



ශ්‍රී ලංකා මහජන උපයෝගීතා කොමිෂන් සභාව இலங்கைப் பொதுப் பயன்பாடுகள் ஆணைக்குழு PUBLIC UTILITIES COMMISSION OF SRI LANKA



බැඳි අංකය }
உமது இல. }
Your No. }

අපේ අංකය }
எமது இல. }
Our No. }

PUC/E/Tariff/01

දිනය }
திகதி }
Date } September 03, 2026

Mr. G. M. R. D. Aponsu,
Secretary,
Ministry of Energy

Feed in Tariff related Policy Inconsistencies with Sri Lanka Electricity Act No. 36 of 2024

This letter refers to Section 29 of the Sri Lanka Electricity Act No. 36 of 2024, as amended, Section 14 of the Public Utilities Commission of Sri Lanka Act No. 35 of 2002, the National Electricity Policy of 2026 dated 5 March 2026, and the Decision on Feed-in Tariffs effective from 25 August 2026.

During the recently concluded feed-in tariff review process, the Commission observed that certain provisions of the National Electricity Policy is not fully aligned with the policy objectives and regulatory powers set out in the Sri Lanka Electricity Act No. 36 of 2024, as amended (Electricity Act), and the Public Utilities Commission of Sri Lanka Act No. 35 of 2002 (PUCSL Act).

In particular, sub clauses 1.4(d), 1.5(a), and 1.5(b) of Clause 5.2 of the National Electricity Policy appear to be inconsistent with the following provisions of the Electricity Act, which expressly set out the policy framework for the promotion of renewable energy.

1. Section 4 (3) (c): "incentivize investments in energy technologies such as renewable energy, energy storage and energy efficiency which increase national energy security and reduce the dependence on imported fossil fuel sources;"
2. Section 4 (3) (d): "ensuring financial viability of the Electricity Industry and the need to attract private sector investments to the Electricity Industry including the development of renewable energy-based electricity generation, transmission, energy storage and end user energy efficiency;"
3. Section 5 (3) (j): "The Regulator shall have the power to periodically set the feed in tariff"

In addition, the following policy sub clauses 1.4(d), 1.5(a), and 1.5(b) of Clause 5.2 appear to affect the powers conferred on the PUCSL under the Electricity Act and Section 14 of the PUCSL Act, particularly in relation to ensuring the efficient operation and investment of public utilities.

- a) Sub-clause 1.4. (d) of Clause 5.2 of the National Tariff Policy: "The term of agreements for rooftop solar PV connections and SPPAs shall not exceed 12-years for mature renewable energy technologies and shall not exceed 20-years for any other technology"

Section 29(2) of the Electricity Act requires the Regulator to ensure the financial sustainability of regulated entities, including a reasonable return on investment. Further, Sections 14(2)(c) and 14(2)(d) of the PUCSL Act require the PUCSL, in discharging its powers, to promote efficiency in capital investment in public utilities and efficiency in the allocation of resources within public utilities.

In this context, limiting the SPPA period to 12 years will restrict the full and efficient utilisation of the resources employed for such projects. Such a limitation of SPPA period in the policy constrain the Commission's ability to discharge the powers and responsibilities conferred on it under the Electricity Act and the PUCSL Act.

- b) Sub-clause 1.5. (a) of Clause 5.2 of the National Tariff Policy: "Extension of SPPAs on feed-in-tariffs, in the case of agreements where a three-tier tariff was applicable, shall be the tariff prevailing during the last year of the Term of such SPPA, inclusive of annual escalations provided for O&M costs"

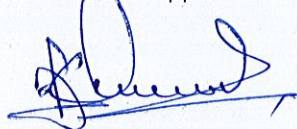
This clause prescribes the applicable feed-in tariff upon extension of a SPPA, notwithstanding that the Commission is empowered under Section 29(3)(a) of the Electricity Act to determine such tariffs. Feed-in tariffs are generally determined to facilitate the optimal utilisation of invested assets over the relevant agreement period. Accordingly, it may not be appropriate to assume that such assets would retain significant residual value at the end of the SPPA period.

Accordingly, the above policy provision limits the PUCSL's ability to exercise its powers under Section 29(2) of the Electricity Act and Sections 14(2)(c) and 14(2)(d) of the PUCSL Act.

- c) Sub-clause 1.5. (b) of Clause 5.2 of the National Tariff Policy: "Extension of agreements for on-grid rooftop solar PV generating facilities on feed-in-tariffs, shall be on the basis of the market price announced by the NSO for generation from solar PV."

Pursuant to Section 29(3)(a) of the Electricity Act, the authority to determine feed-in tariffs rests with the Regulator. However, the above policy provision appears to assign the determination of the applicable tariff to the NSO. This appears to be inconsistent with the tariff-setting authority vested in the Regulator under the Electricity Act.

In light of the above, the proposed feed-in tariffs have been determined in accordance with the relevant provisions of the Electricity Act. To the extent that the identified requirements of the National Electricity Policy are inconsistent with the Electricity Act and PUCSL Act, the provisions of the Electricity Act and PUCSL Act have been applied.



Prof. K. P. L Chandralal
Chairman