

PUBLIC UTILITIES COMMISSION OF SRI LANKA
ENFORCEMENT ORDER

Issued under Section 34 of the Sri Lanka Electricity Act, No. 20 of 2009

Order No.: PUCSL/2025/TEA-01

Date: November 21, 2025

To: Ceylon Electricity Board, as Generation Licensee -License No. EL/GB/25/01

Subject: Directive to Enter into Fuel Supply Agreements (FSAs) for Thermal Power Plants.

WHEREAS:

1. The Public Utilities Commission of Sri Lanka (hereinafter referred to as "the Commission") has issued Generation License No. EL/GB/25/01 (hereinafter referred to as "the License") to the Ceylon Electricity Board (CEB), in accordance with the provisions of the Sri Lanka Electricity Act, No. 20 of 2009 (as amended) (hereinafter referred to as "the Act").
2. Condition No. 4 of the said Generation License requires the Licensee to comply with any decisions, orders, directions, or determinations issued by the Commission pursuant to the Act and the License.
3. The Commission has, on several occasions, directed the CEB to enter into Fuel Supply Agreements (FSAs) for the procurement of fuel used in power generation. This directive was also included as a condition in the following tariff decisions issued by the Commission:
 - i. Tariff Decision dated February 15, 2023
 - ii. Tariff Decision dated June 30, 2023
 - iii. Tariff Decision dated October 19, 2023
 - iv. Tariff Decision dated March 04, 2024
 - v. Tariff Decision dated July 15, 2024
 - vi. Tariff Decision dated January 17, 2025
4. The latest directive, as per the Tariff Decision of January 17, 2025, required CEB to enter into Fuel Supply Agreements by March 31, 2025.
5. Despite repeated directives and the submission of two draft FSAs in December 2024 and March 2025 respectively, the CEB has failed to enter into a proper Fuel Supply Agreement, thereby acting in contravention of the directives issued by the Commission.
6. CEB has further requested a 6-month extension by a letter dated April 09, 2025, citing pending reviews by the Ministry of Energy, the Ceylon Petroleum Corporation, the Attorney General, and its Board of Directors, in addition to

approval from the Commission. The requested extension period has elapsed by the date of this Order.

7. The Commission observes that the CEB has had no disincentive to delay entering into FSAs, as fuel prices proposed by CEB have been consistently approved in tariff determinations, including cost increases, even when certain fuel price revisions lacked transparency.
8. In the absence of FSAs, the Commission has been compelled to obtain clarifications directly from fuel suppliers, creating uncertainty, inefficiency, and undermining transparency in fuel pricing.
9. Section 34 of the Act empowers the Commission to issue enforcement orders where a licensee is contravening or is likely to contravene any condition of a license or statutory requirement.
10. The notice of the proposed Enforcement Order was published in the national newspapers on September 3, 2025. In compliance with Section 34 of the Act, the Commission, by letter dated September 3, 2025, duly notified the CEB of the said proposed Enforcement Order.
11. In accordance with Section 35 of the Act, the statutory period of twenty-eight days granted for the Licensee to make representations or objections to the proposed Enforcement Order concluded on October 1, 2025, and the CEB has made use of such provision to send an objection and that is not accepted by the Commission.

NOW THEREFORE:

The Commission, having considered the foregoing, and in the interest of ensuring transparency, accountability, and protection of electricity consumers, hereby issues this Enforcement Order under Section 34 of the Act, as follows:

1. **Directive:** The Ceylon Electricity Board (CEB), as the Generation Licensee under License No. EL/GB/25/01, is hereby directed to enter into duly executed Fuel Supply Agreements (FSAs) with the designated fuel supplier(s) for the supply of fuel to all thermal power plants operated by the Licensee.
2. **Deadline:** The said Fuel Supply Agreements shall be finalized and signed on or before **February 21, 2026**, with prior approval of the Commission.
3. **Reporting Requirement:** The Licensee shall provide the Commission with monthly written updates on the progress of the finalization of the Fuel Supply Agreements, starting from the date of this Order.
4. **Consequences of Non-Compliance:** Failure to comply with this Enforcement Order will be considered a violation of the License Conditions and will lead to further regulatory action, including penalties, fines under the Act.
5. The Commission hereby reserves the right to amend , modify, or revoke this Enforcement Order, in whole or in part, as it may deem necessary or expedient, to give full effect to, or to ensure consistency with, any provisions or directives

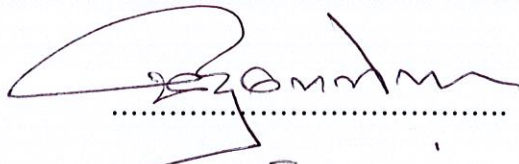
arising from the enactment and enforcement of the Sri Lanka Electricity Act,
No.36 of 2024, or any statutory instrument made thereunder.

Issued by the order of Public Utilities Commission of Sri Lanka

Name: Piyal Hennayake

Designation: Dep. Chairman

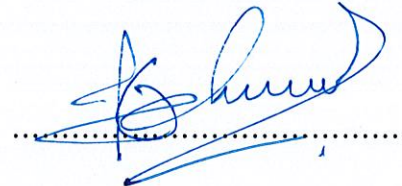
Date: 21/11/2025


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Signature

Name: Prof. K. P. L. Chandrasekera

Designation: Chairman

Date: 21/11/2025


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Signature