI LANKA

Notes to the Financial Statements

1st of January to 31st December 2018

	2018 Rs	2017 Rs
Capital Work in progress payable	602,870	3,389,909
Retention money	304,669	199,951
Accrued Computer & Equipment	1,231,490	-
Legal Expenses	28,750	-
Maintenance of Computer and Equipment	747,002	-
Statinary	26,180	-
Research and Survey	105,000	-
SAARC	246,574	-
WHT Payable	138,589	-
Other Payable	288,142	-
	23,761,624	27,930,742
08. Auditor General's Fees		
Balance B/F	1,753,300	784,050
payments during the year	(876,300)	(257,025)
Povision for year 2018	986,700	877,000
Under provision for 2015 & 2016	-	349,275
	1,863,700	1,753,300
09. Variable Registration Fees		
Lanka IOC Ltd	19,029,940	16,619,342
Cheveron Lubricant Lanka	67,104,180	68,710,988
Mclarens Lubricant	13,088,572	8,916,953
Ceylon Petroleum Corporation	8,544,167	10,000,000
LAUGFS Lubricants Limited	7,870,997	5,704,891
Interocean Services Ltd	586,271	550,862
Assosiated Motorways	2,823,790	2,239,299
TVS Lanka (Pvt) Ltd	5,106,359	4,418,050
United Motors	1,461,686	3,000,000
Toyota Lanka (Pvt) Ltd	12,766,157	10,223,572
N. M. Distributors (Pvt) Limited	3,959,849	2,407,428
	142,341,968	132,791,385

PUBLIC UTILITIES COMMISSION OF SRI LANKA

Notes to the Financial Statements

1st of January to 31st December 2018

	2018 Rs	2017 Rs
10. Annual Regulatory Levies		
Generation	61,973,988	62,820,911
Transmission	22,880,000	23,820,000
Distribution	105,792,000	101,640,000
	190,645,988	188,280,911
11. Licences Application Fees	371,000	195,000
	371,000	195,000
12. Other Income		
Interest	18,011,932	9,791,261
Exemption fee	11,000	25,000
Sundry Income	36,682	74,515
Income:Fixed Asset Disposal	1,786,990	90,460
Grants-Recurent	2,000,000	-
Acturial gain on Gratuity provision	914,261	-
	22,760,865	9,981,236
13. Personel costs		
Personel Emoluments		
Commissioners Remu:	1,386,600	1,536,000
Salaries	54,619,573	51,164,567
Other Allowances	34,211,594	29,020,401
Over-time	1,562,100	1,067,992
Contribution for Employee Provident Fund	8,823,932	7,679,819
Contribution for Employee Trust Fund	1,270,303	1,535,064
Gratuity Expense		2,983,015
	101,874,102	94,986,858

PUBLIC UTILITIES COMMISSION OF SRI LANKA

Notes to the Financial Statements

1st of January to 31st December 2018

14. Operational costs

Training & Traveling Expenses - Overseas & Local

Overseas & Local Training	3,271,081	5,216,288
Foreign Travelling Expenses	1,207,122	1,582,179
Incidental / per diem	3,827,250	4,746,276
Travelling (Local)	908,181	888,602
	9,213,634	12,433,345

Consumable Materials

Stationery	1,471,084	732,306
Fuel & Parking	5,105,923	4,638,271
Consumable Material	259,219	66,142
Entertainment	210,551	490,332
	7,046,777	5,927,051

Contractual Services

Transport & Hiring of Vehicle	12,956,190	12,428,538
Communication including Newspapers & Postal	4,429,304	3,763,979
Printing & Advertising	3,191,049	5,186,356
Survey	105,000	
Rents and Rates for Building	18,427,702	16,720,783
Electricity	1,337,215	1,187,768
Medical	5,982,892	5,082,875
Water	355,957	274,352
Insurance	891,172	1,248,463
Subscription	188,886	152,965
Janitorial Services	1,512,862	1,413,670
Legal & Investigation Fees	2,177,248	1,616,392
	51,555,477	49,076,141

PUBLIC UTILITIES COMMISSION OF SRI LANKA

Notes to the Financial Statements

1st of January to 31st December 2018

	2018 Rs	2017 Rs
<i>Other services</i>		
Public Awareness Cost	40,452,155	30,614,279
Auditor General's Fees	986,700	877,000
Welfare & Public Relations	7,775	45,653
Floral Arrangements	102,388	113,397
Employee Engagement	717,157	759,585
SARRC event	413,497	
SAFIR event		230,350
Miscellaneous & Others	306,935	54,914
	42,986,607	32,695,178
<i>Repair & Maintenance and depreciation of Capital asset</i>		
Maintenance of vehicles	1,048,042	767,363
Maintenance of Office Building	86,789	72,613
Maintenance of Computer, Equipment & Software	2,432,576	1,828,218
Maintenance of Furniture & Fittings	2,805	
Depreciation Charges	12,496,154	11,399,626
	16,066,366	14,067,820
Total operational cost	126,868,862	114,199,535
15. Finance Cost		
Bank Charges	9,120	5,972
Loss on currency conversion		4,959
	9,120	10,931

Audit Committee Report 2018

The Composition of the Audit Committee

Based on the directives given in the Circular No PD/55 issued by the Director-General of the Department of Public Enterprises dated 14 December 2010, the following members and the officers were nominated and appointed by the Commission for Audit Committee.

Name of the member	Status/position of the audit committee	Representation /post
Mr. Prasad Galhena	Chairman of the Audit Committee	Member of the Public Utilities Commission of Sri Lanka
Mr. Sanjaya Gamage	Vice Chairman of the Audit Committee	Deputy Chairman of the Public Utilities Commission of Sri Lanka
Mrs. Janaki Vithanagama	Secretary of the Audit Committee	Secretary to the Public Utilities Commission of Sri Lanka
Mr. M R V R Meepura	Observer – Ministry of Finance	Director – Department of Public Enterprises
Mrs. T R M Weeraratne	Observer – Auditor General's Department	Audit Superintendent
Mrs. P A Kanthi	Observer – Line Ministry	Chief Internal Auditor – Ministry of National Policies and Economic Affairs
Mr. K G Keerthisena	Convener	Internal Auditor - Public Utilities Commission of Sri Lanka

Four meetings of the Audit Committee were held during the year 2018 with the participation of the above-named officials. Some of the key activities carried out by the Audit Committee are explained below;

- Review and approve the responsibilities of the Internal Auditor's annual audit plan 2019
- Plan and introduce the control systems for strengthening the internal control system of the PUCSL
- Review the records on the collection of levies and charges and provide solutions to collect the same in a timely manner
- Ensuring that the deficiencies and shortcoming as pointed out by the Auditor General accounts are corrected and measures were recommended to address the issues faced
- Provide advice and guidance on disposal of outdated and obsolete assets mentioned in the assets survey
- Measures were given to recover losses on lost/failed products and to dispose of and dispose of unreturned and obsolete goods and equipment
- Accelerate and make relevant comments and clarifications through relevant officers for the queries and observations of the Auditor General
- Order the prevention of delays by reviewing the progress of the implementation of the recommendations of the Audit and Management Committee meetings of the line ministry
- Provide advice for an efficient procurement process and review the progress of the action plan with the objective of improving efficiency
- Reviewing the performance of the Internal Audit Officer, observations and recommendations
- Approval of the instructions and guidelines presented by the internal audit officer to strengthen expenditure and asset management.

Details of the Audit Committee meetings held during the year 2018

Name of the committee member	Committee states	1 st Meeting 02.07.2018	2 nd Meeting 23.08.2018	3 rd Meeting 18.10.2018	4 th Meeting 20.12.2018
Mr. Prasad Galhena	Chairman	1	1	1	1
Mr. Sanjaya Gamage	Deputy Chairman	1	1	1	1
Mrs. Janaki Vithanagama	Secretary	1	1	1	1
Mr. K G Keerthisena	Convener	1	1	1	1
Mrs. T R M Weeraratne	Observer	1	1	1	1
Mr. M R V R Meepura	Observer	1	1	1	1
Mrs. G A Kanthi	Observer	1	1	1	1
Mr. Damitha Kumarasinghe	Invitee	1	1	1	1
Mr. B S Jayapala	Invitee	1	1	-	-
Mrs. T D Haputhanthri	Invitee	-	-	1	1

Audit and Management Committee meetings chaired by Chief Accountant (Secretary to the Secretary of the Ministry)

Apart from the above meetings of the audit committee, audit and management committee meetings were held at the (Line Ministry) Ministry of National Policies and Economic Affairs chaired by the Secretary to the Secretary of the Ministry to review the financial and physical progress of the Commission and to discuss on the audit queries raised by the Auditor General and the internal auditor of the Commission.

Participation represent by the Commission	Details of audit and management committees held				
	2018 1 st Meeting 2018.06.21	2018 2 nd Meeting 2018.07.28	2018 3 rd Meeting 2018.11.09	2018 4 th Meeting 2018.11.26	Total
Mr Damitha Kumarasinghe - Director General - Public Utilities Commission of Sri Lanka	1	1	-	1	3
Mrs Janaki Vithanagama - Secretary to the Public Utilities Commission of Sri Lanka	1	1	-	1	3
Mr K G Keerthisena - Internal Auditor - Public Utilities Commission of Sri Lanka	1	1	1	1	4
Mr B S Jayapala – Director Finance of Public Utilities Commission of Sri Lanka	1	1	1	-	3
Mrs T D Haputhanthri – Deputy Director Finance of Public Utilities Commission of Sri Lanka	-	-	-	1	1

Prasad Galhena
Chairman
Audit Committee
Public Utilities Commission of Sri Lanka
17.01.2019



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