Annual Report

2025

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Public Utilities Commission of Sri Lanka

Contents

1.1 Corporate Information 11

1.1.1 Members of the Public Utilities Commission of Sri Lanka 12

1.1.2 Executive Management of Public Utilities Commission 15

1.1.3 Message from Chairman of the PUCSL 16

1.1.4 Message from Director General of the PUCSL 17

1.2 Our Vision 18

1.2.1 Our Mission 18

1.2.2 Objectives 18

1.2.3 Functions of Public Utilities Commission of Sri Lanka 19

Corporate Governance Role of the Commission 20

1.3 Introduction 20

1.3.1 Regulatory Framework and Mandate 20

1.3.2 Corporate Governance 20

1.3.3 Organizational Structure 21

1.3.4 Corporate Governance Framework 21

1.3.5 Composition of the Commission 22

1.4 Chairman of the Commission 22

1.4.1 Responsibilities of the Chairman 22

1.5 Responsibilities of the Commission 22

1.5.1 Commission Meetings 23

1.5.2 Activity Plan and Budget 23

1.5.3 Transparency and Accountability: 23

1.5.4 Ethical Standards and Conflict of Interest Management 24

1.5.5 Regulatory Decision-Making 24

1.5.6 Capacity Building and Professional Development 24

1.5.7 Performance Evaluation and Continuous Improvement 24
1.6 Director General of the Commission 25
1.6.1 Responsibilities of the Director General 25
1.7 Secretary to the Commission 25
1.8 Financial Reporting 26
Overview of Activity Plan 2025 27
1.9 Tariff and Economic Affairs Division 28
1.9.1 Bulk supply tariff (Transmission to Distribution transfer price) and end-user tariff review 31
1.9.2 Generation, Transmission & Distribution expense monitoring, true-up and information dissemination 32
1.9.3 Review of sales tariff of parties exempted from obtaining a distribution license (Condominiums, malls etc.) and monitoring 33
1.9.4 Review of Allowed Charges (charges other than tariff) filed for 2026 33
1.9.5 Electricity Generation, Transmission and Distribution Cost Benchmarking 35
1.9.6 Calculation of network charges and other associated tariffs for open access 35
1.9.7 Tariff methodology review 36
1.9.8 Review of Fuel Supply Agreements and heat rates of CEB-owned power plants 36
1.9.9 Development of Electric Vehicle (EV) charging tariff methodology and study on existing market rates for EV charging 38
1.9.10 Formulation of revised tariff review procedure 39
1.9.11 Study on energy poverty and formulate policy advice on subsidies 39
1.10 Consumer Affairs Division 40
1.10.1 Procedure for distribution licenses on disconnection of electricity supply 43
1.10.2 Interactive sessions for Area Engineering Officials of DLs to increase compliance on electricity acts, rules, regulations and guidelines etc (phase II) 46

1.10.3 Dissemination of Information related to Consumer Protection in the Electricity Industry 48

1.10.4 Determine resolutions for mediation requests in the Electricity 53

1.10.5 Proposed Methodology for Quantification of Unpaid Energy Curtailment 54

1.10.6 Guidelines for Distribution Licensee on Removing of its Assets (Electricity Supply Equipment) and Resupply the Electricity Connection to a Consumer 55

1.10.7 Guidelines for Electricity Suppliers to Provide Electricity Services in Response to Requests Made by Consumers Residing on State Lands 56

1.10.8 Conducting Survey on Electricity Consumer Complaint Resolving Process 57

1.10.9 Development of Dispute Resolution and Management Software System (DRMSS) 59

1.10.10 Develop a system for data generation, transmission, distribution, and acquisition 59

1.11 Environment, Renewable and Efficiency Division 61

1.11.1 Development of a Web-based system to register and monitor Electrical Vehicle Charging Stations (EVCS) and other relevant data 64

1.11.2 Implementation of a mechanism for Verification and Compliance of Imported EVSE to Sri Lankan Standards 64

1.11.3 Enabling the submission of the Technical and Economic Potential Evaluation Report by DL as per the UDSM regulation 65

1.11.4 Conducting the TOT program to educate 50 instructors and establishing training facilities to conduct NVQ 3-level solar courses in government institutes 65

1.11.5 Reviewing and approving the commercial terms of new RE generation and energy storage capacity under Section 5(3)(n) of SLEA 2024 68

1.11.6 Resolving Consumer complaints related to Renewable energy and Environmental issues related to the electricity sector 69

1.11.7 License/Exemption condition compliance monitoring and reporting program 70

1.11.8 Dissemination of Information Related to Renewable Power Generation 72

1.11.9 Dissemination of information related to the EV charging stations 72

1.11.10 Dissemination of information related to the Environmental Performance of the Power plants, Maintaining the Dispatch Database and Visualization Dashboard..... 72

1.12 Inspectorate Division 73

1.12.1 Reducing the number of electrocutions caused by non-availability or malfunctioning RCDs in domestic installations..... 80

1.12.2 Minimizing the number of electrocutions caused by illegal tapping of electricity for protecting cultivation 81

1.12.3 Establishment of monitoring mechanism to ensure that safety measures remain effective 83

1.12.4 on improving electrical safety at apartment complexes not under exemption certificates 83

1.12.5 Implementation of power quality response modes in LV connected rooftop solar inverters 84

1.12.6 Awareness programs to improve safe use of electricity..... 85

1.12.7 Implementation of Safety & Technical Management Plan to maximize electrical safety in Generation, Transmission, Distribution & Supply. 86

1.12.8 Implementation of Incident Reporting System (IRS) for all the stakeholders (public, police, health & licensees). 87

1.12.9 Market inspection in respect of plugs and sockets..... 88

1.12.10 Specific Inspection Activities to resolve consumer complaints and disputes. 89

1.12.11 Evaluation of Sanction Applications..... 90

1.13 Licensing Division 91

1.13.1 Transmission System Analysis..... 96

1.13.2 Providing Recommendations to formulate the Long Term Power System Development Plan under Section 5(3)(k) of SLEA 2024..... 96

1.13.3 Reviewing and approving the commercial terms of new generation, transmission and energy storage capacity under Section 5(3)(n) of SLEA 2024. 96

1.13.4 Benchmarking report on the SAIDI and SAIFI of the Distribution Licensees 97

1.13.5 Revision of the licensing process and related procedures/regulatory tools based on the provisions of the new Act 97

1.13.6 Development of License Compliance Monitoring Framework 98

1.13.7 Electricity Sector Licensing and Exemption 98

1.13.8 Execution of the Distribution Code 98

1.13.9 Voltage Monitoring Program Under Distribution Performance Standards Regulation 99

1.13.10 Setting Benchmarks for the transmission performance indices for supply availability and supply reliability - Transmission Performance Standards Regulations 99

1.13.11 Development of developer independent Data Submission System for Licensees to submit information (daily and monthly) to the PUCSL. 100

1.13.12 Administration of the dispatch data dashboard 100

1.13.13 Disaster Management Plans- Electricity Sector 101

1.13.14 Conducting an investigation and a Public Hearing on the Total System Failure occurred on 09th February 2025 101

1.14 Regulatory Affairs Division 103

1.14.1 Revising the contractual structure relating to rooftop solar electricity generation to facilitate third-party investment 105

1.14.2 Promulgating Open Access and Electricity Market 106

1.14.3 Review and Revise the Grid Code 106

1.14.4 Formulation of a Mechanism for Collection, Re-refining, and Disposal of Used Lubricant 107

1.15 Corporate Communication Division 109

1.15.1 National Vocational Qualification (NVQ) Level 3 Certification Programme for Electricians 112

1.15.2 National Vocational Qualification (NVQ) Level 3 Certification Programme for Plumbers 113

1.15.3 National Vocational Qualification (NVQ) Level 3 Certification Programme for Refrigeration and Air Conditioning (RAC/MAC) Technicians 114
1.16 Human Resources and Administration Division 115
1.16.1 Capacity Building Training Programmes and Change Management 117
1.16.2 Outbound Training Programme 118
1.17 Compliance and Research Division 119
1.18 Legal Division 120
1.18.1 Providing Legal Opinions/Advice for the Divisions of the Commission. 122
1.19 IT & MIS Division 123
1.19.1 Data Centre Solution with public cloud infrastructure with DR site 124
1.19.2 Enhancing existing business applications 124
1.19.3 Office Automation 124
1.19.4 BCP/DR + Security with IT Policy 125
1.19.5 Networking Infrastructure Development 125
1.19.6 Server Infrastructure Development 125
1.19.7 Software Infrastructure Development 126
1.20 Finance Division 127
1.20.1 Digitalization of Fixed Assets verification (Board of Survey) 128
1.20.2 Financial Statement 130
1.20.3 Audit Committee Report 149
1.20.4 Ten-years Summary of Financial Position 151
Auditor General Report 2025 153
Activities Plan and the Budget 2026 166
Annex 1: Organizational Structure 185
Annex 2: Report on Electricity Cost Recovery - 2025 186
List of Acronyms 188

1. Introduction 189
2. Tariff Reviews in Year 2025 189
3. Approved Forecast Costs 190
3.1. Electricity Generation Cost 190
3.2. Electricity Transmission and Bulk Supply Operations Business Cost 196
3.3. Electricity Distribution & Supply Cost 196
3.4. Summary of Approved Annual Costs 197
4. Forecast Electricity Sales Revenue 197
5. Actual Costs and Revenue 197
6. Ex-post Analysis on Cost Recovery 198
6.1. Generation – Energy Cost 198
6.2. Finance Cost – BSOB 199
6.3. Electricity Sales Revenue 199

About the Public Utilities Commission of Sri Lanka

Established in 2003, the Public Utilities Commission of Sri Lanka (PUCSL) commenced its operations with the appointment of its inaugural group of Commissioners and Director General. A quintet of distinguished members constitutes the Commission, each appointed for a five-year tenure by the Minister responsible for Policy Development, in consultation with the Constitutional Council. Underpinning its authority are the Public Utilities Commission of Sri Lanka Act No.35 of 2002, the Sri Lankan Electricity Act No.20 of 2009, and the Sri Lanka Electricity (Amendment) Act No. 31 of 2013. Chairman and other Members are appointed with the concurrence of the Constitutional Council. The members of the Commission are persons with ability and integrity and have shown capacity in addressing problems relating to engineering, law, economics, business management, accountancy, or administration.

The PUCSL assumes the dual role of the economic, technical and safety regulator of the Electricity Industry and the shadow regulator for the lubricant market. In addition to the electricity industry, the Commission was recognised by the PUCSL Act as the sector regulator for the water services industry and the petroleum industry. The Industrial Acts for the water and petroleum industries are yet to be passed through the Parliament.

At the heart of the Commission's operational prowess are highly skilled professionals proficient in various industries, including electricity, water services, petroleum, and the lubricant market. This adept team facilitates the PUCSL's mission to regulate the electricity industry as the vanguard of economic, safety, and technical oversight, while concurrently undertaking the role of a shadow regulator in the lubricant market.

The PUCSL collaborated with the water services and petroleum industries, offering regulatory insights. This proactive engagement stems from the anticipation of forthcoming industry-specific acts that are awaiting the Parliamentary approval. By providing regulatory guidance, the PUCSL supports these industries in their journey toward enhanced governance and efficiency, reflecting its commitment to a dynamic and regulated landscape.

1.1 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

- **Registered Office**

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

- E-mail: info@pucsl.gov.lk
- Telephone: +9411 239 2607/8
- Fax: +9411 239 2641
- Website: www.pucsl.gov.lk

- **Banker**

Bank of Ceylon
1st & 2nd Floor,
BOC Merchant Tower,
No. 28, St. Michaels's Road,
Colombo 03

- **Internal Auditor**

KPMG
No: 32A, Sir Mohamed Macan Markar Mawatha, Colombo 03.

- **Auditors**

Auditor General's Department
No: 306/72, Polduwa Road,
Battaramulla.

1.1.1 Members of the Public Utilities Commission of Sri Lanka

Chairman

Prof. K. P. L. Chandralal

Prof. K.P.L. Chandralal serves as a Professor in the Department of Marketing Management at the University of Sri Jayewardenepura. He holds a Ph.D. in Marketing from the University of New England, Australia, an M.Sc. in Management from the University of Sri Jayewardenepura, and a B.Com. (Special) with First Class Honours from the same university. With expertise in Marketing, Services Marketing, Consumer Behavior, and Marketing Research, he is a dedicated academic committed to fostering innovation and excellence in higher education.

Member of the Commission

Eng. Piyal Hennayake

Eng. Piyal Hennayake holds an MBA in Management of Technology from the Asian Institute of Technology, a Postgraduate Diploma in Engineering and a B.Sc. in Civil Engineering from the University of Moratuwa, and a Diploma in International Affairs from the Bandaranaike Centre for International Studies. A Corporate Member of the Institution of Engineers, Sri Lanka, and a Graduate Member of the Sri Lanka Institute of Directors, he brings decades of multidisciplinary expertise in engineering, finance, management, and policy. An engineer turned banker, he was a DGM at both HNB & Seylan Banks. Eng. Hennayake is a consultant, visiting lecturer, and an Independent Non-Executive Director LB Finance PLC.

Member of the Commission

Dr. M. C. S. Fernando

A Senior Lecturer in the Department of Mathematics, Faculty of Science, University of Kelaniya, holds a Ph.D. from RPTU Kaiserslautern, Germany, an M.Sc. from LUT, Finland, and a B.Sc. from the University of Ruhuna, Sri Lanka, bringing extensive academic expertise and a global perspective to teaching and research in mathematics.

Member of the Commission

Prof. Lilantha Samaranayake

Professor in Electrical & Electronic Engineering at the Department of Electrical & Electronic Engineering, Faculty of Engineering, University of Peradeniya. Currently he is the Dean of the Faculty of Engineering.

1.1.2 Executive Management of Public Utilities Commission

Mr. Damitha Kumarasinge - Director General

Mr. Kanchana Siriwardane - Deputy Director General - Industrial

Dr. Nilantha Sapumanage - Deputy Director General - Operational

Ms. Nadeeja Warapitiya - Secretary to the Commission

1.1.3 Message from Chairman of the PUCSL

The year 2025 marked an important milestone in the evolution of the Public Utilities Commission of Sri Lanka as we strengthened our role as the independent regulator of the electricity sector under the provisions of the Sri Lanka Electricity Act, 2024. During the year, the Commission remained committed to protecting the interests of consumers while promoting an efficient, transparent, safe, and sustainable electricity industry capable of supporting the country's long-term economic development.

One of our key priorities was the implementation of the new legislative framework through the development of regulatory instruments, revision of licensing procedures, tariff methodologies, and starting the groundwork towards facilitating open access and competitive electricity markets. At the same time, the Commission continued its rigorous oversight of tariff reviews, utility cost monitoring, renewable energy integration, and consumer protection to ensure that regulatory decisions remained fair, evidence-based, and transparent.

The Commission also placed significant emphasis on strengthening the resilience and safety of the electricity sector. The investigation into the nationwide power system failure on 9 February 2025, together with initiatives to improve electrical safety, licensee compliance, network performance, and emergency preparedness, demonstrates our commitment to enhancing the reliability and security of electricity supply. Our continued efforts to promote electric mobility, renewable energy, energy storage, and digital transformation further support Sri Lanka's transition towards a modern and sustainable energy sector.

I extend my sincere appreciation to fellow Commission Members, the Director General, the management team, and every member of the PUCSL staff for their dedication and professionalism throughout the year. I also thank our stakeholders, including government institutions, licensees, industry partners, development agencies, and consumers, whose cooperation has been invaluable in achieving our regulatory objectives.

As we move forward, the Commission remains steadfast in its commitment to regulatory excellence, good governance, consumer empowerment, and fostering a reliable, competitive, and sustainable electricity sector that contributes to the nation's future prosperity.

Prof. K. P. L. Chandralal

Chairman
Public Utilities Commission of Sri Lanka

1.1.4 Message from Director General of the PUCSL

The year 2025 was one of significant regulatory progress for the Public Utilities Commission of Sri Lanka as we translated new legislative provisions into practical regulatory action while continuing to strengthen the operational performance of the electricity sector. Guided by the Commission's strategic objectives, we focused on delivering transparent regulation, improving institutional efficiency, protecting consumers, and supporting the transformation of Sri Lanka's energy landscape.

Throughout the year, the Commission implemented a wide range of initiatives covering tariff regulation, economic analysis, licensing, compliance monitoring, consumer dispute resolution, renewable energy, electrical safety, and regulatory reform. Particular attention was given to developing new regulatory frameworks under the Sri Lanka Electricity Act, 2024, including open access arrangements, revised licensing procedures, commercial approvals for new generation and energy storage projects, EV charging regulations, and strengthened compliance monitoring systems. Our investigation into the nationwide power system failure of February 2025 also provided valuable recommendations to improve system resilience and operational reliability.

Digital transformation continued to be a major organisational priority. The development of new online systems for consumer dispute management, licensee data submission, renewable energy monitoring, EV charging station registration, and business process automation has enhanced regulatory effectiveness while improving accessibility, transparency, and service delivery. Capacity-building programmes, stakeholder engagement, and public awareness initiatives further strengthened collaboration across the electricity sector and promoted greater compliance with regulatory requirements.

I take this opportunity to express my sincere gratitude to the Chairman and Members of the Commission for their guidance and leadership. I also acknowledge the dedication of our management team and staff, whose professionalism and commitment enabled the successful implementation of an ambitious programme of regulatory activities. My appreciation is also extended to our stakeholders, including government agencies, licensees, industry partners, development partners, and consumers, for their continued support and constructive engagement.

Together, we will continue to build a modern, accountable, and forward-looking regulatory institution that safeguards consumer interests while enabling a safe, efficient, and sustainable electricity sector for Sri Lanka

Damitha Kumarasinghe

Director General

Public Utilities Commission of Sri Lanka

1.2 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.

1.2.1 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.

1.2.2 Objectives

The objectives of the Public Utilities Commission of Sri Lanka (PUCSL) are clearly articulated in Section 14(2) of the PUCSL Act, No. 35 of 2002. Objectives are;

- Protect the interest of all consumers
- Promote competition
- Promote efficiency in both the operations of, and capital investment in, public utilities industries
- Promote an efficient allocation of resources in public utilities industries
- Promote safety and service quality in public utilities industries
- Benchmark, where feasible, the utilities' services as against international standards
- Ensure that price-controlled entities are acting efficiently; do not find it unduly difficult in financing their public utilities industries.

These objectives from the foundation for the Commission's mandate as a multi-sector regulator entrusted with overseeing the electricity, petroleum, and water industries. They provide both the vision and guiding principles for the Commission's regulatory role, ensuring that its activities consistently align with national priorities and the interests of the public. By establishing these objectives in legislation, Parliament has emphasised the importance of transparency, accountability, consumer protection, and efficiency in the governance of public utilities. The objectives also set out the Commission's responsibility to promote competition, encourage sustainable investment, safeguard safety and service quality, and balance the interests of consumers and utility service providers.

1.2.3 Functions of Public Utilities Commission of Sri Lanka

The Public Utilities Commission Act, No. 35 of 2002, outline the scope of its regulatory responsibilities and powers. These functions define the Commission's role in overseeing public utilities, ensuring consumer protection, promoting efficiency, fostering fair competition, and safeguarding the quality and safety of services provided. They form the operational framework within which the Commission carries out its mandate as the national multi-sector regulator.

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) Advice 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

Corporate Governance Role of the Commission

1.3 Introduction

The Public Utilities Commission of Sri Lanka (PUCSL) was designated as a multisector regulator by Act 35, 2002. As per the mandate, it is supposed to serve as the regulatory body overseeing the electricity, water, and petroleum sectors in Sri Lanka. Its role encompasses ensuring protection the interests of all consumers, promoting competition, promoting efficiency in both the operations of, and capital investment in, public utility industries, promoting an efficient allocation of resources in public utility industries, promoting safety and service quality in public utility industries, to benchmark, where feasible, the utility services as against international standards, and to ensure that price controlled entities acting efficiently, do not find it unduly difficult in financing their public utilities industries within these vital industries. To effectively carry out its mandate, the PUCSL relies on robust corporate governance strategies that promote transparency, accountability, and efficiency. Regulatory Framework and Mandate

At present PUCSL regulates only the electricity sector as industry acts of water and petroleum yet passed by the parliament. The PUCSL operates within the framework of the Sri Lanka Electricity Act. These legislative instruments delineate its regulatory authority and define its responsibilities in ensuring the provision of reliable, affordable, and environmentally sustainable utility services to the citizens of Sri Lanka.

1.3.1 Regulatory Framework and Mandate

At present PUCSL regulates only the electricity sector as industry acts of water and petroleum yet passed by the parliament. The PUCSL operates within the framework of the Sri Lanka Electricity Act. These legislative instruments delineate its regulatory authority and define its responsibilities in ensuring the provision of reliable, affordable, and environmentally sustainable utility services to the citizens of Sri Lanka.

1.3.2 Corporate Governance

The Public Utilities Commission is a Regulatory Body which considers good corporate governance as a key objective of the Commission. This will be implemented through greater accountability and transparency, improved regulatory practices and internal controls. The Commission is committed to complying with all statutory and regulatory requirements across its operations. It is guided by the key principles of transparency, reliability and compliance in directing the Commission to achieve its objectives.

1.3.3 Organizational Structure

The organizational structure of the PUCSL reflects its commitment to impartiality and independence. The Commission is led by a chairman and comprises four other commissioners, overseeing specific areas such as engineering, business, administration and legal. This structure facilitates specialisation and ensures comprehensive regulatory oversight across different sectors. (Organization structure is attached herewith as Annexure 01)

1.3.4 Corporate Governance Framework

The Commission's governance structure consists of multilayer governance bodies with specific roles and responsibilities,

The Commission members of the PUCSL hold greater responsibility for implementing a sound governance structure and formulating policy frameworks, thereby effectively setting the tone to the top. Governance practices are reviewed and updated regularly to reflect regulatory changes, emerging risks and opportunities, and internal changes.

The Commission's Governance Framework has been developed to comply with several external and internal steering instruments, as listed below:

• PUCSL Act No. 35 of 2002

• Electricity Act No.22 of 2009 and its amendments

• Financial Regulations (Government)

• Public Enterprises Guidelines (Department of Public Enterprises)

- The Code of Best Practices
- Code of Best Practice on Corporate Governance issued by CA Sri Lanka which seeks to address how corporates operate while fulfilling the rights of key stakeholder groups
- Sri Lanka Accounting and Auditing Standard Monitoring Commission Act
- Human resource and Admin Manual of PUCSL
- Disciplinary Manual of PUCSL
- National Procurement Guidelines
- Shop and Office Employees Act No. 19 of 1954 and amendments thereto addressing the rights and responsibilities of employees
- Acts, Circulars, Gazettes issued by the Taxation Authorities for collecting agents Relevant Government Circulars (Treasury, Ministry of Public Administration)

1.3.5 Composition of the Commission

The commission comprises five members, consisting of the following disciplinary areas.

At least one member shall be qualified and has experience in the field of engineering

At least one member shall be qualified and has experience in the field of Law

At least one member shall be qualified and has experience in the field of Business Management

The members of the Commission possess the required expertise, skills, and experience to effectively manage and direct the institution towards the highest standards of good governance and attain the organizational goals.

They are persons with vision, leadership qualities, proven competence, and integrity.

1.4 Chairman of the Commission

The Minister shall appoint one of the members to be the Chairman of the Commission.

The Chairman will be the important link in the entire governance structure who is responsible for leading the team and the Commission towards its strategic direction. He is responsible for the implementation of the policies related to core activities and the preparation of plans and programs, to achieve predetermined targets.

1.4.1 Responsibilities of the Chairman

- Setting the strategic tone at the top
- Ensure the Commission's effectiveness in all strategic directions.
- Facilitating effective participation of all Commission members
- Maintaining effective communication with all the stakeholders, including the Government of Sri Lanka
- Ensuring that adequate information is available to all Commission members.
- Setting the ethical tone across the Commission.

The commission is a body corporate with perpetual succession.

1.5 Responsibilities of the Commission

The Commission shall exercise, perform, and discharge the powers, functions and duties conferred on or assigned to it by or under the PUCSL Act and any other industry Act, in a manner which it considers is best calculated

a. to protect the interests of all consumers.
b. to promote competition.
c. to promote efficiency in both the operations of, and capital investment in, public utilities industries.
d. to promote an efficient allocation of resources in public utilities industries.
e. to promote safety and service quality in public utilities industries.
f. to benchmark, where feasible, the utilities services as against international standards; and
g. to ensure that price-controlled entities act efficiently, do not find it unduly difficult in financing their public utilities industries.

The Commission strives to ensure that the Management of the PUCSL act effectively and efficiently in operations and compliance with applicable laws and regulations.

1.5.1 Commission Meetings

The Commission usually meets at monthly intervals and whenever it is necessary.

The Commission met 20 times during the year.

1.5.2 Activity Plan and Budget

The PUCSL Act governs the objectives, functions and the general powers vested with the Commission and such purview of the Commission is pursued through an annual Activity Plan. Having got approval for the Activity Plan and the budget by the Commission, it is made available for the review of the public and to comment on the same if anybody desires in doing so. Once finalized, the same is gazetted in September every year. The Commission has its own fund, and all such sums of money is recovered as levies from the licensees under the provisions of the Utility Act. Physical and disbursement progress is evaluated on the 10th of each month, and the same will be reported to the Auditor General and the line Ministry on a quarterly basis. (Activity Plan and the budget are attached herewith as Annexe 02)

1.5.3 Transparency and Accountability:

Transparency and accountability are fundamental principles underpinning the corporate governance strategy of the PUCSL. The Commission regularly publishes reports, decisions, and regulatory guidelines to inform stakeholders about its activities and decisions. Moreover, mechanisms such as public consultations and stakeholder engagements allow for input from industry players, consumer groups, and the public, enhancing the transparency and legitimacy of regulatory processes.

The Commission has a procurement section, and they now operate through the Government e-procurement system. There are two procurement committees, and members of the procurement committee are appointed by the Line Ministry. The Internal Auditor, who directly reports to the Commission, regularly monitors Commission accounts and the Government Auditor intervenes Regular basis.

1.5.4 Ethical Standards and Conflict of Interest Management

Ethical conduct and conflict of interest management are paramount within the PUCSL. Commissioners and staff are bound by codes of conduct that prohibit the acceptance of gifts, favors, or inducements that may compromise their objectivity. Furthermore, robust conflict of interest policies require disclosure of any potential conflicts and mandate recusal from decision-making processes where conflicts arise, thereby upholding the integrity of regulatory decisions. To ensure above, Commission members are not allowed to do any private practices in area governed by the PUCSL through licenses. Moreover, DG and DDGs are not allowed to engage in sector activities for three years of their retirement. Furthermore, Commission staff are not allowed to divulge sensitive and sector specific information, statements ect without proper approval of the Commission.

1.5.5 Regulatory Decision-Making

The decision-making process of the PUCSL is guided by principles of fairness, consistency, and evidence-based analysis. Decisions regarding tariff adjustments, licensing, and quality of service standards are made following thorough consultations, stakeholder engagements, and technical assessments. Furthermore, decisions are subject to judicial review, ensuring accountability and adherence to legal standards.

1.5.6 Capacity Building and Professional Development

To maintain regulatory effectiveness, the PUCSL invests in capacity building and professional development initiatives for its staff and commissioners. Training programs, workshops, and knowledge-sharing activities enable personnel to stay abreast of emerging industry trends, regulatory best practices, and technological advancements, thereby enhancing the Commission's ability to fulfill its mandate competently.

1.5.7 Performance Evaluation and Continuous Improvement

The PUCSL regularly evaluates its performance and seeks opportunities for continuous improvement. Key performance indicators (KPIs) related to regulatory outcomes, stakeholder

satisfaction, and operational efficiency are monitored and reviewed periodically. Feedback mechanisms, including public consultations and stakeholder surveys, inform strategic decision-making and support adaptive regulatory responses to evolving challenges.

1.6 Director General of the Commission

The Director General serves as the important link in the entire governance structure to lead the entire team and the Commission towards the right strategic direction. He is responsible for the implementation of the policies related to core activities and the preparation of strategic plans and initiatives to achieve pre-determined objectives.

1.6.1 Responsibilities of the Director General

- Execution of the strategic vision by setting up the objectives to achieve the vision.
- Achieve the performance goals stipulated in the corporate plan.
- Regular monitoring of targets and notifying the Commission of its achievements.
- Ensuring that the Commission operates within the approved risk appetite and robust internal control.
- Provides operational leadership to the senior management.

1.7 Secretary to the Commission

All members of the Commission have access to the advice and services of the professionally qualified Commission Secretary who is responsible to the Commission for advising the Commission on compliance with Commission procedures, the law and relevant rules and regulations, and for ensuring that reliable and relevant information is provided to the Commission in a timely manner. The following duties are performed by the Secretary to the Commission

- The Commission Secretary ensure that the standard Commission procedures are followed while providing guidance on legal requirements regarding Commission proceedings. In addition, the Secretary's duties involve: -
- Circulating notice of Commission meetings, Minutes of meetings, Commission Papers together with other relevant documents
- Follow up actions on Commission decisions
- Assist Commission members by providing both internal and external information

1.8 Financial Reporting

Commission Financial Statements are prepared and presented in conformity with Sri Lanka Accounting Standards and comply with the Accounting and Auditing Standard Monitoring Commission Act.

Overview of Activity Plan 2025

1.9 Tariff and Economic Affairs Division

The Sri Lanka Electricity Act No. 20 of 2009 (Act) empowers the Public Utilities Commission of Sri Lanka (PUCSL) to regulate the electricity industry in Sri Lanka in economic, technical and safety aspects. The Tariff and Economic Affairs Division is tasked with the economic regulation of electricity industry. Tariff review is a key component of economic regulation. The Act outlines the process by which the PUCSL conducts tariff reviews in consultation with the stakeholders. The Tariff and Economic Affairs Division formulate tariff methodologies, guidelines, and rules that govern the tariff-setting process. These mechanisms help ensure that the electricity tariffs are set in a manner that is equitable, transparent, and reflective of the reasonable and efficient costs associated with providing electricity services. In addition, Tariff and Economic Affairs Division conducts a number of studies that supports the tariff setting process.

Table 01 - Summary of Activities for the Tariff and Economic Affairs Division

Activity Ref	Activity	Direct Budget (Rs.)	Output	Progress		Remarks
				Physical (%)	Financial (%)	
AP25/TEA/01/RU/01	Bulk supply tariff (Transmission to Distribution transfer price) and end-user tariff review	16,327,000	Decision documents on End-user tariffs and BST	100%	99%	
AP25/TEA/01/RU/02	Ex-post adjustment calculation for variances in sales forecasts of distribution licensees	-	Calculation sheets on ex-post adjustments	100%	N/A	
AP25/TEA/01/RU/03	Generation, Transmission & Distribution expense monitoring, true-up and information dissemination	-	Reports on Generation, Transmission & Distribution Costs/Revenues	100%	N/A	
AP25/TEA/01/RU/04	Merit order dispatch audit	-	Audit report	100%	N/A	
AP25/TEA/01/RU/05	Administration of Bulk Supply Transaction Account	-	BSTA monitoring & analysis sheets	100%	N/A	
AP25/TEA/01/RU/06	Review of sales tariff of parties exempted from obtaining a distribution license (Condominiums, malls etc.) and monitoring	-	Decisions on exempted party tariffs	100%	N/A	
AP25/TEA/01/CP/01	Electricity Generation, Transmission and Distribution cost benchmarking	-	Report with cost benchmarks	100%	N/A	
AP25/TEA/01/CP/02	Calculation of network charges and other associated tariffs for open access	-	Methodology on wheeling charge calculation	100%	N/A	
AP25/TEA/01/CP/03	Tariff methodology review	-	Revised Tariff Methodology	100%	N/A	
AP25/TEA/01/CP/04	Review of Fuel Supply Agreements and heat rates of CEB owned power plants	233,000	Enforcement order to enter into fuel supply agreements	95%	92%	CEB is yet to submit the final Fuel Supply Agreements (FSA) for Commission approval. The Commission has requested CEB to submit FSA starting from 2023

						to 2025. Due to the non-responsiveness of CEB, the Commission issued an enforcement order on September 3, 2025.
AP25/TEA/02/RU/01	Review of Allowed Charges (charges other than tariff) filed for 2026	-	Decision documents on Allowed Charges	100%	N/A	
AP24/TEA/01/CP/06	Study on energy poverty and formulate a policy advice on subsidies	3,222,000	Report on Energy poverty	100%	100%	
AP25/TEA/01/CP/05	Development of Electric Vehicle (EV) charging tariff methodology and study on existing market rates for EV charging	-	Methodology on EV charging tariff	100%	N/A	
AP25/TEA/01/CP/06	Formulation of revised tariff review procedure	-	Electricity tariff review procedure rule	100%	N/A	

1.9.1 Bulk supply tariff (Transmission to Distribution transfer price) and end-user tariff review

In terms of Section 17 of the PUCSL Act No. 35 of 2002 and Section 30 of Sri Lanka Electricity Act No. 20 of 2009, the Commission is required to regulate the tariffs charged by the Licensees. Accordingly, the tariff regulation is carried out based on the Commission approved Tariff Methodology of 2021. The Bulk Supply Tariffs (tariffs charged by the Transmission Licensee from Distribution Licensees) and end-user consumer tariffs are routinely set by the Commission. These tariffs are set based on the forecast for the upcoming period, while also compensating for the deviations from the forecast for past periods. The tariff reviews are incorporated with stakeholder consultations, whereby the consumers and other parties can provide feedback to the Commission. This activity is critical in ensuring the financial viability of the utilities, with fair and equitable charges to the consumers.

In the year 2025, three end-user tariff reviews were conducted.

1.9.1.1 January-2025 Tariff Review

The CEB proposal for the review requested to maintain the tariffs at the same level, without any revision. The stakeholder consultation on the tariff proposal was conducted covering all the provinces. The Commission after thorough analysis on all information submissions by Licensees and considering the feedback of the stakeholders, decided to reduce tariffs by 20%, overall. This reduction provided a major relief specifically to low-end 'Domestic' category consumers, 'Industry' and 'Hotel' category consumers, with approximately 30% reduction of tariffs. This tariff decision was effective for the period from January 18, 2025, to June 11, 2025.

1.9.1.2 June-2025 Tariff Review

On May 16, 2025, the CEB requested for a tariff increase of 18.3%. This proposal was also presented for stakeholder consultation. This included provincial oral consultation sessions in all the provinces. The proposal was evaluated with all relevant information. Considering the evaluation results and outcomes from the stakeholder consultation, the Commission decided to increase the tariffs by 15%, to ensure utility financial viability, with minimum burden to the consumers. Thus, the tariff increase for the low-end 'Domestic' category consumers was limited to around 10% increase. This tariff decision was effective for the period from June 12, 2025, to October 14, 2025.

1.9.1.3 October-2025 Tariff Review

The CEB proposed for another tariff increase considering the final quarter of the year 2025. This proposal requested a 6.8% tariff increase. Having concluded the preliminary analysis on the proposal, the Commission conducted the stakeholder consultation on the tariff review. This also included provincial oral consultations to cover the overall electricity consumer base across the country. The Commission analysis identified several discrepancies in the Licensee submissions. Correction of the same indicated the possibility of a tariff reduction. However, considering the stakeholder comments on the necessity of maintaining the tariff stability and considering the negative impact of volatile tariffs on country's economy, the Commission decided to maintain the tariffs at the same level, with no revision. The Commission further decided to consider the remaining portion of the surplus revenue with the next tariff revision. This tariff decision was effective from October 15, 2025.

1.9.2 Generation, Transmission & Distribution expense monitoring, true-up and information dissemination

This activity focuses on monitoring the Generation, Transmission & Distribution expense/revenue monitoring and preparing reports on key findings. The outcomes from this activity is useful for economic regulation of the utilities. The relevant regulatory interventions can be prompted based on the monitoring reports. The activity also includes preparation of true-up reports with regards to the utilization of approved CAPEX and OPEX by the Licensees.

The information on some of the key monitoring and true-up reports prepared during the year 2025 is provided below.

CAPEX & OPEX True-up for the year 2023: This report provides information on the calculation of differences between the approved CAPEX and OPEX for the Transmission and Distribution Licensees, and the actual amounts expended for the year 2023. The details of the revenue control formula-based adjustments made before the actual and forecast comparisons and treatment for Licensee self-curtailment of Allowed Revenues are included. The calculation results have been incorporated into the January-2025 tariff decision.

Analysis on the impact of Lakvijaya power plant unavailability: In the first quarter of the year 2025, the Lakvijaya coal plant experienced unplanned unavailability concerns. This includes the re-connection delay of a generation unit after the major overhaul in January – 2025 and unavailability of

the plant after the black-out in February – 2025. The alternate sources utilized due to the above unavailability has been calculated. The details of the resulting generation cost variations are provided.

The evaluation of CEB financial performance during the first quarter of 2025: This report evaluates the financial performance of the CEB during the first quarter of the year and the impact of certain operational deficiencies on the same. Further, the Bulk Supply Transaction Account (BSTA) position and statement reporting related concerns are discussed.

1.9.3 Review of sales tariff of parties exempted from obtaining a distribution license (Condominiums, malls etc.) and monitoring

This activity covers the review and monitoring of sales tariffs applied by parties granted a Certificate of Exemption by the Commission, such as condominiums and shopping malls, who are exempted from obtaining a distribution license for a 5 year period subject to specified conditions. The exempted party is required to prepare and submit a tariff schedule for approval before charging customers, and to resubmit the schedule whenever end use tariffs are revised. The tariff follows the methodology approved by the Commission and reflect the actual cost of supplying electricity on an efficient basis and allow recovery of reasonable costs related to electricity purchase, standby or emergency generator operation and maintenance, and distribution system operation, management, and maintenance.

An approved and applicable tariff schedule for each exempted party that reflects efficient and reasonable electricity supply costs, enabling the recovery of electricity charges from end consumers in accordance with the Commission's approved methodology. The output also includes a standardized calculation formula to facilitate accurate tariff revisions whenever end-use tariffs are updated.

1.9.4 Review of Allowed Charges (charges other than tariff) filed for 2026

In terms of Sections 27 and 30 of the Sri Lanka Electricity Act No. 20 of 2009, together with Condition 27 of the Electricity Distribution and Supply Licence, the Commission is vested with the authority to approve allowed charges. Allowed charges stipulate the maximum fee that a Licensee may recover from a customer for a specific service and shall be determined in accordance with the cost-reflective methodology approved by the Commission. The Licensees are required to obtain the approval of the Commission for the revised charges applicable for each year. The CEB and LECO submit separate proposals for the Commission's review. This activity is essential to ensure the financial viability of the utilities while maintaining fair and equitable charges to consumers.

During the year 2025, the Commission completed the review of two submissions on allowed charges:

- CEB – Standard Construction Cost 2026
- LECO – Standard Cost Manual 2026

The proposed allowed charges submitted by CEB and LECO were approved, subject to the Commission's comments.

1.9.5 Electricity Generation, Transmission and Distribution Cost Benchmarking

The objective of this activity is to review information submitted by the licenses, and to benchmark their costs against selected international utilities. International data was obtained through regional utility collaborations facilitated by the South Asia Forum for Infrastructure Regulation (SAFIR). Cost benchmarking in the electricity sector is widely used to assess the efficiency of licenses by comparing input costs and output performance indicators with those of national and international peers, or by examining the performance of the same licensee over time. The study was originally intended to cover generation, transmission, and distribution.

In terms of Sections 14 and 17(h) of the Public Utilities Commission of Sri Lanka Act, the Commission is vested with the authority, where feasible, to benchmark utility services against international standards. This supports the Commission's mandate to promote an efficient and cost-effective electricity sector.

The final report was prepared based on data submitted by CEB, LECO, and SAFIR. Owing to the lack of sufficient international data on generation, the study was limited to transmission and distribution cost benchmarking.

The following utilities were used for international comparison.

Transmission licenses:

- Meghalaya Power Transmission Corporation Limited (MPTC) – India
- Power Transmission Corporation of Uttarakhand Limited (PTCUL) – India
- Transmission Corporation of Telangana Limited (TCTL) – India

Distribution licensees:

- Uttar Pradesh Power Corporation Limited (UPCL) – India
- Meghalaya Power Distribution Corporation Limited (MPDCL) – India
- Southern Power Distribution Company of Telangana Limited (TGSPDCL) – India
- Northern Power Distribution Company of Telangana Limited (TGNPDCL) – India

1.9.6 Calculation of network charges and other associated tariffs for open access

The purpose of this activity is to establish a comprehensive mechanism for determining Renewable Energy wheeling tariffs for eligible consumers and generators. The outcome is a detailed methodology that provides a transparent and consistent framework for calculating wheeling charges, ensuring that tariffs are reasonable, non-discriminatory, and reflective of actual costs. This approach allows the utility to recover all legitimate expenses associated with providing RE wheeling services while promoting the efficient and sustainable adoption of renewable energy within the electricity system.

A draft methodology was developed to define the mechanism for determining RE wheeling tariffs, supporting transparent cost recovery and encouraging the efficient and sustainable adoption of renewable energy under the open access framework.

1.9.7 Tariff methodology review

This activity involved reviewing the existing tariff methodology in accordance with the new Electricity Act, 2024. The methodology is required to be aligned with the provisions of the Sri Lanka Electricity Act, 2024 and to be consistent with the National Tariff Policy to be formulated by the Minister of Energy and issued with Cabinet approval. As the National Tariff Policy has not yet been issued, a revised Tariff Methodology is currently being developed to establish a compliant and updated basis for tariff setting under the new legal framework**.**

Proposed changes to the existing Tariff Methodology have been drafted in advance of the issuance of the National Tariff Policy, ensuring readiness for timely alignment once the policy is finalized.

1.9.8 Review of Fuel Supply Agreements and heat rates of CEB-owned power plants

This activity relates to the review of fuel supply arrangements of the generation licensee and the adequacy of the agreements entered into for the procurement of fuel for power generation. Through previous tariff decisions, the Commission has communicated the requirement to establish proper fuel supply agreements to ensure transparency, cost reflectivity, and security of supply.

The Commission observed that the CEB generation licensee had not formalized certain fuel supply arrangements in line with its licence obligations during the past period. Accordingly, the matter was taken up for regulatory review.

Pursuant to Sections 34 and 35 of the Sri Lanka Electricity Act, No. 20 of 2009, where the Commission is satisfied that a generation, transmission, or distribution licensee has contravened, or is likely to contravene, a condition of its licence or a statutory requirement, the Commission is empowered to issue an enforcement order containing such provisions as may be necessary to secure compliance.

Accordingly, the Commission issued an enforcement order[1] to the CEB generation licensee on 21 November 2026, requiring the licensee to enter into proper fuel supply agreements on or before 21 February 2026.

[1] Enforcement order: https://www.pucsl.gov.lk/wp-content/uploads/2025/11/Fuel-Supply-Agreements-for-power-plants-Enforcement-order.pdf

1.9.9 Development of Electric Vehicle (EV) charging tariff methodology and study on existing market rates for EV charging

The electric vehicle transport sector in Sri Lanka is expanding rapidly, creating a growing demand for accessible, reliable, and affordable charging infrastructure. In this environment, the development of a clear and transparent methodology for Electric Vehicle Charging Services (EVCS) is essential to guide investment, safeguard consumer interests, and ensure consistency in regulatory treatment. Such a methodology is required to support fair pricing, promote efficient investment, and protect electricity consumers. The Commission is empowered, under Cabinet Decision No. 17/0613/706/041 dated April 5, 2017, to determine the end-user tariffs applicable to electric vehicle charging.

A draft methodology was developed to define how charging service providers may recover charges from consumers. The approach proposes ceiling values that may be applied to end users, with the objective of ensuring economical and efficient service provision.

Draft EVCS Tariff Methodology available on the Commission's website (www.pucsl.gov.lk).

1.9.10 Formulation of revised tariff review procedure

This activity involved revising the tariff review procedure that defines the process for submission and evaluation of electricity tariffs. Since 2016, significant changes have taken place in the policy and regulatory framework. In addition, legislative amendments were required to mandate the Commission to report quarterly to Parliament on electricity cost recovery in line with the structural benchmarks under the IMF Extended Fund Facility program. Accordingly, the tariff review and adjustment procedure was revised to reflect these developments and ensure compliance with the new requirements.

The revised Draft Procedure for Review and Adjustment of Tariffs was finalized to incorporate updated policy, regulatory, and reporting requirements, ensuring clarity, transparency, and practical implementation.

1.9.11 Study on energy poverty and formulate policy advice on subsidies

Over the past three years, fluctuations in energy prices and revisions to government subsidy policies have placed strain on consumers, affecting electricity demand and consumption patterns. Under this activity, a study was conducted to assess energy poverty in Sri Lanka, focusing on electricity consumption. The study was outsourced to the Institute for Participatory Interaction in Development (IPID).

The study assessed electricity-related energy poverty among 1,675 households and 398 SMEs across Sri Lanka. Key findings indicate that 55% of households lack access to clean energy and basic electrical equipment, 25% consume below the minimum adequate electricity level, 6.18% of households and 3.27% of SMEs face extreme affordability pressure. Based on these results, policy recommendations were developed, including redesigning life-line tariffs, introducing a dedicated SME tariff category, expanding targeted subsidies, promoting energy efficiency, facilitating access to concessional solar systems, strengthening grid reliability for SMEs, and integrating energy resilience into SME development policy.

Final report available on the Commission’s website (www.pucsl.gov.lk).

1.10 Consumer Affairs Division

The Consumer Affairs Division of the Public Utilities Commission of Sri Lanka (PUCSL) serves as the primary body responsible for protecting and promoting the interests of utility consumers (electricity and petroleum). This division ensures that utility service providers operate in a fair, transparent, and accountable manner, addressing consumer grievances and enforcing compliance with regulatory standards. It plays a key role in facilitating consumer education, resolving disputes between consumers and service providers, and formulating policies that uphold consumer rights within the electricity and petroleum sectors. Through its regulatory oversight, the division contributes to maintaining the balance between consumer protection and sustainable utility service delivery in Sri Lanka.

Table - Summary of Activities for the Consumer Affairs Division

Activity Ref	Activity	Direct Budget (Rs.)	Output	Progress		Remarks
				Physical (%)	Financial (%)	
AP25/CA/02/CP/01	Development of Dispute Resolution and Management Software System (DRMSS)	4,000,000		100%	100%	Successful bidder for tor the system had quoted for LKR 822,000 only.
AP25/CA/01/CP/02	Procedure for distribution licensees on disconnection of electricity supply	900,000.00	Development of a comprehensive standardized procedure	100%	99%	
AP25/CA/01/CP/03	Interactive sessions for Area Engineering Officials of DLs to increase compliance on electricity acts, rules, regulations and guidelines etc (phase II)	5,000,000.00	Awareness programs on guidelines for approximately 1,300 officers were conducted across 32 Electrical Engineering offices.	100%	76%	

AP25/CA/03/RU/01	Determine resolutions for mediation requests in the Electricity	180,000.00	All disputes received by the Commission were facilitated and addressed in a timely manner.	100%	12%	Since only a limited number of disputes were referred to the second stage in 2025. Therefore, it indicates a budget surplus.
AP25/CA/04/CP/01	Establish a data (generation, transmission and distribution) acquisition system	400,000		100%	-	Existing systems were studied and discussions were held for proactive data acquisition . The activity is continued in 2026
AP25/CA/02/RU/02	Evaluation report on customer service performance of electricity distribution licensees		Completed Quarterly & Annual Report	100%	Not budgeted	
	Dissemination of Information related to Consumer Protection in the Electricity Industry		Completed Quarterly & Annual Report	100%	Not budgeted	

1.10.1 Procedure for distribution licenses on disconnection of electricity supply

During 2025, the Public Utilities Commission of Sri Lanka (PUCSL) made significant progress in developing a standardized and transparent procedure for the disconnection of electricity supply due to non-payment of monthly consumption charges. This initiative was undertaken in response to recurring complaints from consumers and distribution licensees, and in line with the Commission's mandate under the Sri Lanka Electricity Act No. 20 of 2009 (as amended).

Major Achievements and Milestones

- **Nationwide Public and Stakeholder Consultations**

During 2025, the Commission undertook an extensive public consultation programme across all nine provinces to review and strengthen the regulatory framework governing the disconnection and reconnection of electricity supply due to non-payment. The consultation process engaged a broad spectrum of stakeholders, including the distribution licensees (CEB and LECO), consumer associations, civil society organizations, provincial and regional representatives, and electricity consumers. These consultations provided valuable insights into practical implementation challenges associated with the existing *Guideline on Disconnection and Reconnection of Electricity Supply* issued in 2017, while ensuring that the revised regulatory framework reflected stakeholder expectations and operational realities.

- **Development of a Standardized Draft Procedure**

Drawing upon stakeholder feedback, consumer complaints, and regulatory assessments, the Commission developed a comprehensive draft standardized procedure governing electricity disconnection for non-payment. The proposed procedure establishes clear and consistent operational requirements for distribution licensees, promotes uniform implementation throughout the country, and enhances regulatory transparency and accountability.

- **Strengthening Consumer Protection**

A key objective of the revised procedure is to strengthen consumer protection while maintaining effective regulatory oversight. The draft incorporates several important safeguards, including mandatory advance written notice prior to disconnection, opportunities for consumers to settle outstanding payments or seek appropriate assistance, enhanced consideration for vulnerable and

financially distressed customers, and strengthened provisions for regulatory monitoring, complaint handling, and compliance by distribution licensees.

Outcomes and Impact

- **Improved Regulatory Clarity**

The proposed standardized procedure significantly improves regulatory clarity by addressing ambiguities identified in the previous implementation framework. The revised approach provides greater certainty for both electricity consumers and distribution licensees, supporting consistent application of regulatory requirements across all service areas and reducing inconsistencies in operational practices.

- **Balanced Approach to Consumer Protection and Regulatory Enforcement**

The initiative successfully strengthened the balance between the legitimate right of distribution licensees to recover outstanding electricity charges and the Commission's responsibility to ensure fair and equitable treatment of consumers, particularly those experiencing genuine financial hardship. This balanced regulatory approach promotes financial sustainability within the electricity sector while safeguarding consumer rights and encouraging responsible service delivery.

- **Enhanced Compliance and Reduced Procedural Disputes**

Initial feedback received during stakeholder engagements indicates improved awareness among field officers regarding the proposed procedures, together with strengthened documentation and record-keeping practices. These improvements are expected to reduce disputes arising from inadequate notification, procedural inconsistencies, and non-compliance with regulatory requirements, thereby enhancing overall consumer confidence in the complaint resolution process.

The progress achieved during 2025 represents a significant milestone in strengthening Sri Lanka's regulatory framework governing electricity disconnection due to non-payment. Major accomplishments included the successful completion of nationwide stakeholder consultations across all nine provinces, the development of a comprehensive standardized draft procedure, enhanced stakeholder participation throughout the regulatory review process, and improved alignment between regulatory enforcement objectives and consumer protection principles. Although implementation challenges and broader economic conditions continue to influence the operating environment, the work completed during the year has established a strong foundation for the finalization and implementation of a fair, transparent, and legally robust disconnection procedure that protects consumer rights while supporting the financial sustainability of the electricity sector.

Photo 1- The consultation process included various stakeholders, such as CEB and LECO, consumer associations, civil society organizations, and electricity consumers.

1.10.2 Interactive sessions for Area Engineering Officials of DLs to increase compliance on electricity acts, rules, regulations and guidelines etc (phase II)

During 2025, the Public Utilities Commission of Sri Lanka (PUCSL) successfully implemented an expanded series of interactive awareness programmes for Area Engineering Officials and support staff of the Ceylon Electricity Board (CEB). This initiative was undertaken in response to the recruitment of new engineering personnel and the need to reinforce compliance with regulatory tools and customer service guidelines.

A total of 13 structured interactive session programs were conducted during the year, covering 32 Area Engineering Offices across six provinces. These sessions addressed key regulatory areas, including the Electricity Act, customer service guidelines, and disconnection and reconnection procedures. Awareness programs on these guidelines were conducted for approximately 1,300 officers across the 32 Electrical Engineering Offices.

The programmes were conducted in the following locations:

Table 2 - Interactive session programs were held throughout the year by the Area Engineering Offices

Date	Covered Areas
March 2025	Puttalam, Chilaw, Wennappuwa, Kuliyapitiya
April 2025	Maho, Wariyapola, Kurunegala, Narammala
June 2025	Bandaragama, Homagama, Horana, Awissawella
September 2025	Colombo South, West, East, North
October2025	Mathugama, Kalutara, Rathmalana, Dehiwala, Homagama (Colombo Region), Sri Jayawardenepura, Ampara
November 2025	Negombo, Divulapitiya, Gampaha, Veyangoda, Kelaniya, Ja-Ela, Kirindiwela, Batticaloa, Trincomalee

The 2025 programme significantly strengthened regulatory awareness among field-level engineering officials. Officers demonstrated an improved understanding of statutory obligations and procedural requirements, particularly in areas frequently associated with consumer complaints. The sessions contributed to more consistent implementation of customer service guidelines across regions, thereby

reducing disparities in interpretation at the Area Office level. Improvements were observed in documentation practices, issuance of proper notices, adherence to prescribed timelines, and the handling of consumer grievances.

The interactive nature of the sessions enabled constructive dialogue between the Commission and CEB officers, enhancing institutional coordination and clarifying operational challenges faced in the field. Overall, the initiative reinforced a culture of compliance and accountability within Area Engineering Offices.

The issuance and implementation of regulatory tools were aimed at resolving consumer complaints effectively and protecting the rights of consumers, licensees, and other affected parties. With the implementation of these tools, the Commission monitored the nature and number of consumer complaints received across all distribution divisions. In parallel, the performance of licensees was evaluated on a quarterly basis in accordance with identified performance indices. Furthermore, amendments to previously issued guidelines were reviewed and introduced where necessary to address areas requiring improvement.

1.10.3 Dissemination of Information related to Consumer Protection in the Electricity Industry

During the year 2025, the Public Utilities Commission of Sri Lanka (PUCSL) continued to prioritize the dissemination of industry-related information as a key strategic objective. Recognizing that informed stakeholders contribute to better regulatory outcomes, the Commission undertook several initiatives to enhance public awareness of its mandate, regulatory functions, and services.

Efforts were focused on improving transparency in regulatory procedures relating to electricity generation, transmission, and distribution, while ensuring that information provided to the public adhered to applicable regulatory and safety standards. The Commission strengthened communication channels to ensure that consumers and other stakeholders were better informed about their rights, responsibilities, and available complaint mechanisms.

Throughout 2025, the Consumer Affairs Division actively handled complaints and communications across multiple categories, including:

- New Connections
- Disconnections and Reconnections
- Billing-related issues
- Meter-related issues
- Way-leave matters
- Quality of supply issues
- Tariff category changes
- Other matters (including solar-related issues, name changes, dangerous situations, and administrative issues of CEB/LECO)

The awareness and information dissemination initiatives undertaken in 2025 resulted in improved stakeholder understanding of the Commission's regulatory role. Members of the public became more aware of how to lodge complaints, whom to contact, and the processes followed by the Commission in addressing grievances.

These initiatives contributed to greater transparency in regulatory procedures and strengthened public confidence in the regulatory framework. Increased clarity regarding complaint-handling mechanisms enabled more structured and timely resolution of consumer disputes. The categorization and

systematic handling of complaints improved internal monitoring and facilitated more effective follow-up with distribution licensees.

The Commission's engagement efforts also supported better compliance by licensees, as enhanced public awareness indirectly encouraged adherence to regulatory standards and service obligations.

1. Category-wise Data Analysis

Received Consumer Complaints - 2025

Received Cases – 2025 (Category Wise)					
Category	**Q1**	**Q2**	**Q3**	**Q4**	**2025**
New connections	43	89	93	64	289
Disconnections and reconnections	19	11	12	11	53
Billing related	76	28	40	25	169
Meter related	9	7	5	3	24
Way-leave	39	24	53	33	149
Quality related	24	40	54	20	138
Tariff category change	5	1	5	3	14
Other	8	8	9	2	27
Total	**223**	**208**	**271**	**161**	**863**

Decision Informed, Closed & Resolved - 2025 (Category Wise)					
Category	**Q1**	**Q2**	**Q3**	**Q4**	**2025**
New connections	10	27	32	23	92
Disconnections and reconnections	7	8	5	8	28
Billing-related	31	16	22	12	81
Meter related	3	2	1	0	6
Way-leave	10	6	18	13	47
Quality related	3	11	8	5	27
Tariff category change	5	0	1	1	7
Total	**69**	**70**	**87**	**62**	**288**

2. License-Wise Data Analysis

Received Consumer Complaints - 2025 (Licensee Wise)

Complaint Category	Region 1	Region 2	Region 3	Region 4	LECO
New connections	172	98	51	60	19
Billing related	50	42	29	22	21
Meter-related	2	2	2	2	2
Tariff category change	7	7	7	7	7
Disconnections and reconnections	17	17	17	17	17
Quality related	26	26	26	26	26
Way-leave	24	24	24	24	24
Total No of Complaints	**298**	**216**	**156**	**158**	**116**

The complaint data shows that new connections accounted for the highest number of complaints across all regions, with Region 1 reporting 172 cases, followed by Region 2 with 98. Billing-related issues were the second most common, particularly in Region 1 and Region 2. Other categories such as meter issues, tariff category changes, disconnections/reconnections, quality-related complaints, and way-leave had relatively lower and similar numbers across the regions. Overall, Region 1 received the highest total complaints (298), while LECO recorded the lowest (116). This indicates that new connection and billing issues are the main areas requiring attention.

Decision Informed, Closed & Resolved - 2025 (Licensee Wise)					
Category	**Q1**	**Q2**	**Q3**	**Q4**	**2025**
Region 1	11	23	25	22	81
Region 2	16	22	16	18	72
Region 3	15	18	14	12	59
Region 4	12	19	12	14	57
LECO	6	12	6	8	32
Total	**60**	**94**	**73**	**74**	**301**

The 2025 data on decisions informed, cases closed, and disputes resolved shows that Region 1 had the highest number of resolved cases (81), followed by region 2 (72), Region 3 (59), and Region 4 (57). LECO resolved the fewest cases, with 32 in total.

Quarterly, the number of resolutions peaked in Q2 (94 cases) and remained fairly steady in the other quarters. Overall, 301 cases were resolved across all licensees in 2025, indicating active handling of complaints, with regional licensees resolving most of the issues.

3. Category-Wise Data Analysis

Received Communications – 2025 (Category-wise)

Received Communications – 2025 (Category Wise)					
Category	**Total**	**Total**	**Total**	**Total**	
New connections	136	188	219	251	**794**
Disconnections and reconnections	47	34	30	27	**138**
Billing related	175	84	108	112	**479**
Meter related	26	32	20	14	**92**
Way-leave	140	133	196	178	**647**
Quality related	69	89	110	95	**363**
Tariff category change	16	5	10	11	**42**
Other	18	14	32	15	**79**
Total	**627**	**579**	**725**	**703**	**2634**

The 2025 communication data shows that **new connections** were the largest category, with a total of 794 complaints, indicating high demand or issues in connection services. **Wayleave** and **billing-related complaints** were also significant, with 647 and 479 cases respectively, showing these are major areas of concern for customers. Other categories like **quality issues, meter-related problems, disconnections/reconnections, tariff category changes, and miscellaneous complaints** were lower in number but still notable.

Overall, a total of **2,634 communications** were received across all categories in 2025, highlighting those new connections, way-leave, and billing remain the key areas needing attention and improvement.

4. Licensee-wise Data Analysis

Received Communications - 2025 (Licensee Wise)

Received Communications – 2025 (Licensee Wise)					
Category	**Q1**	**Q2**	**Q3**	**Q4**	**2025**
Region 1	152	158	158	152	**620**
Region 2	115	104	164	148	**531**
Region 3	139	121	125	125	**510**
Region 4	124	143	165	160	**592**
LECO	79	55	82	93	**309**
PROJECT	7	8	13	14	**42**
Total	**616**	**589**	**707**	**692**	**2604**

The 2025 communication data by licensee shows that **Region 1** received the highest total number of communications (620), followed closely by **Region 4** (592), **Region 2** (531), and **Region 3** (510). **LECO** received 309 communications, while project-related communications were minimal at 42.

Quarterly, the number of communications was fairly consistent, with a slight peak in **Q3 (707)**. Overall, a total of **2,604 communications** were received across all licensees in 2024, indicating that most customer concerns were concentrated in the regional licensees rather than LECO or project-specific cases.

Compared with 2024, the Consumer Affairs Division adopted a more data-driven and structured approach to consumer protection during 2025. While the 2024 Annual Report primarily highlighted the overall complaint resolution function of the Commission, with over 1,000 consumer complaints resolved, the 2025 reporting framework provides a more comprehensive analysis of consumer interactions through category-wise, quarterly, and licensee-wise performance indicators. To handling 863 formal complaints, the Commission responded to 2,634 consumer communications, demonstrating an expanded role in providing regulatory guidance and information services. This enhanced reporting framework strengthens performance monitoring, facilitates evidence-based

regulatory interventions, and improves the Commission's ability to identify recurring consumer issues and assess licensee performance more effectively.

1.10.4 Determine resolutions for mediation requests in the Electricity

During 2025, the Public Utilities Commission of Sri Lanka (PUCSL) continued implementing the Electricity (Dispute Resolution) Rules to provide a structured and transparent mechanism for resolving disputes between consumers, licensees, and other affected parties. Mediation was conducted under Part I and Part II of the Rules, with regulatory oversight to ensure compliance and fairness.

A key milestone during the year was the review of the existing panel of external mediators. The original panel, appointed in 2012, consisted of 14 mediators from Engineering, Legal, and administrative fields. However, after nearly 13 years, only a limited number remained active. Recognizing the need to strengthen capacity, the Consumer Affairs Division initiated action to call for applications to appoint a new panel of external mediators to ensure sustainability and improved service delivery.

All fifteen (15) complaints were properly handled by the Commission according to Part I of the Rules. Each complaint was acknowledged, reviewed, and processed by following the required procedures, including contacting the relevant parties, checking documents, and taking necessary follow-up action.

Out of the 15 disputes received, three (3) were successfully resolved with the Commission’s involvement, while two (2) ended without settlement after completing the process. The remaining cases were managed in accordance with the relevant regulations to ensure fairness and transparency.

This shows the Commission’s continued commitment to protecting consumer rights and properly carrying out its regulatory responsibilities. (No cases were reported under Part II during the above period.)

The mediation mechanism continued to provide a fair and transparent platform for dispute resolution, reducing reliance on litigation and promoting timely conflict resolution. The process supported equitable outcomes while protecting consumer rights and maintaining service standards.

The monitoring of disputes enabled the Commission to assess trends and identify areas requiring regulatory attention. The structured handling of cases under Part I strengthened accountability among licensees and enhanced consumer confidence in the regulatory framework.

The relatively moderate number of disputes received in 2025 suggests increased awareness of regulatory procedures and improved direct resolution mechanisms at the licensee level. However, the occurrence of non-settlements highlights the importance of strengthening mediation capacity and expertise.

Through the dispute resolution process, the Commission took the necessary steps to develop a mechanism regarding energy curtailment applicable to solar license holders.

1.10.5 Proposed Methodology for Quantification of Unpaid Energy Curtailment

Under Section 39 of the Sri Lanka Electricity Act No. 20 of 2009, the Public Utilities Commission of Sri Lanka (PUCSL) identified a dispute between the 17 renewable energy licensees and the Ceylon Electricity Board (CEB) regarding energy curtailment.

To address this issue, the Commission used its dispute resolution process. After discussions with the CEB General Manager, a committee was appointed to study the matter and propose a suitable method to calculate unpaid curtailed energy.

Through this process, the Commission reviewed the relevant information and consulted the parties involved. As a result, a draft methodology was developed to ensure a fair and transparent way of quantifying unpaid energy curtailment.

Proposed Methodology for Energy Curtailment

Wind and Mini-Hydro Power Plants

- Curtailed energy is calculated based on the daily average (same day).
- If the plant is not being connected at the time of curtailment instructions received and /or, if the plant is not available to connect after end of the curtailment, it is not considered as a curtailed power plant.

Solar Power Plants

- Take the solar forecast (Solcast) based on 15 regions.
- Assign solar forecast for each power plant in that region.
- Curtailed energy is calculated based on the power forecast curve.
- Aging factor of 0.4% per year is to be considered.

- If the plant is not being connected at the time of curtailment instructions received and /or, If the plant is not available to connect after end of the curtailment, it is not considered as a curtailed power plant.

The development of this methodology, through the dispute resolution process, addresses the concerns of a large number of complaining licensees and provides a long-term solution for stakeholders in Sri Lanka's solar industry.

1.10.6 Guidelines for Distribution Licensee on Removing of its Assets (Electricity Supply Equipment) and Resupply the Electricity Connection to a Consumer

A clear, regulatory-aligned procedure is essential to ensure that removals occur only under legally permissible circumstances, such as safety hazards, network violations, damage to electrical plants or lines, or other conditions recognized under the Act, the Distribution Code, and applicable regulations. The objective of preparing guidelines for distribution licensees on the removal of electricity supply assets is to ensure that such actions are carried out lawfully, transparently, and in a manner consistent with the established regulatory framework and mandate to maintain a coordinated, efficient, and economical electricity supply system. Establishing such a procedure will protect consumer rights, strengthen licensee accountability, promote consistency across the sector, and support the Commission's statutory duty to uphold reliability, safety, and economic efficiency in electricity supply throughout Sri Lanka.

The Public Utilities Commission of Sri Lanka (PUCSL) initiated to develop a standardized procedure on the above purpose in line with the Sri Lanka Electricity (SLE) Act No. 20 of 2009 and the new SLE Act No. 36 of 2024, which outlines as mandate the establishment and maintenance of a coordinated, efficient, and economical electricity supply system across the country. The Acts emphasize the importance of corporate accountability, transparency, and consumer protection in the generation, transmission, and distribution of electricity. As part of these responsibilities, distribution licensees manage critical infrastructure such as poles, substations, transformers, and power lines, which may at times require removal due to operational, safety, or environmental concerns.

The Commission has identified inconsistencies between the legal framework and current practices followed by distribution licensees when removing electricity supply assets. These discrepancies have led to an increasing number of complaints from the public, prompting the need for a clear and legally compliant procedure.

Accordingly the output of this activity was to develop Guidelines for Distribution Licensee on Removing of its Assets (Electricity Supply Equipment) and Resupply the Electricity Connection to a Consumer after obtaining views and suggestions from all stakeholders in the country.

Progress made during the year 2025: (Provide a brief overview of major achievements and milestones, Highlight outcomes, impact, and any significant issues or constraints, including relevant statistics and totals)

After conducting islandwide consultation covering all nine provinces, the Commission prepared a draft guideline and circulated among all distribution licensees for further comments. After incorporating relevant inputs the commission finalised to document for implementation by all distribution licensees.

1.10.7 Guidelines for Electricity Suppliers to Provide Electricity Services in Response to Requests Made by Consumers Residing on State Lands

In order to enhance the quality of customer service provided to electricity consumers, the Public Utilities Commission of Sri Lanka (the Commission), as the regulatory authority for the electricity industry, has developed and implemented various regulatory instruments (directives, rules, codes, guidelines, procedures, processes, and customer service guidelines, etc.) applicable to distribution licensees responsible for the supply and use of electricity.

These regulatory instruments define the procedures required to fulfill requests made by consumers seeking access to electricity supply. However, challenges have arisen when providing electricity services to consumers residing on lands owned by various government institutions, as such supply often requires the involvement or approval of those institutions. Accordingly, taking into account the relevant laws governing those institutions as well as the provisions of the Sri Lanka Electricity Act, the Commission has decided to conduct public and stakeholder consultations at the provincial level to develop a mechanism for electricity suppliers to ensure access to electricity for consumers residing on state lands.

All distribution licenses are responsible for supplying and maintaining electricity distribution networks within their licensed areas. When a person applies for a new electricity connection, that person becomes a consumer of the relevant distribution licenses. The services provided to such consumers must comply with the provisions of the Sri Lanka Electricity Act, the terms of the distribution license, and the regulations, rules, and guidelines issued by the Commission.

Among others, following are the main services provided by electricity suppliers to consumers residing on state lands:

- Provision of new electricity connections
- Change of name on electricity accounts of consumers
- Securing wayleaves (right of Way for electricity lines)
- Payment of compensation for movable and immovable property related to wayleaves

The purpose of this mechanism is to enable electricity suppliers to provide these services without violating the legal frameworks governing the relevant government institutions.

The Commission conducted public consultations in all provinces during the year 2024. During the first half in 2025, the draft procedure was prepared and circulated among all stakeholders for further comments. The final procedure was prepared for implementation by distribution licensees after incorporating relevant comments.

1.10.8 Conducting Survey on Electricity Consumer Complaint Resolving Process

The Public Utilities Commission of Sri Lanka (PUCSL) commissioned Skills International (Pvt) Ltd to analyze the electricity consumer complaints resolution process, using complaints received between 2017 and 2023 (excluding 2020–2021). The study aimed to evaluate the effectiveness, transparency, and efficiency of complaint handling across the Ceylon Electricity Board (CEB), Lanka Electricity Company (LECO), and PUCSL, and to identify areas for improvement aligned with international best practices.

The study was grounded in key legal frameworks governing Sri Lanka's electricity sector, the Public Utilities Commission Act No. 35 of 2002, the Electricity Act No. 20 of 2009, and the Electricity Act No. 36 of 2024, which collectively provide the regulatory foundation for electricity generation, transmission, distribution, and consumer protection. Complaints analysed fell into eight categories: new connections, disconnections/reconnections, billing issues, meter-related problems, wayleave concerns, quality of supply, tariff changes, and miscellaneous issues such as solar connections and administrative delays.

A sample of 420 cases (15% of total complaints) was examined through 400 quantitative surveys and 20 key informant interviews. Respondents represented various demographic and institutional profiles, covering six regions and four complaint status categories. The survey revealed that 80% of complaints were against CEB and 20% against LECO, with over 50% of cases closed successfully. Most complainants were residential consumers with long-term connections, using single-phase electricity and moderate household incomes.

Findings by complaint category indicate mixed satisfaction levels. For new connections, 69% found the application process manageable and 77% felt explanations were clear, yet 42% were dissatisfied with timelines and 54% with resolution speed. In disconnection and reconnection cases, 79% expressed dissatisfaction with process clarity and timeliness. Billing processes were rated more favorably, 91% received bills on time and 82% found them clear, although 61% were dissatisfied with complaint resolution time. Confidence in meter accuracy was high (88%), but 62% were dissatisfied with resolution time for meter-related issues. Wayleave complaints revealed systemic issues, with 64% dissatisfied with processing timelines and 76% unaware of compensation entitlements.

In terms of service quality, 62% of respondents were dissatisfied, citing frequent voltage fluctuations and delays in restoring service. Only 19% were satisfied with the time taken to resolve quality-related complaints. However, 77% acknowledged professional conduct by officials, indicating that while systems lag, personnel generally maintain credibility. Regarding tariff changes, 83% were satisfied with the overall process, though two-thirds highlighted unclear instructions and delays in implementation. For other issues like solar energy connections, satisfaction remained moderate, with half the respondents reporting adequate communication and professional handling.

Across all categories, the overall complaint resolution process showed encouraging accessibility and structure. About 86% of respondents viewed the process positively, noting multiple complaint channels, office visits, telephone, email, and online portals. However, 80% said they were not informed of expected resolution timeframes, and 72% reported delays. While 70% rated institutional coordination as satisfactory, significant differences were noted among agencies: PUCSL received the highest satisfaction (80%), followed by Divisional Secretariats (77%), whereas CEB/LECO trailed with 30%. Cost burdens were minimal, with 76% reporting no expenses incurred during complaint resolution.

1.10.9 Development of Dispute Resolution and Management Software System (DRMSS)

In 2025, the Public Utilities Commission of Sri Lanka introduced a new Digital Regulatory Management System (DRMS) for the Consumer Affairs Division, transforming the end-to-end complaint management process. This fully integrated online platform enables consumers to lodge complaints directly through the system and monitor the progress of their cases from registration to resolution in real time. The DRMS eliminates paper-based workflows except where required for official outgoing communications—and enhances efficiency through direct digital collaboration with licensees and other stakeholders, bypassing traditional postal correspondence and significantly reducing resolution time. The system supports mobile accessibility, allowing officers to manage and update cases even while working remotely or in the field. Advanced data management and dynamic report generation features enable comprehensive root cause analysis, performance tracking of the complaint handling process, and measurable assessment of individual staff workloads. By strengthening transparency, accountability, and operational efficiency, the DRMS marks a major milestone in modernizing regulatory service delivery for the Commission.

1.10.10 Develop a system for data generation, transmission, distribution, and acquisition

As part of its ongoing regulatory oversight, the Commission continues to collect periodic reports to monitor the performance and operational status of the electricity industry. However, the efficiency of complaint and dispute resolution has been significantly affected by delays in receiving observations from licensees. On average, responses to observation requests issued by the Consumer Affairs Division have taken approximately 39 days, during which the resolution process remains on hold. This has directly impacted on the timely settlement of consumer grievances.

To address this challenge and improve dispute resolution efficiency, the Commission proposed the establishment of a common digital platform to facilitate real-time information exchange between licensees and the Commission. As the first phase of this initiative, existing data and complaint management systems of licensees were studied and key gaps and limitations were identified. Based on these findings, the Commission plans to introduce a Regulation on Data System Management for Licensees in 2026, which will mandate the integration of systems capable of providing real-time data

access to the Commission. This regulatory intervention is expected to significantly enhance transparency, responsiveness, and overall efficiency in handling consumer complaints and disputes within the electricity sector.

The activity is extended in 2026 to establish a real-time information access facility for the distribution performance monitoring process as stipulated in Electricity (Distribution) Performance Standards Regulations.

1.11 Environment, Renewable and Efficiency Division

The Environment, Efficiency and Renewable Energy Division of the Public Utilities Commission of Sri Lanka (PUCSL) is responsible for safeguarding consumer interests while advancing the nation's energy transition. The Division regulates and promotes energy efficiency, renewable energy integration, and environmental compliance within the electricity sector. Its mandate covers the protection of consumers with respect to price, quality, safety, and continuity of supply; the promotion of efficiency in utility operations, investments, and end-user practices; and the facilitation of renewable energy development. The Division also develops and enforces technical and service quality standards, monitors compliance with statutory and license conditions, and ensures alignment with national environmental regulations. In addition, the Division advises the Government on renewable energy, energy efficiency, and environmental matters, collects and disseminates industry data, and establishes performance benchmarks. Through these functions, the Division plays a central role in driving Sri Lanka's transition towards a secure, sustainable, and environmentally responsible electricity sector.

Table Summary of Activities for the EER Division

Activity REF	Activity	Direct Budget (Rs.)	Output	Progress		Remarks
				Physical (%)	Financial (%)	
AP24/EER/CP/01/01	Development of a Web-based system to register and monitor Electrical Vehicle Charging Stations (EVCS) and other relevant data.	500,000	The existing LMS and web site has been developed to disseminate EVCS related information and the application process of exemption.	100%	99%	
AP24/EER/CP/01/02	Implementation of mechanism for Verification and Compliance of Imported EVSE to Sri Lankan Standards.	100,000	Identified the best mechanism to avoid the entry of non-standard EVSE into Sri Lanka.	100%	94%	
AP24/EER/CP/02/01	Enabling the submission of Technical and Economic Potential Evaluation Report by DL as per the UDSM regulation.	135,000	Implementation of UDSM Regulation 2016 has started.	100%	98%	
AP24/EER/CP/02/02	Comprehensive analysis on Rooftop Integration and Rooftop industry.	-	Study Report has Prepared	100%	-	
AP24/EER/CP/02/03	Analyzes report on the global Renewable Energy trends.	100,000	Study Report has prepared	100%	75%	
AP24/EER/CP/02/04	Conducting the TOT program to educate 50 instructors and establishing training facilities to conduct NVQ 3 level solar	1,060,000	Conducted the ToT program for 50 participants and Certificates awarded. A donor organization agreed to	100%	97%	

	courses in government institutes.		facilitate five technical colleges and selected the same			
AP24/EER/RU/01/01	Approvals for procurement of Renewable Energy Power Plants and monitoring the implementation of Policy target	-	Approved two RFP requests and three power purchases	100%	-	
AP24/EER/RU/01/02	Resolving Consumer complaints related to Renewable energy and Environmental issues related to the electricity sector.	65,000	Provided Solutions for 73 Consumer Complains and public consultation held to identify the Challenges Faced by Renewable Energy Developers	100%	52%	
AP24/EER/RU/01/03	License/Exemption condition compliance monitoring program	280,000	Visited and monited 09 Generation Licensees and 03 Industries	100%	91%	
AP24/EER/RU/02/01	Dissemination of Information Related to Renewable Power Generation	-	04 Number of Quarterly Renewable Generation Reports Prepared and Published	100%	-	
AP24/EER/RU/02/02	Dissemination of information related to the EV charging stations.	-	Published the location map of the EV Charging stations of Sri Lanka	100%	-	
AP24/EER/RU/02/03	Dissemination of information related to the Environmental Performance of the Power plants Maintaining the Dispatch Database and Visualization Dashboard	-	Collected and uploaded the emissions data to the data portal of the PUCSL Website	100%	-	

1.11.1 Development of a Web-based system to register and monitor Electrical Vehicle Charging Stations (EVCS) and other relevant data

To facilitate the registration of Electric Vehicle (EV) Charge Point Operators, the Division has undertaken system developments in the License Management System, with contributions from the Licensing Division. The relevant information and procedures have been published on the official PUCSL website[2].

The Division has disseminated a map of exempted EV charging stations, enabling public access to information on regulated charging infrastructure. Further, an Electric Mobility Service Provider (EMSP) registration framework, together with the necessary information-sharing mechanisms, has been established and published on the PUCSL website.

1.11.2 Implementation of a mechanism for Verification and Compliance of Imported EVSE to Sri Lankan Standards

After evaluating current market practices, analysing established mechanisms adopted by various institutions, and holding discussions with relevant stakeholders, it has been observed that the most effective mechanism to prevent the importation of non-standard EVSE into Sri Lanka is the inclusion of such items in the schedules of the Imports and Exports Control (Standardization and Quality Control) Regulations, 2017. The Commission has identified the need to extend this requirement to cover Solar PV inverters and Battery Energy Storage Systems (BESS), in addition to EVSE. Accordingly, the Division has conducted meetings with the Sri Lanka Standards Institution (SLSI) and the Department of Import and Export Control to discuss the applicable processes. This initiative has since been broadened in scope to include solar PV inverters and BESS, ensuring comprehensive regulation and quality control.

[2] https://www.pucsl.gov.lk/ev-charging-regulations/

1.11.3 Enabling the submission of the Technical and Economic Potential Evaluation Report by DL as per the UDSM regulation

All Distribution Licensees have submitted their initial plans, and three out of five DLs have also submitted revised plans in accordance with the Commission's directions for technical and economic adjustments. LECO has submitted its master action plan and is actively working on the implementation of UDSM regulations.

Through this process, the Division has successfully aligned all Distribution Licensees on a common implementation pathway, with a particular emphasis on Utility-Driven Demand-Side Management (UDSM) programs, which have been identified as having significant potential for demand management.

1.11.4 Conducting the TOT program to educate 50 instructors and establishing training facilities to conduct NVQ 3-level solar courses in government institutes

The TOT program

The Training Programme was successfully conducted on 18, 19, 26, and 27 June 2025 at the Hector Kobbekaduwa Agrarian Research and Training Institute (HARTI), Colombo 07. The programme brought together fifty (50) participants representing Sri Lanka's leading technical and vocational education and training institutions, including the Department of Technical Education and Training (DTET), the Vocational Training Authority of Sri Lanka (VTA), the Ceylon German Technical Training Institute (CGTTI), the National Apprentice and Industrial Training Authority (NAITA), and the National Youth Service Council (NYSC). The programme was designed to enhance participants' technical knowledge, practical competencies, and instructional capabilities while promoting a standardized approach to training across the country's technical and vocational education sector.

The certification process was based on a comprehensive evaluation framework that assessed participants' attendance, performance during the training sessions, final assessment reports, and results of the final examination. This rigorous assessment methodology ensured that certificates reflected the participants' overall competency and successful achievement of the programme's learning outcomes. Upon completion of the evaluation process, twenty-three (23) participants were awarded Certificates of Successfully Completed, recognizing their outstanding performance and achievement of the required competency standards. A further twenty-five (25) participants received Certificates of

Completed, indicating that they had satisfactorily fulfilled the programme requirements. The remaining two (02) participants, who attended the programme but did not meet all the assessment criteria for completion, were awarded Certificates of Participation in recognition of their attendance and engagement throughout the training programme.

Establishment of Training Facilities

As part of its mandate to promote safety, technical competency, and service quality within Sri Lanka's regulated utility sectors, the Public Utilities Commission of Sri Lanka (PUCSL) conducted a specialized Training Programme on 18, 19, 26, and 27 June 2025 at the Hector Kobbekaduwa Agrarian Research and Training Institute (HARTI), Colombo 07. The programme formed part of the Commission's broader regulatory strategy to strengthen institutional capacity by improving the technical knowledge and professional competencies of trainers and technical officers engaged in vocational and technical education. A total of fifty (50) participants representing the Department of Technical Education and Training (DTET), the Vocational Training Authority of Sri Lanka (VTA), the Ceylon German Technical Training Institute (CGTTI), the National Apprentice and Industrial Training Authority (NAITA), and the National Youth Service Council (NYSC) successfully participated in the programme.

The initiative reflects the Commission's commitment to developing a competent workforce capable of supporting the safe installation, operation, maintenance, and inspection of electrical systems in accordance with national regulatory requirements and industry best practices. By collaborating with key public training institutions, the Commission seeks to establish consistent technical standards, improve the quality of vocational education, and strengthen the long-term availability of qualified personnel required by Sri Lanka's electricity sector. Such capacity-building initiatives contribute to enhancing consumer safety, reducing electricity-related accidents, and fostering greater compliance with regulatory and technical standards across the industry.

Certificates were awarded based on a comprehensive assessment process that evaluated participants' attendance, practical performance, final assessment reports, and results of the final examination. Upon completion of the evaluation, twenty-three (23) participants were awarded Certificates of Successfully Completed in recognition of their high level of competency and achievement, while twenty-five (25) participants received Certificates of Completed after satisfactorily meeting the programme requirements. The remaining two (02) participants were presented with Certificates of Participation in recognition of their attendance and engagement throughout the training programme.

1.11.5 Reviewing and approving the commercial terms of new RE generation and energy storage capacity under Section 5(3)(n) of SLEA 2024

The Commission has approved two RFP requests and three contract awards from the transmission licensee under Section 43 of the Sri Lanka Electricity Act.

Table 5 RFP Approvals

Project Name	Approved Year	Proposed Commissioning Year	Capacity (MW)	Technology
2x50MW Wind Farm Facilities at Mullikulam	2025	2027	100	Wind
152 MW AC Ground Mounted Solar PV Power Plant 1-5MW on BOO Basis	2025	2027	152	Solar

Table 6 PPA Approvals

Project Company	GSS	Capacity (MW)	Technology	Bid Tariff (LKR/kWh)
Hayleys Fentons Limited	Nadukkuda	50	Wind	4.65 USD Cents/kWh
Tricomalee Power Company Limited	Sampur	50	Solar PV	5.97 USD Cents/kWh
Wind Force PLC	Mannar	50	Wind	3.96 USD Cents/kWh
Vidullanka PLC / David Peiris Motor Company (Lanka) Limited	Mannar	50	Wind	3.77 USD Cents/kWh

1.11.6 Resolving Consumer complaints related to Renewable energy and Environmental issues related to the electricity sector

Under this activity, the division was planned to give resolutions for 60 No of consumer complaints related to Renewable Energy and Environment issues related to the electricity sector. As a side activity, the division was planned to revise the Solar Service Providers Guideline and the Guideline on Rooftop Solar PV System Installation for Utilities.

The division provided the solutions for 73 Consumer complaints. The revision of Solar Service providers' Guideline has not continued due to not updating the relevant SLSI Standards. A committee was appointed with the representation of CEB, LECO, and PUCSL to revise the Guideline on Rooftop Solar PV System Installation for Utilities at the final stage.

Public Consultation on Challenges Faced by Renewable Energy Developers in Sri Lanka

The consultation was not initially planned in the activity plan. The Division has held a Public Consultation on Challenges Faced by Renewable Energy Developers in Sri Lanka in collaboration with the Corporate Communication Division on 2nd July 2025 at the BMICH.

49 Participants expressed their submissions at the said oral consultation, and in addition to that, there were 27 written submissions received.

Accordingly, the division has already submitted the progress of the Public Consultation by following the Commission Papers.

- PUC/2025/313/EER/04: Approval to carry out the Stakeholder Consultation on Renewable Energy-based Electricity Generation.
- PUC/2025/320/EER/04: Approval to hold the Stakeholder Consultation at BMICH and for necessary Procurements.
- PUC/2025/327/EER/01: Approval sought to prepare a detailed Action Plan, start discussions with relevant parties and prepare and inform the Policy recommendations to the Government.
- PUC/2025/328/EER/03: Approval to publish the Final Report on the RE Consultation on the PUCSL Website[3].

[3] https://www.pucsl.gov.lk/public_consultation/public-consultation-on-challenges-faced-by-renewable-energy-developers-in-sri-lanka/

1.11.7 License/Exemption condition compliance monitoring and reporting program

The main objective of this activity was to ensure that Generation licensees or Exemption certificate holders adhere to the conditions of the license or exemption certificate. This task was responsible for the licensee division, and the EER division collaborates with it to monitor the environmental conditions and to explore opportunities for enhancing energy efficiency. Accordingly, the division has planned to visit 12 generation licensees or exemption certificate holders for the year 2025. As of today, the division has visited and monitored the conditions of 9 generation licensees, and there were 3 No of Industries has visited for a walkthrough Energy Audit, which are mentioned below.

Generation Plants

1. Delta Mini Hydro Power Plant
2. Upper Korawaka Mini Hydro Power Plant
3. Forest Hill Mini Hydro Power Plant
4. Baharandha Mini Hydro Power Project
5. Agra oya Mini Hydro Power Plant
6. Dunsinane Mini Hydro Power Plant
7. Monaragala 2 Solar Power Plant
8. Monaragala 3 Solar Power Plant
9. Hingurana Biomass Power Project

Industries

1. Bondville (Pvt) Ltd
2. Clean Poly Packaging (Pvt) Ltd
3. Diplo Pharma International (Pvt) Ltd

1.11.8 Dissemination of Information Related to Renewable Power Generation

The division developed a Quarterly Renewable Generation Report in 2022. Accordingly, the first report was prepared and published for the 4th Quarter of 2022. Since then, the division has continued to disseminate information related to Renewable Power Generation through this report.

In 2025, the target was to publish the 2024 4th Quarter report and the reports for the first three quarters of 2025 and all the required reports had been published on PUCSL website[4].

1.11.9 Dissemination of information related to the EV charging stations

The division has published the locations of the EV Charging stations of Sri Lanka, which have been registered and have received the exemption certificate from PUCSL. The developed tools will be routinely updated in the coming years. The Division has planned to publish an EV Charging sector report[5] annually from the year 2026.

1.11.10 Dissemination of information related to the Environmental Performance of the Power plants, Maintaining the Dispatch Database and Visualization Dashboard

Under this activity, the division collected emissions data from the Lak Vijaya Power Plant and Environmental Protection License and related test reports from the Thermal Power Plants. Accordingly, emissions data have been uploaded to the data portal of the PUCSL Website[6].

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[4] https://www.pucsl.gov.lk/electricity/quality/environment-and-renewable-energy/

[5] https://www.pucsl.gov.lk/ev-charging-regulations/

[6] https://gendata.pucsl.gov.lk/norochcholai-coal-power-plant-continuous-emission-monitoring-system-data

1.12 Inspectorate Division

The Inspectorate Division of the Public Utilities Commission of Sri Lanka (PUCSL) is empowered by Section 6 of the Sri Lanka Electricity Act No. 20 of 2009 & entrusted with the critical mandate of safeguarding the lives and assets of electricity consumers through regulatory enforcement, inspections, and monitoring activities. In line with the Sri Lanka Electricity Act, No. 20 of 2009 and its Amendment Act, No. 31 of 2013, the Division ensures compliance with statutory provisions governing the generation, transmission, distribution, supply and use of electricity. Its functions are further anchored in the Electricity (Safety, Quality and Continuity) Regulations of 2016, which empower PUCSL to enforce technical and safety standards across the electricity industry.

The division performs benchmarking & implementation of the international electrical and safety standards, ascertaining the electricity safety through accreditation of the skilled professions, ensures the core inspections of licensed activities and electrical installations, verifies compliance to license conditions, investigates consumer complaints, enforces safety measures, and monitors power quality and continuity of supply. By performing these functions, the Inspectorate Division plays a central role in upholding PUCSL's statutory duty under Section 17 of the PUCSL Act, No. 35 of 2002, to protect the interests of consumers, promote safety, and ensure reliable, efficient, and legally compliant electricity services throughout Sri Lanka.

Activity Ref	Activity	Budget	Output	Total Physical Progress	Financial Progress	Remarks
AP25/INS/CP/01	Reducing the no of electrocutions caused by non-availability or malfunctioning RCDs in domestic installations	5,160,000.00	RCD Survey (Inspection and testing program) of sample of domestic consumers in Kurunegala police Division	100%	99%	
			Pre Public Consultation (By Corporate Communiaction Division)			
			Preparation of Consultation Paper			
			Public Consultations in two Districts (By Corporate Communiaction Division) 1. Kurunegala 2. Gampaha			
			Advice to Government & Relevant Authorities on the Outcome			
			Implementation of the Advice with Stakeholders & Awareness Programs			
			Social Media Campaign to make aware general public on use of RCD			
			Monitoring & Evaluation of the Reduction of Electrocutions			
AP25/INS/CP/02	Minimizing the number of electrocutions caused by illegal tapping of electricity for protecting cultivation.	2,210,000.00	Stakeholder consultation: Consultation of Sri Lanka Police (community police), CEB investigation officers, Dep of Agriculture, Farmers' associations, local authorities and companies providing fence solutions)	100%	82%	

			Pre Public Consultation (By Corporate Communiaction Division)			
			Community Awareness: Community awareness and inspection program in collaboration with community meetings organized by community police officers.			
			Preparation of Consultation Paper			
			Public Consultations in two Districts (By Corporate Communiaction Division) 1. Badulla 2. Kandy			
			Advice to Government & Relevant Authorities on the Outcome			
			Implementation of the Advice with Stakeholders & Awareness Programs			
			Preparation of Compliance Monitoring Program: In collaboration with key stakeholders such as Police, Distribution Licensees, Department of Agriculture, Department of wildlife, and agriculture societies. Also conduct a literature review on best practices.			

			Implementation of Compliance Monitoring Program and enforcement: via Agriculture Ministry, Department of Wild-life, Distribution Licensees, Sri Lanka Police and other relevant stakeholders to minimize illegal usage of electricity.			
			Monitoring & Evaluation of the Reduction of Electrocutions			
AP25/INS/CP/03	Establishment of monitoring mechanism to ensure that safety measures remain effective	350,000.00	Study on ensuring electrical safety beyond the bounday of HV substations - Review current practicing by Transmission Licensee to ensure safety beyond the boundary of HV grid substations. Literature review on methods to make sure the safety around grid substations.	100%	73%	
			Preparation of monitoring mechanism -to ensure periodic monitoring and reviews to ensure public safety around the grid substations.			
AP25/INS/RU/01	Routine awareness programs to improve safe use of electricity	200,000.00	Student awareness program (Schools) on safe use of electricity.	100%	65%	
			Electricity Safety Awareness Programs for Government Officers, & General Public on safe use of electricity.			
AP25/INS/RU/02		-	Data analysis and preparation of report on electrocutions	100%	N/A	

	Data analysis of electrocutions in Sri Lanka.		Study on benchmarks (in developed countries) on number of electrocution incidents.			
AP25/INS/CP/04	Guideline on improving electrical safety at apartment complexes not under exemption certificates		Implementation of Draft Guideline Compliance Monitoring of Housing Schemes	90%	N/A	
AP25/INS/RU/03	Implementation of Safety & Technical Management Plan to maximize electrical safety in Generation, Transmission, Distribution & Supply	-	Safety Audits done at licensee premises by Independant Accessors. Introducing Safety Performance Evaluation Scheme and Reward Schemes	90%	N/A	
AP25/INS/RU/04	Implementation of Incident Reporting System (IRS) for all the stakeholders (public, police, health & licensees)	-	Training of Incident Reporting System for Police, Health Sector & Licensees	90%	N/A	

AP25/INS/RU/05	Routine market inspection in respect of plugs and sockets	2,000,000.00	Plugs and Sockets Compliance Monitoring & Awareness programs on socket & plugs standards to minimize the accidents due to substandard products	100%	100%	
AP25/INS/RU/09	Inspection on Compliance of Overhead-Line Clearance		Establishing an approval system between Local Authorities and Licensees for New Buildings and Compliance Monitoring of Old Buildings	100%	N/A	Routine Work
AP25/INS/RU/06	Specific Inspection Activities to resolve consumer complaints and disputes.	400,000.00	Conducting Inspections related to safety , power quality, reliability and meter accuracy and provide recommendations to the Commission.	100%	53%	Routine work
AP25/INS/RU/07	Routine Inspection Activities on licensee premises in respect of safety.		Random Inspection of Distribution plants and lines: to ensuring electrical safety to the public from the MV/LV Distribution plants and lines in roadsides.	100%	N/A	Routine work
AP25/INS/RU/08	Inspection on compliance of rooftop solar generators with voltage quality regulations.		Voltage quality inspection of LV connected Rooftop solar systems to ensuring voltage quality at PCC of rooftop solar installations.	100%	N/A	Routine Work. (as Received)
AP25/INS/RU/10	Evaluation of Sanctions applications to institude proceedings against illegal extraction of electricity and improper use of electricity		Evaluation of sanction Applications.	100%	N/A	Routine Work. (as Received)

AP25/INS/CP/05	Implementation of power quality response modes in LV connected rooftop solar inverters.	50,000.00	Implementation of power quality response modes in LV connected rooftop solar inverters. : progress meetings with key stakeholders and enforcement through Licensees, SLSEA and SLSI.	90%	20%	
AP25/INS/CP/06	Regulatory Impact Assessment on relaxing statutory voltage limits upto +/-10% of the nominal voltage.	50,000.00	Reveiwing Impact assessment on relaxing statutory voltage limits upto +/-10% of the nominal voltage. Reveiwing the Survey of consumer appliances, focusing on their voltage tolerance and sensitivity. Reveiwing the Financial and Economic Benefit Assessment. Reveiwing the final report. Draft Regulation on steady state voltage quality. Implementation of the revised voltage quality regulations	10%	0%	Project terminated by USAID in line with the decisions by Trump administration. Therefore, a study planned for next year (2026) to assess the voltage tolerance of LV appliances/ equipment.

1.12.1 Reducing the number of electrocutions caused by non-availability or malfunctioning RCDs in domestic installations

Based on a comprehensive analysis of electrocution incidents reported over the past five years, the Inspectorate Division identified the non-availability or malfunctioning of Residual Current Devices (RCDs) in domestic electrical installations as a significant contributing factor, accounting for approximately 40% of the total electrocutions. In response to this critical safety concern, Activity AP25/INS/CP/01 was proposed as a major initiative under the Corporate Plan 2026, with the primary objective of reducing electrocution incidents through improved availability, functionality, and public awareness of RCD protection in domestic premises.

As an initial step, a field-level house-to-house survey was conducted at the beginning of the year within the Kurunegala Police Division to assess the availability and operational status of RCDs in domestic installations. The survey covered 425 households and revealed alarming findings. It was observed that approximately 25% of the surveyed households either did not have an RCD installed or had RCDs that were non-functional at the time of inspection. These findings clearly highlighted the need for continuous awareness interventions.

In parallel, stakeholder engagement was strengthened through a structured public consultation process. Two pre-consultation sessions, followed by formal public consultations, were conducted in the Gampaha and Kurunegala districts to obtain stakeholder feedback and raise awareness regarding the importance of functional RCD protection. These consultations were well attended, at each location, including government officials, representatives from private sector institutions, non-governmental organizations, industry stakeholders, and members of the general public. A consultation paper outlining the problem, technical background, regulatory considerations, and proposed mitigation measures was developed and shared in advance to facilitate informed discussion. The inputs received are currently being used to guide future regulatory and policy interventions aimed at improving RCD compliance and safety.

Based on the Qualitative Analysis Report, which incorporated feedback received through public consultations and written submissions, recommendations were submitted to the following relevant government stakeholders to initiate measures aimed at reducing electrocutions.

- Ministry of Education
- Ministry of Power and Energy
- Ministry of Health and Mass Media
- Ministry of Agriculture, Livestock, Land and Irrigation
- Ministry of Environment

- Ministry of Public Administration, Provincial Councils and Local Government

Furthermore, during the second half of the year, a targeted social media awareness campaign was implemented utilizing major digital platforms, including Facebook, YouTube, and TikTok. The campaign was designed to communicate electrical safety messages in an engaging, accessible, and innovative manner, targeting domestic electricity consumers across diverse demographic groups.

Overall, the implementation of Activity AP25/INS/CP/01 during the reporting period established a strong evidence-based foundation through field surveys, stakeholder consultations, technical analysis, and public awareness initiatives. These efforts are expected to contribute substantially towards strengthening electrical safety compliance and reducing electrocution incidents in domestic installations in Sri Lanka.

The number of electrocution fatalities decreased significantly to 90 in 2025, compared to 120 in 2024 and 121 in 2023, indicating a substantial improvement in electrical safety and the positive impact of the targeted interventions implemented by the Commission.

1.12.2 Minimizing the number of electrocutions caused by illegal tapping of electricity for protecting cultivation

The second most contributing factor for the electrocutions during the last 5 years has been due to illegal tapping of electricity for protecting cultivation and accounting for approximately 40% of the total electrocutions. Accordingly, Activity AP25/INS/CP/02 was proposed as another major initiative under the Corporate Plan 2026, with the primary objective of reducing electrocution incidents through improved awareness among the farmers and compliance monitoring by authorities for unauthorized electricity tapping.

As part of the stakeholder consultation and awareness programs were conducted at following institutions during 2025.

- Community Police Sections in Police Divisions Kurunegala, Theldeniya, Trincomalee, Kandy, Badulla, Bandarawela, Galle & Anuradapura
- Department of Agriculture Puttalam

- Online safety awareness program to Community police officers islandwide
- Awareness program for Divisional Secretariat Wattala
- Public Awareness in Digital Media with Ministry of Health in Accident Prevention Week
- Awareness program for Divisional Secretariat Polgahawela
- Bandarawela Agri Field Officers

In parallel, stakeholder engagement was strengthened through a structured public consultation process. Two pre-consultation sessions, followed by formal public consultations, were conducted in Badulla & Kandy districts to obtain stakeholder feedback and raise awareness to mitigate illegal tapping and aware importance of using safe electric fences. These consultations were well attended, at each location, including government officials, representatives from private sector institutions, non-governmental organizations, industry stakeholders, and members of the general public. A consultation paper outlining the problem, technical background, regulatory considerations, and proposed mitigation measures was developed and shared in advance to facilitate informed discussion. The inputs received are currently being used to guide future regulatory and policy interventions aimed at mitigating electrocutions due to illegal tapping of electricity for protecting cultivation.

Based on the Qualitative Analysis Report, which incorporated feedback received through public consultations and written submissions, recommendations were submitted to the following relevant government stakeholders to initiate measures aimed at reducing electrocutions.

- Ministry of Education
- Ministry of Power and Energy
- Ministry of Health and Mass Media
- Ministry of Agriculture, Livestock, Land and Irrigation
- Ministry of Environment
- Ministry of Public Administration, Provincial Councils and Local Government

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The number of electrocution fatalities decreased significantly to 90 in 2025, compared to 120 in 2024 and 121 in 2023, indicating a substantial improvement in electrical safety and the positive impact of the targeted interventions implemented by the Commission.

1.12.3 Establishment of monitoring mechanism to ensure that safety measures remain effective

With the objective of ensuring an electrically safe environment for people living in the vicinity of grid substations, the Inspectorate Division proposed the activity titled “Establishment of a Monitoring Mechanism to Ensure that Safety Measures Remain Effective” under the Corporate Activity Plan 2025.

Accordingly, the existing practices implemented by the Transmission Licensee to ensure electrical safety beyond the boundary of high voltage (HV) grid substations were reviewed. It was observed that during the design and construction stages of grid substations, earthing systems are designed in accordance with applicable international standards to ensure that step and touch voltages, both within and outside the substation premises, remain within safe and acceptable limits.

Furthermore, routine inspections of earthing resistance levels are carried out by the Transmission Licensee as part of preventive maintenance activities to ensure the continued effectiveness and integrity of the substation earthing system.

During the year 2025, internationally accepted practices relating to monitoring and verification of step and touch voltages in and around HV substations were reviewed, and appropriate recommendations were formulated to strengthen existing safety monitoring mechanisms and further enhance public safety.

1.12.4 on improving electrical safety at apartment complexes not under exemption certificates

Following the implementation of Activity AP24/INS/CP/01/04: Guideline on Improving Electrical Safety at Apartment Complexes Not Under Exemption Certificates, under which approximately 100 low-income housing units were inspected with a primary focus on the availability and functionality of RCCBs, Activity AP25/INS/CP/04 was undertaken to monitor compliance and assess the current status of electrical safety in such apartment complexes, particularly in relation to the recommendations issued to the Urban Development Authority

Accordingly, during the year 2025, approximately 30 low-income housing units were inspected to evaluate compliance with the previously issued recommendations, with particular emphasis on the

availability and operational status of RCCBs. The inspections revealed a significant improvement in electrical safety conditions, with less than 10% of the inspected housing units having non-functioning RCCBs, compared to the higher levels of non-compliance observed during the previous inspection cycle.

Furthermore, it was encouraging to observe a notable improvement in user awareness and safety practices, with more than 40% of tenants routinely testing their RCCBs using the test button, compared to less than 5% observed during the 2024 inspections. This improvement indicates the positive impact of the guidelines issued and awareness initiatives undertaken, contributing towards enhanced electrical safety in low-income apartment complexes.

1.12.5 Implementation of power quality response modes in LV connected rooftop solar inverters

With the objective of addressing inverter tripping and associated curtailment of rooftop solar generation due to grid overvoltage in low-voltage (LV) distribution feeders, the Commission continued the regulatory intervention to ensure voltage quality while supporting the increased integration of renewable energy into the distribution network.

Following a comprehensive review of applicable standards and structured stakeholder consultations conducted during 2024, two potential regulatory measures were proposed. The first measure involves mandating the implementation of voltage quality response modes, specifically volt-var and volt-watt functionalities, in rooftop solar inverters connected to LV distribution feeders to enable dynamic voltage regulation. The second measure proposes relaxing the statutory voltage limits from 230V ±6% to 230V ±10%, to be considered only if the implementation of inverter-based voltage control measures proves insufficient in mitigating overvoltage conditions.

Accordingly, during the year 2025, the Final Report titled “Recommended Inverter Settings for Rooftop Solar Installations Connected to Low Voltage Distribution Networks – April 2025,” jointly prepared by CEB, LECO, ADB technical experts, and PUCSL, was reviewed. Based on the recommendations of the report, distribution licensees were instructed to commence the pilot testing phase of volt-var and volt-watt power quality response modes in selected feeders with significant rooftop solar penetration and exhibiting grid overvoltage. At the request of distribution licensees, awareness sessions were also conducted for relevant stakeholders, including developers, prosumers, and the general public, to facilitate understanding and cooperation in the pilot testing programme.

The pilot testing programme is currently being conducted by distribution licensees, with the progress being monitored by PUCSL. Upon completion of the pilot phase, a comprehensive final report detailing the findings, effectiveness, and impact of the implemented voltage response modes will be submitted by the distribution licensees to support evidence-based regulatory decision-making.

1.12.6 Awareness programs to improve safe use of electricity

Electrocution Analysis Reports of recent years have consistently highlighted the critical need for continuous public awareness to reduce electrocutions and electrical accidents, as a significant number of such incidents could have been prevented if the relevant individuals had been more aware of electrical hazards and safety practices.

Accordingly, as part of the Annual Plan, the Inspectorate Division conducts routine electrical safety awareness programmes aimed at promoting the safe use of electricity, primarily targeting school students, academic staff, government officers, and the general public.

During the year 2025, following routine awareness programs were conducted at following schools & government institutions.

- Keenapelassa Yashodara Girls School Hasalaka
- Ranasinghe Premadasa National School Hasalaka
- Sri Koneswara Hindu College Trincomalee
- Sri Shanmuga Hindu Ladies College Trincomalee
- Hindu College Puttala
- St. Mary's College Puttalam
- Maithreepala Senanayaka National School Medawachchiya
- Sangilikanadarawa National School Medawachchiya
- Viharamahadevii Girls College Badulla
- Awareness program at Lakviru FM
- Awareness program for Divisional Secretariat Wattala
- Awareness Session at Department of Agriculture Puttalam
- Public Awareness in Digital Mass with Ministry of Health in Accident Prevention Week
- Awareness program for Divisional Secretariat Polgahawela
- Community Police Sections in Police Divisions Kurunegala, Theldeniya, Trincomalee, Kandy, Badulla, Bandarawela, Galle & Anuradapura

- Awareness Program on World Habitat Day

These programmes were conducted with the objective of enhancing public knowledge on electrical safety, promoting safe electrical practices, and ultimately reducing the occurrence of electrocutions and electricity-related accidents.

1.12.7 Implementation of Safety & Technical Management Plan to maximize electrical safety in Generation, Transmission, Distribution & Supply.

Building on the Safety and Technical Management Plan (STMP) document developed by PUCSL with the support of consultants in 2019 and issued to licensees, PUCSL officers continued implementation-focused engagements with both CEB and LECO during 2025. Site visits were carried out to licensee premises to explain and discuss about the STMP requirements in practical terms and to hold structured discussions with operational teams on how existing practices align with the STMP provisions and where gaps remain.

During 2025, PUCSL placed emphasis on improving awareness and understanding of the Safety Indices used to measure and compare licensee safety performance under the STMP framework. Awareness sessions and structured discussions were conducted with engineering and operational staff of licensees to explain the purpose of the indices, the underlying definitions and calculation logic, and the type of evidence and records required to support reliable reporting. Attention was given to how safety indices link to day-to-day practices—such as hazard identification, corrective action closure, safe systems of work, contractor control, and incident/near-miss reporting—so that performance measurement is not treated as a compliance exercise, but as a tool for continuous improvement. Licensees were also informed that these indices will be used by Independent Safety Assessors during audits to evaluate safety performance and derive comparative rankings, enabling each licensee to identify gaps against peers and implement targeted improvements.

To support consistent assessment, a standard checklist was prepared and reviewed with the Area Chief Engineer and relevant engineering staff, and key areas for improvement were jointly identified and discussed. In addition, PUCSL officers visited Consumer Service Centres, inspected prevailing practices, and verified compliance against the checklist—while also documenting good practices observed and providing feedback on measures needed to strengthen compliance and improve safety performance, which is expected to be continued in subsequent years as well.

At the conclusion of these engagements, licensees were envisaged that the STMP arrangements currently practiced by each licensee will be assessed against the STMP document and subject to independent assessment/audit by Independent Safety Assessors. The assessors will conduct audits on an impartial basis and evaluate each licensee's performance using the existing safety indices already established for such assessments.

The intended outcome of this process is a Safety Performance Evaluation and Ranking of Licensees, enabling each licensee to clearly identify its relative standing and the specific areas where improvement is required. This ranking is expected to drive targeted corrective actions and continuous improvement, particularly in areas where a licensee is performing below peers.

1.12.8 Implementation of Incident Reporting System (IRS) for all the stakeholders (public, police, health & licensees).

The Incident Reporting System (IRS) is a comprehensive risk-register and analytics platform designed to capture and monitor the full spectrum of electrical incidents, including even the most minor near-miss events. Historically, available data has been largely confined to electrocution reports received from the Sri Lanka Police. The IRS addresses this limitation by enabling granular, end-to-end tracking and analysis, thereby strengthening the identification of root causes and preventive interventions.

IRS has been fully developed and delivered as a complete, deployable solution, and implementation across key stakeholder institutions—namely the Sri Lanka Police, the Ministry of Health, and the Department of Labour—is currently underway. As an initial step, structured stakeholder training programmes were conducted, and designated officers were provided with secure login credentials to access the system and familiarise themselves in a controlled environment prior to full operational rollout.

Following this phase, the IRS is expected to be opened to the general public, enabling citizens to report electrical incidents and near misses directly. To safeguard data accuracy, credibility and regulatory reliability, all public submissions will be subject to validation by officers of the Public Utilities Commission of Sri Lanka (PUCSL) prior to formal use and analysis.

Looking ahead, the roadmap includes the development of a dedicated mobile application to facilitate real-time incident reporting via handheld devices. To further encourage public participation, the Commission is exploring a rewards-based incentive mechanism, whereby users may earn redeemable

points for verified and high-quality reports. Subject to feasibility assessments and policy approval, such incentives could be designed for redemption through appropriate channels, including potential linkage to utility payment mechanisms.

In essence, the IRS represents a shift from reactive reporting to proactive prevention—strengthening evidence-based regulation, improving inter-agency coordination, and supporting the Commission's efforts to reduce electrical hazards and enhance public safety nationwide.

1.12.9 Market inspection in respect of plugs and sockets

During the year 2025, PUCSL continued its compliance monitoring and public awareness programmes aligned with the national standard SLS 734, with the objective of minimizing hazards arising from the use of non-compliant and unsafe electrical accessories in domestic and commercial installations. The Commission has prioritized the elimination of substandard electrical products from the market through a coordinated approach involving regulatory enforcement, public awareness, and stakeholder collaboration.

Market surveillance and product compliance monitoring activities were strengthened in collaboration with the Sri Lanka Standards Institution (SLSI), Consumer Affairs Authority (CAA), and Sri Lanka Customs. These efforts included random sampling, field inspections, and testing of electrical accessories available in the market to verify compliance with prescribed safety and quality requirements under SLS 734. Accordingly, market surveillance and compliance monitoring programmes were conducted across more than ten districts during 2025, enabling the identification of non-compliant products and supporting enforcement actions to prevent their distribution and use.

In parallel, PUCSL implemented island-wide public awareness initiatives to educate consumers, electricians, traders, and importers on the safety requirements and regulatory provisions related to electrical accessories. These initiatives included multilingual media campaigns, educational material distribution, awareness workshops, school-based programmes, and direct engagement with key stakeholders. Particular emphasis was placed on promoting the use of compliant electrical accessories and discouraging the use of unsafe or non-standard devices that pose significant safety risks.

These initiatives collectively contributed to strengthening regulatory oversight, enhancing public awareness, and promoting the use of safe and compliant electrical accessories, thereby supporting

PUCSL's mandate to protect consumers and reduce electrical hazards, including electrocutions and fire incidents.

1.12.10 Specific Inspection Activities to resolve consumer complaints and disputes.

As part of its routine regulatory functions, the Inspectorate Division conducted electrical safety & power quality inspections at licensee-operated installations and consumer premises to investigate and resolve electricity-related complaints in accordance with the Electricity (Electrical Inspectors' Functions, Duties and Procedures) Regulations No. 01 of 2014. These inspections were initiated in response to complaints, reported incidents, stakeholder requests, and directives issued under the provisions of the Sri Lanka Electricity Act, with the objective of resolving disputes, ensuring compliance with regulatory requirements, and safeguarding public safety. The inspections also aimed to identify non-compliances with applicable safety standards, assess associated risks, and ensure the implementation of timely corrective actions to protect consumers and the general public.

Furthermore, the islandwide blackout incident was thoroughly investigated, followed by a public consultation process and the preparation of a comprehensive report outlining the findings, root causes, and recommended corrective and preventive measures to enhance the reliability and resilience of the electricity system.

The scope of inspections undertaken during the year covered a wide range of matters, including investigations into electrocution incidents, fire-related electrical assessments, disputes relating to service disconnections, metering accuracy concerns, low voltage reliability issues, and matters related to rooftop solar interconnections and tariff categorisation. These inspections were conducted with the participation of relevant distribution licensees, affected consumers, and other stakeholders as required. The inspection process involved on-site visual examinations, technical measurements, and detailed verification against applicable regulatory codes, standards, and license conditions. Based on the findings, the Inspectorate Division issued comprehensive inspection reports outlining technical observations, conclusions, and regulatory recommendations, including directives to licensees where non-compliances or safety deficiencies were identified.

These activities contributed significantly to the fair and transparent resolution of consumer grievances, strengthened the enforcement of safety and quality standards, and enhanced overall regulatory oversight. By addressing critical safety, reliability, and power quality concerns, the inspections

supported the Commission's mandate to ensure that the electricity supply system operates in a safe, reliable, efficient, and consumer-focused manner.

1.12.11 Evaluation of Sanction Applications

During 2025, the Commission continued its statutory role under Section 48(4) of the Sri Lanka Electricity Act, No. 20 of 2009 (as amended), by evaluating sanction applications submitted by licensees to initiate legal action against persons involved in the illegal extraction or use of electricity.

These applications are a prerequisite for prosecution and must demonstrate that investigations were conducted by PUCSL guidelines. The Inspectorate Division reviewed each application for procedural compliance and evidentiary adequacy. Required documentation includes a detailed investigation report, photographic or video proof of the offence, certification of meter tampering under Section 50 of the Act, and supporting legal references. Common offences evaluated included unauthorised tapping from distribution or service lines, bypassing meters, and meter tampering using internal or external methods.

The evaluation of sanction applications contributes directly to the enforcement of legal provisions governing electricity use. By ensuring that only well-substantiated cases proceed to prosecution, the Commission upholds due process while supporting licensees in addressing electricity theft. This regulatory function also helps reduce commercial losses and reinforces public confidence in the integrity of the electricity sector.

1.13 Licensing Division

The Licensing division of PUCSL is responsible for regulating and overseeing the issuance of licenses and exemptions under the Sri Lanka Electricity Act. It evaluates applications from electricity generators, distributors, and other sector participants to ensure compliance with legal, technical, and safety standards. The division develops and updates licensing frameworks, monitors licensee performance, and enforces regulatory obligations. Ensuring the security of electricity supply is also a key mandate, requiring continuous monitoring to maintain 24×7 energy security. Key functions include approving generation expansion plans, transmission plans, power procurement, and monitoring the implementation of approved plans. The division also analyzes licensee performance and publishes reports on power quality, supply reliability, and energy security. By facilitating orderly sector participation, maintaining compliance, and supporting policy implementation, the Licensing Division plays a critical role in promoting a reliable, efficient, and sustainable electricity sector in Sri Lanka.

Table 7 Summary of Activities for the Licensing Division

Activity Ref	Activity	Direct Budget (Rs.)	Output	Progress		Remarks
				Physical (%)	Financial (%)	
AP25/LIC/CP/01/01	Transmission System Analysis	4,000,000	Report including the findings, recommendations, and proposed action plans for addressing identified deficiencies in the transmission network	20%	2%	No proposals were received during the first round of the tender. The tender was subsequently awarded during the second round, and the report is expected to be completed by June 2026.
AP25/LIC/RU/01/02	Providing Recommendations to formulate the Long Term Power System Development Plan under Section 5(3)(k) of SLEA 2024	500,000	N/A	N/A	100%	The plan was not submitted to the PUCSL due to amendment of the SLEA 2024. The budget was utilized to Conduct the Public Hearing on the Blackout occurred on 09th February 2025

AP25/LIC/RU/01/03	Reviewing and approving the commercial terms of new generation, transmission and energy storage capacity under Section 5(3)(n) of SLEA 2024	N/A	Approval for the Final Power Purchase Agreement between Ceylon Electricity Board and Sahasdhanavi Ltd for the development of Second 350 MW RLNG/Diesel operable Combined Cycle Power Plant at Kerawalapitiya	100%	N/A	
AP25/LIC/RU/01/04	Reviewing and approving the annual power procurement plan under Section 5(3)(o) of SLEA 2024	N/A	N/A	N/A	N/A	The plan was not submitted to the PUCSL to review and approve due to amendment of the SLEA 2024
AP25/LIC/RU/01/06	Reports on Risk of Compromising Continuous Power Supply	N/A	Monthly Reports	100%	N/A	
AP25/LIC/CP/02/01	Benchmarking report on the SAIDI and SAIFI of the Distribution Licensees	N/A	Preparation and publication of SAIDI/SAIFI values in quarterly.	100%	N/A	
AP25/LIC/CP/03/01	Revision of the licensing process and related procedures/regulatory tools	N/A	Revised license templates.	100%	N/A	

	based on the provisions of the new Act					
AP25/LIC/RA/03/02	Development of License/Exemption Compliance Monitoring Framework	200,000	License/Exemption Compliance Monitoring Framework.	100%	50%	
AP25/LIC/RA/03/03	Electricity Sector Licensing and Exemption	2,300,000	Complete issuing of licenses/exemption for eligible entities.	100%	100%	
AP25/LIC/RA/04/01	Execution of the Distribution Code	500,000	Completion of amendments for the Distribution Code.	100%	100%	
AP25/LIC/RA/04/02	Voltage Monitoring Program Under Distribution Performance Standards Regulation	N/A	Completion of voltage measurements and provide reports.	100%	100%	
AP25/LIC/RU/04/03	Setting Benchmarks for the transmission performance indices for supply availability and supply reliability	N/A	Quarterly Performance Reports. Direction to the transmission licensee to report monthly basis the information related to the power quality, power	100%	N/A	

			system protection, power system operation, generation system and transmission system expansion and generation acquisition			
AP25/LIC/CP/05/01	Development of developer independent Data Submission System for Licensees to submit information (daily and monthly) to the PUCSL.	3,300,000	Web based system for data submission	75%	70%	Completed by 31st March 2026
AP25/LIC/RU/05/02	Administration of the dispatch data dashboard	N/A	Uploaded all data and rectified several issues identified	100%	N/A	
AP23/LIC/CP/LIC/16	Disaster Management Plans- Electricity Sector	1,700,000	Finalize Disaster Management Plan for electricity sector	100%	85%	
Routine Activity	Conducting an investigation and a Public Hearing on the Total System Failure occurred on 09th February 2025	N/A	Published the Public Hearing Report and a gazette with direction based on the recommendations of the Public Hearing report	100%	N/A	

1.13.1 Transmission System Analysis

This activity was initiated to comprehensively assess the adequacy of transmission line capacity, the operational performance of transmission assets, and the reliability of protection systems to ensure the safe, efficient, and reliable operation of the national transmission network. The assignment is expected to produce a detailed report containing the assessment findings, recommendations, and action plans to address identified deficiencies and strengthen overall network performance. During 2025, no proposals were received in response to the first round of the tender process. Consequently, the procurement was re-advertised, and the contract was successfully awarded during the second round. The consultant's final report is expected to be completed and submitted by June 2026.

1.13.2 Providing Recommendations to formulate the Long Term Power System Development Plan under Section 5(3)(k) of SLEA 2024

In accordance with Section 5 of the Sri Lanka Electricity Act No. 36 of 2024, the Public Utilities Commission of Sri Lanka is mandated to provide recommendations to the National System Operator (NSO) for the formulation of the Long-Term Power System Development Plan following stakeholder consultations. The intended output of this activity was to submit the Commission's recommendations to support the preparation of the national long-term development plan. However, during 2025, the NSO did not submit the plan to the Commission due to amendments to the Sri Lanka Electricity Act No. 36 of 2024. Consequently, the allocated budget was reallocated to facilitate the Public Hearing conducted by the Commission to examine the nationwide power blackout that occurred on 9 February 2025.

1.13.3 Reviewing and approving the commercial terms of new generation, transmission and energy storage capacity under Section 5(3)(n) of SLEA 2024.

In accordance with Section 5 of the Sri Lanka Electricity Act No. 36 of 2024, the Commission is responsible for reviewing and approving the commercial terms relating to new electricity generation, transmission, and energy storage capacity developments. The targeted output of this activity was the evaluation of new Power Purchase Agreements (PPAs), the commercial terms of transmission projects, and Battery Energy Storage System (BESS) projects, followed by the submission of recommendations for the Commission's approval. During 2025, the Commission completed the

review and granted approval for the Final Power Purchase Agreement between the Ceylon Electricity Board and Sahasdhanavi Ltd. for the development of the second 350 MW RLNG/Diesel-operable Combined Cycle Power Plant at Kerawalapitiya. Reviewing and approving the annual power procurement plan under Section 5(3)(o) of SLEA 2024.

1.13.4 Benchmarking report on the SAIDI and SAIFI of the Distribution Licensees

Consumer wishes to receive an uninterrupted electricity supply in all times which can be referred as electricity supply reliability. But due to many reasons like sudden breakdowns, planned maintenance work and non-availability of optimized network arrangements, Distribution Licensees always cannot assure uninterrupted power supply. There are two world recognized indexes called SAIDI and SAIFI which are used to measure the aforesaid supply quality of distribution licensees.

In simple terms,

- SAIDI is how long, on average, each customer was without an electricity supply
- SAIFI is how frequency, on average, each customer was without an electricity supply

Under this activity, it was planned to obtain the data on SAIDI/SAIFI from the CEB and LECO and then calculate SAIDI/SAIFI values and publish the same.

1.13.5 Revision of the licensing process and related procedures/regulatory tools based on the provisions of the new Act

With the enactment of the Sri Lanka Electricity Act No. 36 of 2024, several significant changes to the licensing framework were introduced, necessitating revisions to the existing regulatory framework to ensure compliance with the new legal provisions. The targeted output for 2025 was the preparation of revised licence templates aligned with the new legislative requirements. Accordingly, during the year, the Commission successfully developed updated licence templates for all key sectors of the electricity industry, including generation, transmission, the National System Operator (NSO), and distribution, to facilitate the licensing of new entities established under the provisions of the new Act.

1.13.6 Development of License Compliance Monitoring Framework

The Sri Lanka Electricity Act requires any person engaged in the generation, transmission, or distribution of electricity to obtain a licence from the Public Utilities Commission of Sri Lanka (PUCSL) or be granted an exemption from the licensing requirement. Following the issuance of a licence or exemption, the Commission is responsible for ensuring that licensees and exempted entities operate in compliance with the applicable regulatory framework, thereby safeguarding energy security, reliability of electricity supply, quality of service, safety standards, and consumer interests. To strengthen regulatory oversight, the targeted output for 2025 was the development of a comprehensive Licence and Exemption Compliance Monitoring Framework. During the year, the Commission successfully completed the preparation of this framework, providing a structured mechanism to monitor and assess compliance with licence and exemption conditions.

1.13.7 Electricity Sector Licensing and Exemption

In accordance with the Sri Lanka Electricity Act, any person intending to engage in the generation, transmission, or distribution of electricity is required to obtain a licence from the Public Utilities Commission of Sri Lanka (PUCSL) or secure an exemption from the licensing requirement. Upon receiving an application, the Commission follows the procedures prescribed under the Act to evaluate and process licence or exemption requests before granting approval. The issuance of licences and exemptions enables the Commission to ensure that regulated entities operate in compliance with the established regulatory framework, thereby promoting energy security, reliability of electricity supply, quality of service, safety, and consumer protection. The targeted output for 2025 was the timely issuance of licences and exemptions to eligible entities. During the year, the Commission successfully granted a total of 100 licences and exemptions, ensuring continued regulatory oversight of the electricity sector.

1.13.8 Execution of the Distribution Code

The Distribution Code sets out the criteria, guidelines, fundamental rules, procedures, responsibilities, standards, and obligations governing the operation, maintenance, and development of the Distribution System. Its objective is to ensure the safe, reliable, and efficient functioning of the Distribution

System, thereby delivering a secure and quality electricity supply to consumers to the fullest extent reasonably practicable. The provisions of the Distribution Code are implemented and enforced by the Distribution Code Enforcement and Review Panel (DCERP), which comprises representatives of the Distribution Licensees. Effective implementation of the Code contributes significantly to improving power quality and the overall quality of service provided to end-consumers.

In addition, the DCERP is responsible for periodically reviewing and amending the Code to ensure its continued relevance and effectiveness. At present, the Panel is in the process of undertaking the necessary amendments.

1.13.9 Voltage Monitoring Program Under Distribution Performance Standards Regulation

Distribution licensees are required to conduct periodic voltage measurements at a representative sample of consumer premises and implement corrective actions where measured voltages fall outside the prescribed limits. This process ensures that electricity supplied to end consumers remains within the statutory voltage range, thereby maintaining the quality and reliability of supply. During 2025, all distribution licensees carried out the required voltage measurements and submitted the results to the Public Utilities Commission of Sri Lanka (PUCSL), together with details of the corrective actions undertaken to address instances of non-compliance.

1.13.10 Setting Benchmarks for the transmission performance indices for supply availability and supply reliability - Transmission Performance Standards Regulations

Setting Benchmarks for the transmission performance indices for supply availability and supply reliability - Transmission Performance Standards Regulations, prepared according to the Sri Lanka Electricity Act, is already in effect. Implementation of these regulations, shall be done in three stages, namely –

(i) Preliminary Stage;

(ii) Adaptation Stage; and

(iii) Hands-on Stage.

Through implementation of these regulations, it is expected to improve the reliability of the transmission network and it will guarantee a minimum standard of service that the Transmission Licensee shall achieve and maintain in the discharge of the Licensee's obligations.

Quarter Reports & Determination of the appropriate values for the transmission performance indices for supply availability and supply reliability in consultation with transmission licensee, Identifying the information to be reported to the commission by the transmission licensee under Transmission Performance Standards Regulations with related to power quality, power system protection system, power system operation, generation system and transmission system expansion and generation acquisition

Progress made during the year 2025: Prepared quarter reports, Identified the information to be reported to the commission by the transmission licensee under Transmission Performance Standards Regulations with related to power quality, power system protection system, power system operation, generation system and transmission system expansion and generation acquisition and directed the transmission licensee to submit them to the Commission monthly basis.

1.13.11 Development of developer independent Data Submission System for Licensees to submit information (daily and monthly) to the PUCSL.

Licensing division is looking to develop a developer independent and automated data submission platform. By implementing this solution, PUCSL will have full flexibility in making necessary modifications for existing templates, create new templates for data submission and create new reporting formats and that minimize the risk associated with the dependency on the developer.

Developed the specification and tender documents, procurement completed and contract was awarded. SRS document developed and finalized. First half of the system was developed and released for the user acceptance testing.

1.13.12 Administration of the dispatch data dashboard

Dispatch dashboard provides access to dispatch data for various stakeholders, including private power plant operators, researchers, environmental organizations, and the general public. However, there are issues related to data accuracy and integrity, performance, and other modifications that will need to be addressed over time

Targeted Output: Data Uploading & Identifying and rectifying the issues in the dispatch data dashboard visualization. Uploaded all data and rectified several issues identified.[7]

1.13.13 Disaster Management Plans- Electricity Sector

A Disaster Management Plan for the electricity sector is essential to ensure the continuity, reliability, and rapid restoration of electricity supply during natural and human-induced emergencies such as floods, cyclones, fires, cyberattacks, and major system failures. As electricity is a critical public utility that underpins healthcare, water supply, telecommunications, transportation, emergency response, and national security, any significant disruption can have far-reaching economic and social consequences. A comprehensive disaster management framework provides clear governance arrangements, defined roles and responsibilities, communication and coordination mechanisms, risk mitigation strategies, emergency response procedures, and recovery protocols to enhance the resilience of the electricity sector. Accordingly, this activity focuses on the development and implementation of Disaster Management Plans for Sri Lanka's electricity sector to strengthen preparedness, improve response capabilities, and ensure the timely restoration of electricity services during emergencies.

1.13.14 Conducting an investigation and a Public Hearing on the Total System Failure occurred on 09th February 2025

A Total System Failure occurred in the Transmission Licensee's network on 09th February 2025 and the restoration of the system took more than four and half hours. Further, this failure caused a prolonged outage of all 3 generation units of Lakvijaya power station, forcing the utility to implement rotational power cuts across the island for 4 days until the Lakvijaya Power plant is restored. Accordingly, PUCSL decided to conduct an investigation and to hold a public hearing in terms of section 18 of the PUCSL Act to find out the causes that lead to the failure and to make appropriate recommendations on avoidance of future repetitions of similar failures.

[7] https://gendata.pucsl.gov.lk

Report of the Public Hearing[8] and Issuance of Direction based on the recommendations of the Public Hearing report on Gazette[9].

[8] Report - https://www.pucsl.gov.lk/wp-content/uploads/2026/01/Report-Public-Hearing.pdf

[9] Gazette - http://www.pucsl.gov.lk/wp-content/uploads/2026/02/Gazzete-2474-17-Direction-of-Public-Hearing.pdf

1.14 Regulatory Affairs Division

The division is responsible for establishing regulatory frameworks to enable reliable, efficient, and sustainable operation of public utilities industries. Having established key regulatory instruments (regulations, rules, codes, methodologies, guidelines etc.) needed to regulate the electricity industry, the division is presently engaged with developing regulatory mechanisms about prosumer generation and electricity market reform, including open access and national electricity market and cross-border electricity trading. In addition, having formulated the legal framework to enable the regulation of the downstream petroleum industry as well as the policy framework for liberalizing the lubricant market, in the interim period until enactment of requisite legislation, the division has been engaged with selected regulatory interventions in the petroleum fuels market and "shadow regulating" the lubricant market, by advising and assisting the Ministry charged with Petroleum on policy and regulatory matters. These regulatory interventions are aimed at addressing issues preventing the efficient functioning of petroleum product markets which affect the interests of consumers and market participants. They are formulated under the purview of the Ministry for implementation through relevant Government agencies.

Table 8 Summary of Activities for the Licensing Division

Activity Ref	Activity	Direct Budget (Rs.)	Output	Progress		Remarks
				Physical (%)	Financial (%)	
AP/2024/RA/CP/02	Identify requisite changes to the regulatory framework for Cross-Border Energy Trading	-		-	100%	
AP/2025/RA/CP/01	Promulgate Open Access	-		-	15%	USAID assistance withdrawn. No budgetary provision.
AP/2025/RA/CP/02	Promulgate Wholesale Market	-		-	15%	USAID assistance withdrawn. No budgetary provision.
AP/2025/RA/CP/03	Facilitate of Prosumer Generation and investments	3,500,000		-	25%	Consultancies need to start once the new Electricity Act. 2024 is gazetted.
AP25/RA/RU/01	Regulate market participation	-		-	100%	
AP25/RA/RU/02	Collect, record, and disseminate information	-		-	100%	
AP25/RA/RU/03	Regulate standards	-		-	100%	

1.14.1 Revising the contractual structure relating to rooftop solar electricity generation to facilitate third-party investment

There has been investor interest in rooftop solar projects whereby the investor installs and operates its Photovoltaic (PV) facility on a building owned by a tariff customer. However, the Distribution Licensee (DL) used to only recognize the building owner i.e. its tariff customer, as the exporter of electricity and accordingly only contracted with the building owner for the purchase of and payment for electricity.

Since the investor was made to rely on the tariff customer to receive payments for the electricity generated, this arrangement offered little to no protection to the investor whose PV facility generates the electricity. In the absence of a clear, transparent and effective contractual arrangement between the investor, tariff customer and the DL in the generation and supply of electricity to the national grid, numerous investors have faced difficulties.

In view of the above, the Commission procured consulting services to review and revise the contractual structure relating to rooftop solar electricity generation to facilitate third-party investment (Ref: AP/2022/RA/CP/04). After a lengthy consultation process and deliberations with various stakeholders including the Ceylon Electricity Board and Lanka Electricity Company (Private) Limited, the assignment was started in 2024 and was completed in May 2025.

The proposed contractual structure is based on a scheme agnostic approach towards contractual arrangements where the contracts are discriminated only based on the technical and financial configurations - accordingly the proposed draft interconnection agreements are prepared for each technical and financial configuration. A letter of no objection from the tariff customer would accompany the application form when the investor is different from the tariff customer (OPEX model)

The legal framework for the contractual structure was enabled through a Certificate of Exemption and the generation of electricity is now governed by conditions imposed thereunder. The requisite amendments to supply services codes of DLs, tariff agreement and application form was also carried out to replace the existing scheme specific contractual structure.

1.14.2 Promulgating Open Access and Electricity Market

The recently enacted Sri Lanka Electricity Act, No. 36 of 2024 envisages open access and the wholesale electricity market in the electricity industry of Sri Lanka to be operationalised as prescribed by the Minister vide regulations. In terms of Section 5(3)(e) read together with Sections 13 and 30 of the said Act, No. 36 of 2024, the Regulator (Public Utilities Commission of Sri Lanka) is required to assist the Minister to formulate relevant regulations to introduce and operationalize open access and the wholesale electricity market.

Therefore, in the capacity as the Regulator of the electricity industry in Sri Lanka and with a view to assist the Minister to formulate relevant regulations, the Commission envisages taking a proactive approach by building capacity within the PUCSL, building consensus amongst relevant agencies, and developing a roadmap for establishing the requisite regulatory framework for operationalising open access and the wholesale electricity market in the electricity industry of Sri Lanka.

1.14.3 Review and Revise the Grid Code

Grid Code specifies guidelines, standards, procedures, responsibilities, and obligations for the operation, maintenance and development of the electricity Transmission System of Sri Lanka to ensure a transparent, non-discriminatory and economic access and use of the Grid, whilst maintaining a safe, reliable and efficient operation of the same to provide a quality and secure electricity supply as reasonably practicable.

Previously, in terms of the Sri Lanka Electricity Act, No. 20 of 2009 and the Electricity Transmission & Bulk Supply License granted to the Ceylon Electricity Board (CEB), the Transmission Licensee was required to develop and implement a Grid Code as approved by the Commission.

Presently, in terms of Section 15(4)(h) of the Sri Lanka Electricity Act, No. 36 of 2024, the National Transmission Network Service Provider is required to liaise with the National System Operator and draft, implement and maintain the Grid Code which shall be updated in a regular manner and be approved by the Regulator (Commission).

Initially, in April 2011, sections of the Grid Code, namely the Transmission Planning Code, Least-cost Generation Planning Code and Methodology for Merit Order Dispatch, were developed and approved

by the Commission ahead of the Grid Code. Thereafter, in March 2014, the Grid Code of Sri Lanka was developed and approved by the Commission.

By the time the new Electricity Act was enacted, CEB had submitted a new draft Grid Code for approval of the Commission, incorporating, amongst others, updated provisions related to Intermittent Resource-based Generation in the Grid Connection Code.

Accordingly, discussions were held, clarifications were sought, and a revised Grid Connection Code was presented to the commission and was approved in 2024. At the same time, the issues related to certain provisions in the rest of the Grid Code were communicated to CEB. Subsequently, discussions were held with the transmission licensee where revisions were agreed upon to address and accommodate the concerns and issues raised by the commission pertaining to planning code, metering code, dispatch code, and operations code.

The Grid planning code, Metering code, Operations Code and Dispatch Code were revised based on the discussions, were submitted by the CEB in 2025, and were approved by the commission after review.

Accordingly, all sections of the Grid Code that deal with technical matters are approved. The general Code that deals with the administrative and governance aspects of the transmission network will have to be redrafted in the context of electricity industry restructuring, when CEB ceases to exist as a corporate entity.

1.14.4 Formulation of a Mechanism for Collection, Re-refining, and Disposal of Used Lubricant

The Public Utilities Commission of Sri Lanka identified the absence of a structured and enforceable mechanism for the collection, recycling and environmentally sound disposal of used lubricants as a significant regulatory gap, with implications for environmental protection, consumer interests and market integrity. These concerns were initially highlighted through island wide stakeholder consultations conducted in 2018, including the public consultation on the quality and prices of lubricants.

In response, the Commission engaged EML Consultants to undertake a comprehensive study and develop a nationally applicable mechanism for the management of used lubricants covering the automotive, industrial and marine sectors. The assignment involved an in depth assessment of the

existing policy, legal, regulatory and institutional framework; an analysis of lubricant supply chains and post use practices; estimation of used lubricant generation across key sectors; and a detailed review of international and regional best practices in recycling, re-refining and safe disposal.

The study revealed that, despite the availability of regulatory provisions under the National Environmental Act and related instruments, post use lubricant management in Sri Lanka is largely informal, with weak traceability, limited enforcement, and widespread use of used lubricants as secondary fuel without adequate environmental controls. It also confirmed the absence of a coherent cradle-to-grave management framework and the lack of clear institutional accountability across the value chain.

Based on extensive stakeholder consultations with government agencies, authorised lubricant market participants, waste oil collectors, industrial users, service stations and independent experts, the consultancy formulated a technically feasible, economically viable and environmentally sound mechanism for managing used lubricants. The recommended framework adopts a cradle-to-grave approach and clearly defines institutional roles and responsibilities, with the Central Environmental Authority identified as the primary authority for implementation under the existing Scheduled Waste Management Regulations, supported by other relevant agencies. The study also evaluated re refining and recycling technologies and recommended environmentally preferable options—such as vacuum distillation and advanced hydro processing—while discouraging practices that pose significant environmental risks.

In addition, the assignment produced draft regulatory instruments, guidelines and procedural recommendations aimed at strengthening licensing, monitoring, record keeping, and enforcement, as well as improving product quality assurance and preventing adulteration of lubricants. The recommendations are designed to enhance resource efficiency, reduce environmental pollution, and support the transition towards a more circular and sustainable lubricant market.

The consultancy assignment has now been successfully completed, and the final report containing the recommended mechanism and supporting regulatory instruments has been submitted to the Commission. Promulgation and implementation of the recommended framework remain the next steps, subject to approval and coordination with the relevant authorities.

1.15 Corporate Communication Division

The Communications Division is central to the PUCSL's commitment to transparency, stakeholder trust, and public accountability. Tasked with handling all external-facing functions, the division ensures the Commission’s decisions, regulatory updates, and key information are communicated accurately, promptly, and accessibly. The Corporate Division manages press releases, media inquiries, and public statements to foster accurate coverage and maintain the Commission's credibility also division organises Public Hearings & Consultations. Planning and facilitating inclusive forums - including workshops and stakeholder roundtables. These initiatives are structured to encourage two-way dialogue, giving voice to diverse community and sectoral perspectives. It also ensures transparency by reporting back to participants through summaries, updates, and follow-up communications. This reinforces trust, demonstrates the impact of stakeholder input, and nurtures long-term engagement. By integrating these practices, PUCSL's Communications Division actively builds and maintains an open platform for stakeholder involvement, fosters a responsive and inclusive regulatory culture, and ensures public awareness of its mandate and decisions.

Table 8 Corporate Communication Activity Summary

Activity Ref	Activity	Direct Budget (Rs.)	Output	Progress		Remarks
				Physical (%)	Financial (%)	
AP25/CCO/CP/01	Qualifying Technician with NVQ	25,400,000		99%	100%	
AP25/CCO/CP/01/01	Qualifying Electricians with NVQ3					
AP25/CCO/CP/01/02	Qualifying Plumbers with NVQ3					
AP25/CCO/CP/01/03	Qualifying AC and Refrigerator Technicians with NVQ3/4					
AP25/CCO/CP/01/04	Qualifying Other related technicians with NVQ (Welders/Painters/Roof Technicians/ Solar PV Technicians & other related Tech)					
AP25/CCO/CP/01/05	MoU with respective Private/ Public partners.					
AP25/CCO/CP/01/06	EUIT ID Issuance and Database Mgt	750,000		91%	100%	
AP25/CCO/CP/01/07	TIS Mobile App - Promotion	250,000		0%	100%	
AP25/CCO/RU/01/01	2024 Annual Report Writing and Submission	300,000		65%	100%	
AP25/CCO/RU/01/02	2025 Activity Plan Writing and Submission	100,000		99%	100%	
AP25/CCO/RU/02/01	Dissemination of Information (Commission Decisions, Regulatory Tools and Tariff-related data) to stakeholders	-		-	100%	
AP25/CCO/RU/02/02	Efficient Digital Reporting and Data Management	-		-	100%	
AP25/CCO/RU/02/03	Facilitation of publishing Statutory Notices, Publications and translations	-		-	100%	
AP25/CCO/RU/02/04	RTI facilitation/RTI Reports	-		-	100%	

AP25/CCO/RU/02/05	Social Media Content Development	-		-	100%	
AP25/CCO/RU/02/06	Development of the new PUCSL website	-		-	100%	
AP25/CCO/RU/02/07	Ensuring active and effective stakeholder participation in decision-making through public consultation/public hearing	2,000,000		62%	100%	

1.15.1 National Vocational Qualification (NVQ) Level 3 Certification Programme for Electricians

As part of its mandate to promote safety, quality, and competency within Sri Lanka's electricity sector, the Public Utilities Commission of Sri Lanka (PUCSL) continued to facilitate the National Vocational Qualification (NVQ) Level 3 Certification Programme for electricians during 2025. This initiative supports the Commission's regulatory objective of enhancing professional standards by encouraging the availability of competent and certified electrical practitioners capable of carrying out electrical installations in compliance with nationally accepted safety and technical standards.

The programme initially targeted 2,000 electricians for free NVQ Level 3 certification. Implemented in collaboration with the National Apprentice and Industrial Training Authority (NAITA), Technical Colleges, and regional training centres, the programme provided structured theoretical instruction, practical training, and competency-based assessments for unemployed individuals, apprentices, and experienced electricians seeking formal recognition of their skills. The NVQ Level 3 qualification is a nationally recognized, work-based certification that validates competency in domestic electrical installation and serves as a foundation for professional advancement within the electrical industry.

During the year, 1,280 electricians successfully passed the final assessment and obtained the NVQ Level 3 qualification, representing approximately 64 percent of the planned target. While the overall certification target was not fully achieved, the programme significantly strengthened the pool of qualified electricians available to the industry and demonstrated continued progress towards improving technical competency across the sector.

From a regulatory perspective, the initiative contributes directly to PUCSL's responsibility to promote electrical safety, improve the quality of electrical installations, and safeguard consumers by supporting the development of a competent workforce. The availability of certified electricians is increasingly important in meeting the technical demands of renewable energy systems, distributed generation, smart grid technologies, and other emerging electricity sector developments. Through this programme, the Commission continues to strengthen industry capacity while fostering a safer, more reliable, and professionally regulated electricity sector in Sri Lanka.

1.15.2 National Vocational Qualification (NVQ) Level 3 Certification Programme for Plumbers

As part of its commitment to strengthening professional competency and promoting safety and service quality in regulated utility sectors, the Public Utilities Commission of Sri Lanka (PUCSL) expanded its National Vocational Qualification (NVQ) Level 3 Certification Programme to include plumbers during 2025. The initiative supports the Commission's broader regulatory objective of enhancing the competency of technical personnel engaged in utility-related services, thereby contributing to improved public safety, consumer protection, and service reliability.

The programme targeted 350 plumbers for free NVQ Level 3 certification through the Recognition of Prior Learning (RPL) pathway. Implemented in collaboration with the National Apprentice and Industrial Training Authority (NAITA), the Tertiary and Vocational Education Commission (TVEC), Technical Colleges, and District Secretariats, the programme assessed existing skills, provided targeted gap-filling training where necessary, and conducted competency-based final assessments. The NVQ Level 3 qualification is a nationally recognized certification that validates both practical competence and theoretical knowledge, enabling plumbers to perform their work in accordance with nationally accepted standards.

During 2025, 287 plumbers successfully obtained the NVQ Level 3 qualification achieving approximately 82 percent of the planned target of 350 certifications. Although the target was not fully achieved, the programme substantially increased the number of professionally certified plumbers and strengthened the availability of skilled personnel within the sector.

From a regulatory perspective, this initiative complements PUCSL's efforts to improve the quality, safety, and reliability of utility-related services by promoting nationally recognized competency standards. A qualified plumbing workforce contributes to safer water supply and internal plumbing systems, supports compliance with technical and safety requirements, and enhances consumer confidence in the delivery of essential utility services. Through this programme, the Commission continues to build industry capacity while reinforcing its mandate to protect consumers and promote high standards across Sri Lanka's regulated utility sectors.

1.15.3 National Vocational Qualification (NVQ) Level 3 Certification Programme for Refrigeration and Air Conditioning (RAC/MAC) Technicians

In support of Sri Lanka's commitments under the Montreal Protocol and the Kigali Amendment, the Public Utilities Commission of Sri Lanka (PUCSL) continued its efforts to strengthen the competency of technical personnel engaged in the refrigeration and air conditioning sector. As the country transitions to environmentally friendly refrigerants such as hydrocarbons, ammonia, and carbon dioxide, ensuring that technicians possess the necessary knowledge and skills to safely install, operate, and maintain these systems has become an important regulatory priority to safeguard public safety, environmental sustainability, and service quality.

To support this objective, PUCSL partnered with the Air Resource Management and National Ozone Unit (ARM & NOU) of the Ministry of Environment under the Memorandum of Understanding signed on 23 January 2023 to implement a national licensing framework and facilitate free National Vocational Qualification (NVQ) Level 3 certification for Refrigeration and Air Conditioning (RAC) and Mobile Air Conditioning (MAC) technicians through the Recognition of Prior Learning (RPL) pathway. The programme assessed existing competencies, provided targeted gap-filling training where required, and conducted competency-based final assessments in collaboration with relevant vocational training institutions.

During 2025, the programme targeted 350 technicians for certification, of whom 280 technicians successfully passed the final assessment and obtained the NVQ Level 3 qualification, achieving 80 percent of the planned target. The programme was implemented across the island, significantly increasing the number of formally qualified RAC and MAC technicians capable of working safely with next-generation refrigerants and modern cooling technologies.

From a regulatory perspective, this initiative supports PUCSL's mandate to promote competency, safety, and quality standards in utility-related technical services. By facilitating the certification of refrigeration and air conditioning technicians, the Commission contributes to the safe adoption of low-global-warming-potential refrigerants, strengthens compliance with national and international environmental obligations, reduces risks associated with the handling of flammable and high-pressure refrigerants, and enhances consumer confidence in the delivery of safe, reliable, and environmentally responsible refrigeration and air conditioning services.

1.16 Human Resources and Administration Division

The Human Resource Management (HRM) practices at the Public Utilities Commission of Sri Lanka (PUCSL) are designed to attract, develop, and retain talented professionals committed to regulatory excellence in the utilities sector. With a focus on fostering a supportive and inclusive work environment, HRM initiatives aim to optimise employee performance and promote continuous learning and growth. PUCSL's HRM strategies encompass recruitment and selection processes that prioritize meritocracy and diversity, ensuring a workforce reflective of the nation's demographics. Employee development programs, including training and mentorship opportunities, nurture individual skills and competencies essential for regulatory governance. HRM at PUCSL emphasises employee well-being through initiatives promoting work-life balance, health, and safety. These efforts contribute to a motivated and engaged workforce, dedicated to fulfilling the organization's mission of ensuring efficient and reliable public utility services for all Sri Lankans. In alignment with best practices, HRM at PUCSL operates transparently and ethically, fostering a culture of integrity and accountability throughout the organization. Through these endeavours, PUCSL continues to cultivate a high-performing workforce equipped to address the evolving challenges and opportunities in the utilities sector. PUCSL has 49 professional employees working under different grades.

Table 09: Summary of Activities for the Human Resources Division

Activity Ref	Activity	Budget (Rs.)	Output	Progress		Remarks
				Physical (%)	Financial (%)	
HR AP24/CP/HR/01/01	Updating HR & Admin Manual	500,000		40%	41%	
HR AP25/CP/HR/01/02	Succession Plan Implementation (Phase II)	5,000,000				
HR AP25/CP/HR/01/03	Capacity Building Training Programs & Change Management	1,500,000				
HR AP25/CP/HR/01/04	Progress Review Meeting - Quarterly Basis HR	1,000,000				Budget transferred to another activity
AP25/CP/HR/01/05	Outbound Training	2,500,000		100%	79.12%	
HR AP25/CP/HR/01/06	HR & Admin Routine Activities	8,750,000				

1.16.1 Capacity Building Training Programmes and Change Management

Developing a competent, knowledgeable, and adaptable workforce remains a key priority of the Public Utilities Commission of Sri Lanka (PUCSL) in fulfilling its regulatory mandate. During 2025, the Commission continued to implement a comprehensive programme of capacity building and change management initiatives aimed at strengthening the technical, regulatory, and managerial competencies of its staff. These programmes enhanced employees' knowledge and skills in areas such as utility regulation, engineering, economics, legal and compliance matters, consumer protection, digital transformation, leadership, communication, and problem-solving, enabling them to perform their duties more effectively and respond to the evolving challenges of the utility sector.

Capacity building plays a vital role in ensuring that the Commission remains responsive to emerging developments, including energy transition, renewable energy integration, digital technologies, evolving regulatory frameworks, and international best practices. By continuously investing in staff development, PUCSL strengthens its institutional capacity to make evidence-based regulatory decisions, improve service delivery, enhance stakeholder engagement, and effectively safeguard consumer interests.

In addition, several officers participated in international training programmes, workshops, and conferences funded by development partners and other external organizations. These programmes provided valuable exposure to global regulatory practices, emerging technologies, and innovative policy approaches while creating opportunities to exchange knowledge with international experts. The knowledge and experience gained through these engagements have contributed to strengthening the Commission's technical expertise, supporting regulatory innovation, and reinforcing PUCSL's ability to regulate Sri Lanka's utility sectors in accordance with international standards and best practices.

1.16.2 Outbound Training Programme

The Public Utilities Commission of Sri Lanka (PUCSL) conducted an outbound training programme during 2025 as part of its ongoing commitment to strengthening organizational capacity and fostering a high-performing workforce. The programme was designed to enhance teamwork, leadership, communication, and collaboration by engaging employees in practical, experience-based activities that promoted collective problem-solving, strategic thinking, and effective decision-making.

The training significantly improved interpersonal relationships and trust among staff, resulting in stronger coordination and collaboration across departments. Participants also developed greater adaptability, resilience, accountability, and confidence in managing workplace challenges and responding to changing organizational and regulatory demands. These behavioural and leadership competencies are essential for a modern regulatory institution that relies on multidisciplinary teamwork, timely decision-making, and effective stakeholder engagement.

From an organizational perspective, the outbound training programme contributed to strengthening employee engagement, improving workplace culture, and enhancing overall institutional effectiveness. By investing in the personal and professional development of its staff, PUCSL continues to build a capable and motivated workforce that is better equipped to deliver transparent, efficient, and high-quality regulatory services while effectively fulfilling the Commission's mandate to protect consumers and regulate Sri Lanka's utility sectors.

1.17 Compliance and Research Division

The Compliance & Research division, established in 2025, plays a pivotal role in ensuring internal regulatory compliance and conducting research to support evidence-based decision-making within the organization. Some of the key responsibilities of this division include ensuring internal Compliance, Policy Research and Analysis.

1.18 Legal Division

The Legal Division plays a pivotal role in safeguarding the interests of the Commission, its members, and officials by managing all legal aspects of its operations. This includes handling litigation by representing the Commission before courts and initiating legal action in cases of non-compliance. The Division also oversees the management of contracts, agreements, and Memoranda of Understanding (MOUs) in line with the Commission's Contract Management Policy, ensuring that all such instruments comply with applicable laws, stipulated terms, and defined scopes. Additionally, the Legal Division provides accurate and timely legal opinions and advice to support the routine and annual activities of the Commission's various divisions. It also ensures that the sub-activities assigned to it from other divisions are executed in full legal compliance. Through these functions, the Legal Division ensures that the Commission's actions are legally sound and aligned with its regulatory framework.

Table 9: Summary of Activities for the Legal Division

Activity Ref	Activity	Direct Budget (Rs.)	Output	Progress		Remarks
				Physical (%)	Financial (%)	
AP25/LEG/RU/01	Providing Legal Opinions/Advice for the Divisions of the Commission.	**100,000.00**	Increase compliance with legal provisions	**100%**	**0%**	**-**
AP25/LEG/RU/02	Managing Contracts/ Agreements/MOUs of the Commission in accordance with the Contract Management Policy.	**-**	Safeguard the interest of the Commission.	**100%**	-	**-**
AP25/LEG/RU/03	Handling Litigation	**1000,000.00**	Increase compliance with legal provisions.	**100%**	**57%**	**-**
AP25/LEG/CP/04	Making rules for section 12 C, D and E of PUCSL Act No. 35 of 2002	**200,000.00**	Increase transparency and fairness.	**100%**	**0%**	**-**
AP25/LEG/CP/05	Management of the Sub activities of the other divisions which are assigned to legal division.	**-**	Ensure all assigned tasks are executed in compliance with applicable laws, regulations, and PUCSL policies.	**100%**	**-**	**-**

1.18.1 Providing Legal Opinions/Advice for the Divisions of the Commission.

Legal Opinions/Advice are required by the divisions of the Commission while completing their routine activities on day-to-day basis. In such circumstances, Legal Opinions/Advice are provided by the Legal Division in an accurate and timely manner in compliance with applicable laws and other regulatory tools.

Targeted Output: Increased compliance with legal provisions.

Progress made during the year 2025: The Commission has been able to provide the best legal solutions for its stake holders after obtaining in house legal opinion/advice on matters in timely and professional manner and it is ensured that the routine/ corporate activities are compliance with applicable laws.

1.19 IT & MIS Division

Activities of the IT&MIS Division have been geared for expanding the digitalization of the utility regulation and it has taken meaningful steps in 2024 as far as the automation of business processes of PUCSL is concerned. Activity Plan of 2024 was mainly consisting of setting up of a hybrid cloud involving the existing internal private cloud and a new external public cloud set up by Sri Lanka Telecom (SLT). IT&MIS Division has launched a three-year project to set up a fully fledged hybrid cloud that would be continued in 2025 and 2026, in order to enhance the high availability, scalability, security, etc. of the PUCSL systems. 2024 activities have now enabled the smooth transition of PUCSL systems to and from the external cloud and use internal cloud as a DR site. Under the 2024 project of migrating to cloud, the email system of PUCSL previously based on in-house email system has been migrated to Office 365 cloud. Licensee Information Submission System, which is used by the stakeholder to submit data to PUCSL and was based on an in-house system is being migrated to a public cloud. Enhancement of the existing digital systems have been updated to ensure that the systems continue to evolve to meet the changing requirements. Both server-side and client-side hardware infrastructure have also been upgraded to make sure they can facilitate the necessary digital services. Incident Reporting System was launched in 2024, which is expected to mitigate electrocutions and improve electrical safety in Sri Lanka. Procurement workflow system has also been launched which automates the procurement process. Dependability of the connectivity of PUCSL systems to the external world has been increased by adding a new data link.

1.19.1 Data Centre Solution with public cloud infrastructure with DR site

Targeted Output: Migrating the IT operations to the SLT cloud in order to be benefited by cloud services such as higher availability, enhanced security, improved scalability, etc. and reduce the costs of maintaining an in-house private cloud.

Progress made during the year 2025: The PUCSL systems are now launched on the SLT cloud platform and this project is complete. With a stable cloud foundation, the PUCSL is now positioned to leverage advanced technologies like AI, automation, big data analytics, etc., which can be deployed almost instantly on robust, safe, expandable cloud platform.

1.19.2 Enhancing existing business applications

Targeted Output: Adapting business applications to evolving requirements ensures they remain relevant and continue to deliver a strong return on investment.

Progress made during the year 2025: Required functional enhancements have been integrated, where necessary, into existing business applications, ensuring seamless alignment with changing organizational needs. By adapting these systems to current requirements, their operational lifespan has been extended, and the continued delivery of a robust return on investment (ROI) has been secured

1.19.3 Office Automation

Targeted Output: Enhancing staff productivity through the replacement of legacy computers and mobile devices that had reached the end of their operational lifespan

Progress made during the year 2025: This project has been successfully concluded, resulting in a fully operational client-side infrastructure. Comprehensive hardware modernization was achieved through the systematic replacement of obsolete & failing equipment with contemporary laptop computers and mobile phones. Consequently, a substantial uplift in operational productivity was realized, as technical barriers to daily workflows were eliminated.

1.19.4 BCP/DR + Security with IT Policy

Targeted Output: Fortifying the defensive posture of PUCSL through the successful lifecycle renewal of critical security subscriptions, ensuring uninterrupted protection across the network firewall, web application firewall, and email spam gateways, etc.

Progress made during the year 2025: The project has been brought to a successful conclusion, and a state of uninterrupted technical resilience has been established. Through the strategic re-authorization of the security architecture, robust threat suppression was achieved, and potential vulnerabilities across the entire digital landscape were effectively neutralized. Furthermore, the implementation of IT Policies originally scheduled for 2025 has been strategically re-aligned for 2026, ensuring full compliance with the recent government circulars and regulatory frameworks.

1.19.5 Networking Infrastructure Development

Targeted Output: modernizing networking infrastructure through the deployment of a high-capacity wireless access point, ensuring seamless connectivity and optimized signal distribution across the designated operational area so that staff can carry out their work without interruptions.

Progress made during the year 2025: The project is now complete and a significantly enhanced communication layer has been established. Through the stabilization of core network protocols, a marked increase in operational agility was realized, and the frequent occurrences of connectivity-related downtime were effectively mitigated. Furthermore, a robust architectural foundation was secured, ensuring that future digital initiatives are supported by a resilient and high-performing communication infrastructure.

1.19.6 Server Infrastructure Development

Targeted Output: Proactively maintaining server performance and data integrity by identifying and replacing any failing hardware components such as aging hard drives, etc.

Progress made during the year 2025: Even though budget was allocated for hardware lifecycle management, continuous monitoring confirmed that all server components were performing at optimum level. Consequently, no corrective replacements were required during the year 2025.

1.19.7 Software Infrastructure Development

Targeted Output: Establishing the structural integrity of the software infrastructure through the procurement of core enterprise licenses for both the Windows Server operating environment and the SQL Server relational database system.

Progress made during the year 2025: s scalability and rigorous data security standards across PUCSL

The project is now complete and a standardized backend environment has been established. Through the integration of these enterprise-grade systems, mentioned above, a resilient and high-performance foundation was secured for PUCSL. This architectural shift was executed to ensure that seamless scalability is supported and that the most rigorous data security standards are consistently upheld across the enterprise's digital landscape.

1.20 Finance Division

The Finance Division of the Public Utilities Commission of Sri Lanka (PUCSL) plays a critical role in ensuring the Commission's financial integrity, stability, and sustainability. It is primarily responsible for managing all financial activities, including budgeting, financial planning, fund management, and regulatory compliance. The Division ensures effective cash flow management, oversees investments, and ensures compliance with all applicable financial regulations, tax laws, and government financial policies. In line with statutory obligations and good governance practices, the Finance Division prepares and presents comprehensive financial reports—including income statements, balance sheets, and cash flow statements. These reports provide an accurate and transparent view of PUCSL's financial position and performance, serving both internal decision-making and external accountability. All reporting is conducted under relevant public sector accounting standards, regulatory requirements, and internal control procedures, ensuring reliability and consistency in financial disclosures.

1.20.1 Digitalization of Fixed Assets verification (Board of Survey)

To enhance the efficiency and accuracy of fixed asset management, the Commission implemented a digitalized asset verification system to support the annual Board of Survey process. The initiative included the acquisition of barcode scanners, a QR/barcode printer, and barcode printing materials to facilitate systematic asset identification and tracking. The project was successfully completed, with all planned equipment procured and barcode labels affixed to fixed assets in alignment with the existing SAP asset coding system. This digitalization has strengthened the asset verification process by improving accuracy, traceability, and overall efficiency in fixed asset management.

Other Routing activities

1. Financial Reporting

The main routine function of the Division is to maintain the financial records up to date and to prepare the Annual financial statements in accordance with Sri Lankan Accounting Standards and present to the Auditor General by the 28th of February of the preceding year. The division was able to achieve this task fully

2 Budgeting

Another important statutory duty of the division is to prepare the budget for the next financial year and gazette the same on or before the 30 th September of the current year. The budget for 2026 is prepared and gazetted accordingly**.**

3. Revenue Collection

Regulatory levy collection was completed during the year with 100% recoverability of the 2025 levy and cleared the old outstanding levy except for one customer. The total levy amount invoices is Rs 262,576,721 and the total amount was collected within the same year.

4. Procurement Activities.

The total Procurement budget for 2025 was Rs 120,308,000 and it was able to achieve 97% progress of the said procurement plan.

5. Routing payments

As a supporting division, the Finance division is responsible for making all statutory and non-statutory payments of the commission following its own manual and the Financial Regulations of Sri Lanka. This task was completed without any shortcomings during the last financial year.

1.20.2 Financial Statement

PUBLIC UTILITIES COMMISSION OF SRI LANKA

FINANCIAL STATEMENTS 2025

CONTENT

	Page
Statement of Financial Position	01
Statement of Comprehensive Income	02
Cash Flow Statement	03
Statement of Changes in Equity	04
Significant Accounting Policies	05-10
Notes to the Financial Statements	11-17

PUBLIC UTILITIES COMMISSION OF SRI LANKA
Statement of Financial Position
As at 31st December 2025

	Notes	31st December 2025 Rs.	31st December 2024 (Restated) Rs.	01st January 2024 (Restated) Rs.
Assets				
Non-Current Assets				
Property, Plants & Equipments	3	67,437,869	81,918,155	42,308,705
Capital Work in Progress	3.1	6,532,328	4,078,322	7,300,238
Intangible Assets - Software	3.2	8,238,685	9,876,347	188,000
Distress Loan	6.1	2,961,092	3,093,756	4,205,169
Total Non-Current Assets		**85,169,974**	**98,966,580**	**54,002,112**
Current Assets				
Investment	4	919,661,639	1,019,505,002	1,056,050,654
Inventories		-	-	649,144
Receivables	5	5,584,446	96,108,960	99,622,460
Deposit, Advances & Pre Payments	6	9,990,686	8,377,493	2,685,404
Distress Loan	6.1	1,592,214	1,827,793	1,702,602
Cash & Cash Equivalents	7	108,633	1,614,380	880,700
Total Current Assets		**936,937,618**	**1,127,433,628**	**1,161,590,964**
Total Assets		**1,022,107,592**	**1,226,400,208**	**1,215,593,076**
Funds & Liabilities				
Funds				
Accumulated Fund	8	682,357,776	911,364,711	993,829,809
Revaluation Reserves		111,205,277	111,205,277	57,063,764
		793,563,053	**1,022,569,988**	**1,050,893,573**
Non-Current Liabilities				
Provision for Gratuity	9	80,143,991	28,751,490	26,908,309
Total Non-Current Liabilities		**80,143,991**	**28,751,490**	**26,908,309**
Current Liabilities				
Payable Accounts	10	57,071,555	43,497,112	35,509,795
Income Tax Payable	11	90,078,993	130,491,298	101,191,079
Auditor General's Fees	12	1,250,000	1,090,320	1,090,320
Total Current Liabilities		**148,400,548**	**175,078,730**	**137,791,194**
Total Liabilities		**1,022,107,592**	**1,226,400,208**	**1,215,593,076**

The Accounting Policies and Notes Appearing on Pages 05 to 17 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,

Prof. K. P. L. Chandralal
Chairman

Eng. Piyal Hennayake
Deputy Chairman

Damitha Kumarasinghe
Director General

G. A. S. Sumanasena
Director - Finance

PUBLIC UTILITIES COMMISION OF SRI LANKA
Statement of Comprehensive Income
For the Year Ended 31st December 2025

	Notes	2025 Rs.	2024 (Restated) Rs.
Revenue			
Annual Regulatory Levies	13	262,576,721	231,954,574
Licenses Application Fees	14	610,000	425,000
Other Income	15	77,473,706	86,633,125
Total Revenue		**340,660,427**	**319,012,699**
Expenses			
Personnel costs	16	273,677,420	158,267,564
Consultancy Services		6,523,593	13,872,376
Operational Expenses	17	230,486,580	202,134,810
Finance Cost	18	69,837	74,583
Total Expenditure		**510,757,430**	**374,349,333**
Operating Surplus/(Deficit) Before Tax for the Year		**(170,097,003)**	**(55,336,634)**
Income Tax Expenses	19	(16,158,652)	(29,300,220)
Operating Surplus/(Deficit) After Tax for the Year		(186,255,655)	(84,636,855)
Other Comprehensive Income			
Actuarial Gain/(Loss)		(42,751,281)	2,171,756
Revaluation Gain		-	54,141,514
Total Surplus/(Deficit) for the Year		**(229,006,936)**	**(28,323,585)**

The Accounting Policies and Notes appearing on pages 05 to 17 form an integral part of the Financial Statements.

PUBLIC UTILITIES COMMISION OF SRI LANKA
Cash Flow Statement
For the Year Ended 31st December 2025

	2025 Rs.	2024 (Restated) Rs.
Cash Generated from Operating Activities		
Operational Surplus / (Deficit) in the Year	(170,097,003)	(55,336,634)
Adjusted for		
Depreciation	24,044,071	18,838,088
Provision for Gratuity	8,641,220	6,062,208
Provision/(reversal) of Impairement	(9,720,000)	14,644,800
Gratuity Payments	-	(2,047,270)
Income on disposal of fixed assets	-	(95,015)
Interest income	(66,930,649)	(83,436,755)
	(214,062,361)	**(101,370,579)**
Changes Working Capital		
(Increase) / Decrease in Inventories	-	649,139
(Increase) / Decrease in Receivables	96,374,430	(11,131,300)
Increase / (Decrease) in Payables	13,734,124	7,987,317
(Increase) /Decrease Advance, Pre Payments	(1,613,195)	(4,705,865)
Income Tax Paid	(52,332,630)	-
Net Changes in Working Capital	**56,162,729**	**(7,200,710)**
Cash Generated from / (Used in) Operating Activities	**(157,899,632)**	**(108,571,289)**
Cash Flow from the Investing Activities		
Fixed Assets Disposal Income Received	-	95,015
Purchase/Capitalized of Fixed Assets	(10,380,128)	(10,772,454)
Interest Received	54,649,646	83,436,755
Withdrawal of Investments (FD's, TB's & REPO)	1,100,624,367	772,322,474
Increase in Investment of Gratuity	(5,000,000)	(2,889,709)
Invested in Fixed Deposits/TBS & REPO	(983,499,999)	(732,887,111)
Net Cash Flow from (Used in) Investing Activities	**156,393,885**	**109,304,970**
Net cash flows during the Year	**(1,505,747)**	**733,681**
Cash and Cash Equivalent at the Beginning of the Year	**1,614,380**	**880,699**
Cash and Cash Equivalent at the End of the Year	**108,633**	**1,614,380**
Cash and Cash Equivalents,		
Cash in Hand & at Bank	**108,633**	**1,614,380**

PUBLIC UTILITIES COMMISION OF SRI LANKA
Statement of Changes in Equity
For the Year Ended 31st December 2025

	Accumulated Fund Rs.	Revaluation Reserves Rs.	Total Rs.
Balance as at 1st January 2024	**1,095,020,888**	**57,063,763**	**1,152,084,651**
Surplus/(Deficit) in the Income Statement	(84,636,855)	-	**(84,636,855)**
Adjustments for previous years tax expences	(101,191,078)	-	**(101,191,078)**
Revaluvation Reserves	-	54,141,514	**54,141,514**
Other Comprehensive Income	2,171,756	-	**2,171,756**
Balance as at 31st December 2024	**911,364,711**	**111,205,277**	**1,022,569,988**
Balance as at 1st January 2025	**911,364,711**	**111,205,277**	**1,022,569,988**
Surplus/(Deficit) in the Income Statement	(186,255,655)	-	**(186,255,655)**
Other Comprehensive Income	(42,751,281)	-	**(42,751,281)**
Balance as at 31st December 2025	**682,357,775**	**111,205,277**	**793,563,052**

PUBLIC UTILITIES COMMISSION OF SRI LANKA
Significant Accounting Policies to the Financial Statements

1. Corporate Information

1.1 Reporting Entity
The Public Utilities Commission of Sri Lanka (PUCSL) is an independent body established under the Public Utilities Commission Act No. 35 of 2002.

1.2 Principal Activities and Nature of Operations
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 was fully empowered to regulate the electricity industry in Sri Lanka.

1.3 Responsibility for Financial Statements
The members of the Commission are responsible for the preparation and presentation of the Financial Statements of the Commission as per the provisions of the PUCSL Act and Sri Lanka Accounting Standards. (LKAS/SLFRS)

1.4 Date of Authorization for Issue

The Financial Statements of the Public Utilities Commission of Sri Lanka for the year ended 31st December 2025 were authorized for issue in accordance with a resolution of the commission on 27th of February 2026.

2. Summary of Significant Accounting Policies

2.1. Basis of Preparation
The financial statements which comprise the statement of financial position as at 31st December 2025, and the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, have been prepared on a historical cost convention. No adjustments have been made to inflationary factors affecting the financial statements.

2.1.1 Statement of Compliance

The financial statements of the Commission (statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows together with accounting policies and notes) as at 31st December 2025 are 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.

2.1.2 Comparative Information
The accounting policies have been consistently applied by the Commission and are consistent with those used in the previous year. Prior year figures and phrases have been re-arranged where necessary to confirm the current year presentation.

2.1.3 Functional Currency and Presentation Currency

The financial statements are presented in Sri Lankan Rupees (Rs.), which is the Commission's functional currency. All the financial information presented in rupees has been rounded to the nearest rupee.

2.1.4 Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation of uncertainty at the reporting date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below. The commission based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the commission. Such changes are reflected in the assumptions when they occur.

(a) Defined Benefit Plans

The cost as well as the present value of the defined benefit plan: gratuity is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and other important related data. Due to the long term nature of employee benefits, such estimates are subject to significant uncertainty.

(b) Useful Lives of Property and Equipment

The entity reviews the assets' residual values, useful lives and methods of depreciation or amortization at each reporting date; judgment by management is exercised in the estimation of these values, rates and methods.

(c) Useful lives of intangible assets

The entity reviews the assets' residual values, useful lives and methods of depreciation or amortization at each reporting date; judgment by management is exercised in the estimation of these values, rates and methods.

2.2 Summary of Significant Accounting Policies

2.2.1 Property and Equipment

Property and equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the entity and cost of the asset can be reliably measured. Property and equipment are stated at cost less accumulated depreciation and any impairment losses. Such costs include the cost of replacing parts of the equipment when that cost is incurred, if the recognition criteria are met.

Depreciation is calculated on straight-line basis over the useful life of the assets. The estimated useful lives of the assets are as follows:

1.Furniture and Fixtures	5 Years
2.Computer and Office Equipment	
(a) Multi Media Projector/SAN storage	4 Years
(b) Desktop computers	4 Years
(c) Laptop computers	4 Years
(d) Mobile phones	3 Years
(e) Portable hard disk/server hard disk	3 Years
(f) LTO Tape drive	3 Years
(g) LTO Tape	3 Years
(h) UPS	2 Years
(i) Others	5 Years
3.Vehicles	10 Years
4.Office Equipment	5 Years

The calculation of depreciation is applied from the date of purchase of property plant and equipment in the current year. The revaluation model is applied for Motor Vehicles, which are revalued once in every three years.

2.2.2 Intangible Assets

Acquired Computer software /licenses are capitalized in the basis of the cost incurred to acquire and bring to use the specific software. Those costs are amortized over the period of three years.

2.2.3 Capital Work in progress.

Capital Work in progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of buildings and system development awaiting capitalization.

2.2.4 De-recognition

An item of property & equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from de-recognition of the assets are determined by comparing the proceeds from disposal with the carrying amount of the property & equipment and recognized in the statement of comprehensive income.

2.2.5 Restoration Costs

Expenditure incurred on repairs or maintenance of property and equipment in order to restore or maintain future economic benefits expected from the originally assessed standard of performance is recognized as an expense when incurred.

2.2.6 Financial Assets

The PUCSL classifies fixed deposits as financial assets measured at amortized cost under SLFRS 9 – Financial Instruments, as they meet both of the following conditions:

- The financial asset is held collect contractual cash flows rather than for trading purposes.
- The contractual cash flow consists solely of payments of principal and interest.

2.2.7 Trade and Other Receivables

Receivables are stated at the amounts that they are estimated to realize net of allowances for impairment. Other receivables are also recognized at cost less allowances for impairment. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable.

Accordingly, Impairment provision has been made for identified balances include in License fee receivables at the end of the year which meets the criteria defined in Sri Lanka Accounting Standards.

2.2.8 Cash and Cash Equivalents

Cash and Bank balances are defined as cash at the bank and in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to an insignificant risk of changes in value. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities, i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.2.9 Accumulated Fund

Accumulated funds include the surpluses and deficits of general funds accumulated over the years which are available for use in the furtherance of the general objectives of the Commission.

2.2.10 Provisions

Provisions are recognized when the Commission has a present legal or constructive obligation, as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimates can be made of the amount of the obligation. All known provisions have been accounted for in preparing these Financial Statements.

2.2.11 Trade and Other Payables

Trade and other payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables are classified as current liabilities if payment is due within one year or less.

2.2.12 Defined Benefit Plan

According to payment of Gratuity Act No.12 of 1983, the liability for gratuity to an employee arises only on completion of five years of continued service with the Commission. The PUCSL has adopted actuarial valuation to record gratuity liabilities to confirm with LKAS 19.The actuarial valuation was carried out by the professional actuarial valuers , Actuarial and Management Consultant (Pvt) Ltd.

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, represents 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 gratuity is payable to employees on the basis of half month salary for each completed year of service as at the date of "exit" is 5 years or more. The provision for liability is externally invested at the Balance sheet date .

2.2.13 Defined Contribution Plans

Employees' Trust Fund and Employees' Provident Fund A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contribution to Employee Provident and Employee Trust Funds are recognized as an expense in profit or loss as incurred.

Employees are eligible for the Employees' Provident Fund and Employees' Trust Fund in accordance with respective statutes and regulations. The Commission contributes 15% and 3% of the gross emoluments of employees to the Employees' Provident Fund and Employees' Trust Fund respectively.

2.2.14 Capital Commitments and Contingent Liabilities

All material capital commitments and contingent liabilities are considered, and necessary adjustments or disclosures are made in these financial statements.

2.3 Statement of Comprehensive Income

2.3.1 Income Recognition

Income from rendering services is measured at the fair value of the consideration received or receivable and to the extent that it is probable that the economic benefits will flow to the Association and that it can be measured reliably.

a) Annual Regulatory Leavy

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.

b) License Application Fee

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

c) Other Income

Other income comprises of interest income and is recognized as it accrues, using the effective interest method.

2.3.2 Surplus / Deficit from operation

The operating surplus/deficit of the Commission measures by net of operating income and operating expenses.

2.3.3 Expenditure Recognition

2.3.3.1 Revenue Expenditure

Expenses are recognized in the statement of comprehensive income on the basis of direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in running of the Commission and in maintaining the property and equipment in a state of efficiency has been charged to revenue in arriving at the surplus for the year.

2.3.3.2 Income Tax Expenses

Commission's tax expense is made up of current taxation provisions on the interest income earned by the commission on investment of surplus fund.

2.3.3.2.1 Correction of Accounting Error.

No provision has been made for the income tax on other incomes in the financial statements from 2017 onwards. This error has been recognized and corrected in the current financial year. Hence asper the LKAS 8 , Accounting Policies ,Changes in Accounting Estimates & Errors ,the Financial Statements are prepared in restating the previous financial years

2.3.3.3 Capital Expenditure

All expenditure incurred in the acquisition, extension or improvement of the property and equipment of a permanent nature, in order to carry on or increase the earning capacity of the association have been treated as capital expenditure.

2.3.4 Events After the Reporting Period

No circumstances have arisen since the reporting date which would require adjustments or disclosure in the financial statements.

2.3.5 Capital Commitments and Contingent Liabilities

There were no capital commitments and contingent liabilities as at the date of the Statements of Financial Position which require adjustments to or disclosures in the Financial Statements.

2.3.6 Related Party Disclosures

The PUCSL regards a related party as a person or an entity with the ability to exert control individually or jointly or to exercise significant influence over the PUCSL or vice versa. Members of the Key management, including members of the commission are regarded as related parties.

The association carries out transactions in the ordinary course of business on an arm's length basis at commercial rate with related parties.

a) Transactions with Key Management Personnel (KMP)

Key management personnel are those who have authority and responsibility for planning, directing and controlling the activities of the association directly or indirectly. Accordingly, members of the Commission, Director General and Deputy Director Generals have been classified as KMPs.

PUBLIC UTILITIES COMMISSION OF SRI LANKA
Notes to the Financial Statements
As at 31st December 2025

03. Property Plant & Equipment

	Furniture & Fixtures	Computer & Office Equipment	Office Equipment	Vehicles	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
As at Beginning of the Year	17,056,733	40,473,900	399,492	39,155,000	97,085,125
Additions During the year	-	5,865,400	70,210	-	5,935,610
As at End of the Year	**17,056,733**	**46,339,300**	**469,702**	**39,155,000**	**103,020,735**
Depreciation					
As at Beginning of the Year	3,417,088	8,577,368	61,520	3,110,994	15,166,970
Charge for the year	3,407,817	9,736,453	82,774	7,188,852	20,415,896
As at the End of the Year	**6,824,905**	**18,313,821**	**144,294**	**10,299,846**	**35,582,866**
Net Book Value as at 31st December 2025	**10,231,828**	**28,025,479**	**325,408**	**28,855,154**	**67,437,869**

03.1. Capital Working Progress

	2025	2024
	Rs.	Rs.
PUCSL Intranet	1,277,480	586,000
Technician Information System	1,067,502	1,067,502
Modifying HRD System	140,000	140,000
Business Intelligence system	1,103,400	1,103,400
Modifying DRS System	-	26,000
Procurement Work Flow System	1,155,420	1,155,420
Licence Information Submission System	1,788,526	-
Net Book Value as at 31st December 2025	**6,532,328**	**4,078,322**

03.2. Intangible Assets -Software	2025 Rs.
At the Beginning of the Year	9,876,347
Additions During the year	1,990,513
As at the end of the Year	**11,866,860**
Less: Amortisation	
As at Beginning of the Year	-
Charge for the Year	3,628,176
As at the End of the year	**3,628,176**
Net Book Value as at 31st December 2025	**8,238,685**

Property Plant and Equipment does not include any fully depreciated assets as at the balance sheet date.

There were no items of Property Plant & Equipment pledged as security as at 31 December 2025.

		2025 Rs	2024 (Restated) Rs
04.	**Investments at Amortised cost**		
	Fixed Deposit	639,759,627	855,893,417
	Gratuity Fund Investment	30,577,125	24,016,953
	Treasury Bills	229,321,288	134,593,788
	Repurchase Agreements	20,003,599	5,000,845
		919,661,639	**1,019,505,002**
05.	**Receivables**		
	Annual Regulatory Levies	4,924,800	105,983,477
	Less Provision for Impairment (05.1)	(4,924,800)	(14,644,800)
	Interest Receivable	-	-
	Other Receivables	98,249	212,460
	Withholding Tax (WHT) Receivables	5,486,196	4,557,823
		5,584,446	**96,108,960**
05.1	**Provision for Impairment**		
	Balance at the beginning of the year	14,644,800	-
	Provisions/(reversal) made during the year	(9,720,000)	14,644,800
	Balance at the end of the year	**4,924,800**	**14,644,800**
06.	**Deposit ,Advances and Prepayments**		
	Deposit		
	Dialog Axiata PLC	1,500	1,500
	BOC Property Development Ltd	826,571	826,571
	SWRD Bandaranaike Memorial Foundation Fund	252,000	252,000
	Girl Friendly Association	65,500	65,500
	National Youth Services Council	15,000	15,000
		1,160,571	**1,160,571**
	Advance & Pre Payments		
	Advances	18,000	243,000
	Pre Payments	8,491,384	6,635,190
	Festival Advance	199,732	183,732
	Fuel Vouchers	121,000	155,000
		8,830,116	**7,216,922**
		9,990,686	**8,377,492**
06.1	**Distress Loan**		
	Distress Loan-Receivable after one year	2,961,092	3,093,756
	Distress Loan-Receivable within one year	1,592,214	1,827,793
		4,553,306	**4,921,549**

		2025 Rs	2024 (Restated) Rs
07.	**Cash & Cash Equivalents**		
	Bank of Ceylon A/C.no. 1630806	58,633	1,614,380
	Peoples Bank A/C no 309-1-001-9-0010771	50,000	-
	Petty Cash	-	-
		108,633	**1,614,380**
08.	**Accumulated Fund**		
	Surplus / (Deficit) balance at 1st January	911,364,711	993,829,810
	Surplus /(Deficit) for the year	(186,255,654)	(84,636,855)
	Other Comprehensive Income	(42,751,281)	2,171,756
		682,357,776	**911,364,711**
09.	**Provision for Gratuity**		
	Provision for PV-DBO as at 1st January 2024	28,751,490	26,908,309
	Interest cost for the period	3,018,906	3,498,080
	Current service cost for the period	5,622,314	2,564,128
	Gratuity paid during the year	-	(2,047,270)
	Actuarial Gain/Loss on PV- DBO	42,751,281	(2,171,756)
	Provision for PV-DBO as at 31st December 2025	**80,143,991**	**28,751,490**

09.1 Assumptions

Staff turnover	9% Up to age 54 & thereafter zero	9% Up to age 54 & thereafter zero
Retirement age	60	60
Rate of discount	10%	10.5%
Salary escalation rate	10%	8%

09.2 Sensitivity

Variable changed while all other assumptions remain unchanged		
1% increase in discount rate	75,979,240	27,312,507
1% decrease in discount rate	84,764,815	30,333,992
1% increase in salary escalation rate	85,049,058	30,479,153
1% decrease in salary escalation rate	75,646,127	27,156,594

10.	**Accounts Payable**		
	Printing & Advertising	356,596	451,976
	Communication	352,315	322,862
	Other allowances	193,750	4,155,850
	EPF & ETF Payable	5,640,888	1,821,723
	Overtime	253,461	231,590
	Transport	403,053	138,038
	Local Training &Travelling	118,000	19,174
	Other Contractual payments	-	86,594
	Maintenance of Office Vehicles	52,923	125,153
	Water	47,116	55,571

		2025 Rs	2024 (Restated) Rs
10.	**Accounts Payable *Cont.***		
	Electricity	185,196	202,826
	Consultancy	3,646,575	7,612,500
	Stamp Duty Payables	4,150	4,025
	Janitorial Services	792,873	294,552
	WHT Payable	315,940	249,000
	APIT Payable	4,030,691	1,411,161
	Interest Reimbursements	248,944	458,778
	Retention money	-	199,952
	Computer & Equipment	4,532,621	423,325
	Maintenance of Software	727,961	2,312,281
	Maintenance of Computer and Equipment	6,625,132	7,059,367
	Stationary Payables	56,162	34,160
	Research and Survey	-	358,000
	Consumable Materials	37,250	-
	Welfare & Public Relations	-	26,940
	Professional fees	-	1,057,579
	Insurance	-	561,377
	Other Payables	1,351,160	21,510
	Legal Fees	479,686	5,441,749
	Safety Awareness	13,312,020	5,974,256
	Consumer Awareness	31,914	-
	Stakeholder consultations	489,050	2,307,244
	Accrued salaries , Other Allowances and Overtime	8,111,843	-
	SAFIR Conference	1,484,630	-
	Software development	2,998,025	-
	Information Dissemination	191,632.50	-
	Energy Efficiency	-	78,000
		57,071,556	**43,497,112**
11.	**Income Tax Payable**		
	As at the beginning of the year	130,491,298	101,191,078
	Provision for the year	20,269,441	29,300,220
	(Over)/Under provision for Prior Year	(4,110,790)	-
	Payments for arears tax	(28,381,526)	-
	Payments of previous year tax 2024	(20,951,104)	-
	Payments of current year tax 2025	(3,000,000)	-
	WHT settlements for 2024	(4,238,327)	-
		90,078,993	**130,491,298**
12.	**Auditor General's Fees**		
	Balance B/F	1,090,320	1,090,320.00
	Payments during the year	(1,132,825)	(991,200)
	Provision for the year	1,250,000	1,090,320
	Over/Under provision for Prior Year	42,505	(99,120)
		1,250,000	**1,090,320**

		2025 Rs	2024 (Restated) Rs
13.	**Annual Regulatory Levies**		
	Generation	90,949,321	73,507,870
	Transmission	30,751,000	27,772,403
	Distribution	140,876,400	130,674,300
		262,576,721	**231,954,574**
14.	**Licenses Application Fees**		
	License application Fee	610,000	425,000
		610,000	**425,000**
15.	Interest	66,930,649	83,436,755
	Exemption fee	25,000	8,000
	Sundry Income	10,518,056	3,093,355
	Fixed Asset Disposal	-	95,015
		77,473,706	**86,633,125**
16.	**Personnel Emoluments**		
	Commissioners Remuneration	1,575,000	1,506,000
	Employees Remuneration	138,055,266	78,484,264
	Other Allowances	84,951,695	56,019,129
	Over-time	3,398,435	2,050,940
	Contribution for Employee Provident Fund	30,879,837	11,787,520
	Contribution for Employee Trust Fund	6,175,967	2,357,504
	Gratuity Expense	8,641,220	6,062,208
		273,677,420	**158,267,564**
17.	**Operational costs**		
	Overseas & Local Training	2,322,800	2,061,358
	Foreign Travelling Expenses	210,000	107,100
	Travelling (Local)	63,138	214,852
	Provision for impairment -Annual regulatory levies receivable	-	14,644,800
	Bad debts	284,987	-
		2,880,924	**17,028,110**
	Consumable Materials		
	Stationery	1,518,751	2,628,100
	Fuel & Parking	11,232,017	12,967,832
	Consumable Material	502,971	921,719
	Entertainment	1,249,455	1,114,820
		14,503,194	**17,632,471**

		2025 Rs	2024 (Restated) Rs
	Contractual Services		
	Transport & Hiring of Vehicle	15,893,403	15,773,574
	Communication including Newspapers & Postal	4,453,587	5,498,404
	Printing & Advertising	4,131,714	2,409,438
	Survey	3,222,000	568,000
	Rents and Rates for Building	42,668,874	37,643,640
	Electricity	2,270,955	2,999,931
	Medical Insurance	9,663,741	10,229,847
	Water	665,839	489,927
	Insurance	501,376	309,792
	Janitorial Services	3,765,439	3,926,326
	Legal & Investigation Fees	5,683,935	12,597,592
	Other Contractual	5,491,594	2,231,236
		98,412,456	**94,677,707**
	Other Services		
	Information Dissemination	191,633	-
	Safety Awareness	34,657,883	21,295,273
	Consumer Awareness	281,934	43,702
	Stake Holder Consultations & Public Hearing	28,012,793	14,568,668
	Technical and Other Standards Awareness	672,941	(96,205)
	Energy Efficiency and Conservation Awareness	1,684,105	705,780
	Auditor General's Fees	1,292,505	991,200
	Employee Engagement	-	9,744
	Miscellaneous & Others	-	771,239
		66,793,794	**38,289,402**
	Repair & Maintenance and Depreciation of Capital Asset		
	Maintenance of vehicles	6,465,139	2,460,741
	Maintenance of Office Building	51,471	247,179
	Maintenance of Computer, Equipment & Software	17,335,531	12,961,111
	Depreciation Charges	24,044,071	18,838,088
		47,896,212	**34,507,120**
	Total Operational Cost	**230,486,580**	**202,134,810**
18.	**Finance Cost**		
	Bank Charges	67,087	56,949
	Miscellaneous Expenses	2,750	17,634
		69,837	**74,583**

		2025 Rs	2024 (Restated) Rs
19.	**Income Tax Expenses**		
	Investment Income	66,745,742	96,886,961
	Other Income	819,062	780,441
	Assessable Income	67,564,805	97,667,402
	Gross Income tax Expense @ 30%	**20,269,441**	**29,300,220**
	Previous year under/over provision	(4,110,790)	-
	Income tax Expenses previous years	-	101,191,078
	Tax expense charge to income Statement	**16,158,652**	**130,491,299**

The Commission commenced payment of income taxes on other sources of income from 2024 onwards. During the current financial year, tax returns for the previous years (2017–2023) were submitted and the related tax liabilities were recognized.No provisions for income tax had been made in the financial statements of those prior periods.This omission was treated as an error and has been corrected by restating the financial statements of the respective previous financial years.

20. Related Party Disclosures

20.1 Transactions with key Management Personnel (KMPs)

None

20.2 Remuneration to Key Management Personnel (KMPs)

Aggregate remuneration & Sitting Allowance	45,177,474	28,529,404
Non Cash Benefit	420,000	360,000

1.20.3 Audit Committee Report

Audit Committee Meeting Report

The Audit Committee continued to provide structured oversight and guidance to the Commission and Management of the Public Utilities Commission of Sri Lanka by maintaining the effectiveness of governance, risk management, compliance, internal controls, and financial reporting.

The Audit Committee acts as a vital liaison between the Commission and internal auditors, external auditors, ensuring that audit processes are conducted efficiently, findings are addressed promptly, and governance structures remain resilient to emerging risks.

Composition During the Year

According to the Financial Manual, the Audit Committee should comprise at least three members of the Commission. At the beginning of 2025, the Audit Committee comprised only two members: Mr. Piyal Hennayake, Deputy Chairman of the Commission, and Dr. M. C. S. Fernando, Member of the Commission, due to vacant positions that existed in the Commission.

Following the appointment of Prof. Lilantha Samaranayake as a Member of the Commission in July 2025, he was also appointed to the Audit Committee, restoring the Committee to three members.

During the year, there was also a change in the Ministry of Finance's observer to the Audit Committee. Ms. R. Colombage, Chief Financial Officer, Internal Audit Division, Ministry of Finance, who had participated in the Committee as the Ministry's observer, retired from public service. Accordingly, she was succeeded by Mr. J. P. Sunil, Director, Department of Management Audit, who thereafter attended Audit Committee meetings as the representative of the Ministry of Finance. There was an observer from the National Audit Office.

Committee Meetings

Name of the Members	Audit Committee Meetings in 2025			
	24th Feb.	18th July	21st Oct	19th Dec.
Mr. Piyal Hennayake	Present	Present	Present	Present
Dr. M. C. S. Fernando	Present	Present	Absent	Present
Prof. Lilantha Samaranayake	(Vacant)	Present	Present	Attended online
On invitation				
Ms. R. Colombage (observer from the Ministry of Finance)	Present	Present		
Mr. J. P. Sunil (observer from the Ministry of Finance)			Present	Present
Ms. M. D. N. Kumari (Observer from National Audit Office)	Present	Asst Auditor General represented	Present	Present

The Director General, Deputy Director General- Operations, and Deputy Director General- Industry participated in the Audit Committee meetings representing the Management of the Commission, while the

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Secretary to the Commission maintains the minutes of the Audit Committee. The Director of Finance and the Director of Compliance also participate in the Audit Committee.

At the first Audit Committee meeting held on 24 February 2025, Mr, Piyal Hennayake was appointed as the Chairperson of the Audit Committee with effect from 24 February 2025. This meeting marked both the first Audit Committee meeting of the year and the first meeting following the appointment of the new members to the Commission in November 2024..

As part of strengthening its corporate governance framework, the Commission adopted an Audit Committee Charter in June 2025, in line with recognized corporate governance best practices.

Summary of the Key Focus Areas During the year 2025

- The Committee reviewed the 2024 annual audited financial statements of the Public Utilities Commission of Sri Lanka prior to their submission to the Commission for approval. The review was undertaken to ensure that the financial statements were prepared in accordance with the Sri Lanka Accounting Standards, the provisions of the Public Utilities Commission of Sri Lanka Act No. 35 of 2002, and other applicable legal and regulatory requirements.
- The Committee continued to oversee the effectiveness of the Commission's system of internal controls and the internal audit function. During the year, it reviewed the last quarter internal audit report of 2024 and three quarterly internal audit report of 2025 submitted by KPMG, the outsourced Internal Auditor for 2024 and 2025, together with Management's responses, recommendations, and the corrective actions taken to address the observations and recommendations contained in those reports.
- The Committee ensured during the year 2025, that the continued engagement of an outsourced internal audit service, recognizing that an independent and continuous internal audit function is essential to maintaining sound governance, effective risk management, and a robust internal control environment.
- Regular engagement was maintained with representatives of the Auditor General to review audit findings, discuss significant audit matters, and recommend appropriate corrective actions to the Commission to address identified deficiencies and strengthen institutional governance.
- At its meeting held in December 2025, the Committee reviewed the status of pending legal cases and related matters to ensure that appropriate actions were being taken to safeguard the interests of the Commission.

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Piyal Hennayake

Chairman

Audit Committee

1.20.4 Ten-years Summary of Financial Position

	2025 Rs.	2024 Rs.	2023 Rs.	2022 Rs.	2021 Rs.	2020 Rs.	2019 Rs.	2018 Rs.	2017 Rs.	2016 Rs.
Assets										
Non-Current Assets										
Property Plants & Equipment	67437869	81,918,155	42,308,705	53,505,233	59,993,214	31,917,717	43,367,460	54,387,467	28,237,012	29,475,844
Capital work in progress	6532328	4,078,322	7,300,238	7,300,238	7,376,322	-	5,330,495	3,014,350	10,110,684	3,234,750
Intangible Assest-Software	8238685	9,876,347	188,000	496,501	1,414,883	-	-	-	-	-
Distress Loan	2961092	3,093,756	4,205,169	5,651,504	5,052,626	6,263,793	2,968,831	2,848,266	2,519,949	3,151,618
Total Non-Current Assets	**85,169,973.63**	**98,966,580**	**54,002,112**	**66,953,476**	**73,837,046**	**38,181,510**	**51,666,786**	**60,250,083**	**40,867,645**	**35,862,212**
Current Assets:										
Investment	919,661,639	1,019,505,002	1,056,050,654	675,378,719	589,707,190	514,868,339	288,549,964	267,348,309	152,076,267	94,090,625
Inventories	-	-	649,144	465,348	797,006	76,303	205,783	419,981	558,211	431,740
Receivable	5,584,446	96,108,960	99,622,460	439,969,156	222,974,991	167,222,062	273,918,132	165,634,010	163,412,727	112,603,999
Deposit,Advances & Pre Payments	9,990,686	8,377,492	2,685,404	6,178,204	10,842,082	7,739,100	8,950,207	6,491,044	9,699,826	7,187,935
Cash & Cash Eqiuvalents	1,592,214	1,827,793	880,700	163,760	6,897,984	4,460,627	1,192,028	3,275,337	8,617,950	8,384,737
Distress Loan	108,633	1,614,380	1,702,602	2,477,665	-	-	-	-	-	-
Total Current Assets	**936,937,618**	**1,127,433,628**	**1,161,590,963**	**1,124,632,851**	**831,219,254**	**694,366,431**	**572,816,114**	**443,168,681**	**334,364,981**	**222,699,036**
Total Assets	**1,022,107,592**	**1,226,400,208**	**1,215,593,075**	**1,191,586,327**	**905,056,300**	**732,547,942**	**624,482,901**	**503,418,764**	**375,232,626**	**258,561,248**

Funds & Liabilities										
Funds										
Accumulated Fund	682,357,776	1,012,555,789	1,095,020,888	1,072,084,350	784,517,162	675,027,631	528,251,661	426,945,054	317,343,957	205,943,678
Revaluation Reserves	111,205,277	111,205,277	57,063,763	57,063,763	57,063,763	24,849,786	24,849,786	27,444,698	3,027,878	3,027,878
ADB- TA Assistance			-	-	-	-	-	-	-	-
	793,563,053	**1,123,761,066**	**1,152,084,651**	**1,129,148,113**	**841,580,925**	**699,877,417**	**553,101,447**	**454,389,752**	**320,371,835**	**208,971,556**
Non-Current Liabilities										
Provision for Gratuity	80,143,991	28,751,490	26,908,309	23,591,337	19,768,528	16,973,374	14,888,341	12,803,688	14,576,749	11,674,734
Total Non-Current Liabilities	**80,143,991**	**28,751,490**	**26,908,309**	**23,591,337**	**19,768,528**	**16,973,374**	**14,888,341**	**12,803,688**	**14,576,749**	**11,674,734**
Current Liabilities										
Payable Accounts	57,071,555	43,497,112	35,509,795	37,064,477	41,906,846	14,897,151	44,265,513	23,761,624	27,930,742	26,530,908
Auditor General's Fees	90,078,993	29,300,220	1,090,320	1,782,400	1,800,000	800,000	1,627,600	1,863,700	1,753,300	784,050
Security Deposit - CEB	1,250,000	1,090,320		-	-	-	10,600,000	10,600,000	10,600,000	10,600,000
	148,400,548	**73,887,652**	**36,600,115**	**38,846,877**	**43,706,846**	**15,697,151**	**56,493,113**	**36,225,324**	**40,284,042**	**37,914,958**
Total Liabilities	**1,022,107,592**	**1,226,400,208**	**1,215,593,075**	**1,191,586,327**	**905,056,300**	**732,547,942**	**624,482,901**	**503,418,764**	**375,232,626**	**258,561,248**

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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

මගේ අංකය / எனது இல. / My No. PWR/E/PUCSL/01/25/19 ඔබේ අංකය / உமது இல. / Your No.

දිනය / திகதி / Date 31 May 2026

The 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 2025 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 ("Commission") for the year ended 31 December 2025 comprising the statement of financial position as at 31 December 2025 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information, 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 Commission, as at 31 December 2025, 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 Other information included in the Commission's 2025 Annual Report.

The other information comprises the information included in the Commission's 2025 Annual Report but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report. Management is responsible for the other information.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the Commission's 2025 Annual Report, if I conclude that there are material misstatements therein, I am required to communicate that matter to those charged with governance for correction. If further material uncorrected misstatements are existed those will be included in my report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution that will be tabled in due course.

1.4 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 intends 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.

1.5 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 skepticism 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

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

2.1.1 I have obtained all relevant information and explanation that were 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.

2.1.2 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,

2.1.3 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,

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

2.2.1 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 course of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018;

2.2.2 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;

	Reference to law/ direction	Description
(a)	Public Utilities Commission of Sri Lanka Act No.35 of 2002	
	(i) Section 3(1)	The Commission shall consist of five members appointed by the Minister with the concurrence of the Constitutional Council, of whom, at least one member shall be a person qualified, and has experience, in the field of engineering; another member in the field of law; and at least one other member in the field of business management. However, the Commission had consisted of four members and no member with qualifications and experience in the field of law was included among the above members as at the date of this report.
	(ii) Section 3(2)	Any vacancy in the membership of the Commission shall be filled within 03 months of its occurrence. In July 2024, the term of the then-existing commission expired and, five new commission members were appointed on 26 November 2024 However, one vacancy of member had not been filled as of the date of issuance of this report for more than one year.
(b)	Financial Regulations of Democratic Socialist Republic of Sri Lanka	
	(i) F.R.104 (3) and 104 (4)	Although the preliminary report should be sent immediately within seven days and after inquiry, the full report should be submitted within three months from the date of loss as per the provisions of the FR, the preliminary report and the full report with regard to the

		accident of vehicle no. CAL-7717 occurred on 19 June 2025 had been submitted on 22 September 2025. Further, the full report related to the vehicle accident happened on 11 December 2023 had been submitted on 22 June 2025 after one and half years from the incident.
	(ii) F.R.1645	Eventhough the vehicle log books need to be kept updated, the details of changes of drivers, and monthly summary of journeys had not been recorded in the vehicle log books of the Commission and the information on tools and accessories, tyre position changes, changes in custody of vehicle, servicing, had not been updated in log books of certain vehicles.
(c)	Procurement Guidelines – 2024 Goods, works and non-consulting services Guideline 1.5	According to the guideline, Public Officers involved in any public procurement shall submit a declaration that they have no conflict of interest in connection with such public procurement. However, it was observed that members of procurement committees and bid evaluation committees in relation to 6 procurements within the audit sample had not signed their declarations.
(d)	Guidelines 8.5 (a) of the Guidelines for selection & employment of consultant 2007	As per the guideline, the consultant procurement committee must endeavour to make the award in keeping with the Procurement Time Schedule (PTS) and within the proposal validity period. However, the proposal validity period of the selection of consultant for Electricity Transmission System Analysis had expired on 10 February 2026 and the contract had been awarded to the selected consultant on 23 February 2026, after the proposal validity period.

(e)	Section 63 of the Public Finance Management Act, No. 44 of 2024	The Minister of Finance shall be vested with the power of cadre management of the public entities and the responsibilities of the Minister of Finance with regard to cadre management, shall include the determination of the salaries and wages and other payments, to the officers and other employees of public entities. However, following deviations were observed in this regard.

(i) The payments totalling to Rs. 59,799,061 had been made to the staff of the Commission under 08 types of allowances during the year under review without obtaining prior approval from the Treasury.

(ii) The Commission had increased the salaries of the staff with effect from 01 Aril 2025 without obtaining prior approval from the Ministry of Finance. The said pay hike had ranged from 34 per cent to 145 per cent.

(iii) The Treasury approval had not been obtained for the housing and property loan scheme with a maximum limit of Rs. 8 million for 15 years, as well as a vehicle loan scheme with a maximum limit of Rs. 5 million for 5 years which given for permanent employees of the Commission. Accordingly, the Commission had reimbursed Rs. 4,110,156 on housing and property loans taken by 16 officers and Rs. 304,155 on vehicle loans taken by two officers during the year under review as interest.

(iv) Contradictory to the Public Enterprises Circular No. PED - 1/2015 (ii) dated 14 January 2022, Commission had paid Rs.2,389,070 on excess liters totalling to 7940 during year 2025 for Director General,

two Deputy Director General and 10 officers on the approval of the Commission.

(v) Although the monthly transport allowance payable for officers entitled to an assigned vehicle approved under the Public Enterprises Circular No. 1/2015 dated 25 May 2015 and Circular No. 01/2015 (i) dated 27 October 2016, is Rs. 50,000, the monthly vehicle allowance paid by the Commission is Rs.60,000. As it was paid a monthly vehicle allowance of Rs. 60,000 each for 18 officers of the Commission during the year under review, the excess vehicle allowance paid to those officers was Rs. 2,115,000. In addition, the Commission had provided Rs. 20,000 as a driver allowance per month to 12 officers who receiving vehicle allowances and the total driver allowance paid during the year 2025 was Rs. 2,754,284.

2.2.3 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, except for;

Although Sri Lanka's utility industries, namely industries on electricity, petroleum, and water, should be regulated by the Commission under the provisions of the Public Utilities Commission of Sri Lanka Act No. 35 of 2022, due to the failure to amend the relevant acts to supervise the Petroleum Corporation and the National Water Supply and Drainage Board, it had not been possible to bring the petroleum and water industries under the regulation of the Commission for over 23 years. Therefore, in fulfilling the objectives stated in Section 14(2) of the Commission Act, only the functions related to the electricity industry among the public utility industries could have been performed.

2.2.4 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;

(a) The Commission had entered to 06 service contracts for the development and improvement of computer systems with 04 institutions in 2021 and 2022 without entering into a formal agreement and, all of those systems were to be completed by the end of 2022. However, 2 system development contracts worth of Rs. 1,129,400 were suspended midway and the management had failed to get completed the other 4 systems from contractors for the use of intended purposes by the end of the year under review. Further, the amount of Rs. 1,103,400 paid to the contractor in relation to the suspended system development had not been recovered up to now.

(b) As at the end of the year under review, the Commission owned six vehicles, including one motor bicycle and five motor vehicles. However, out of the five motor vehicles, only two were in running condition as at the date of audit on 23 March 2026 eventhough a sum of Rs. 6,281,434 had been incurred on vehicle repairs during the year under review in respect of the said five vehicles. Consequently, the Commission had to rely on hired vehicles and cab services to meet its transport requirements. This situation indicates that the vehicle management function had failed to derive maximum benefit from the Commission's own vehicle fleet, even considerable amount of expenditure was incurred.

(c) According to the information presented in the Commission paper no. PUC/2025/314/INS/02, Uni Consultancy Services had been selected through Single Source Selection (SSS) for designing molds compatible with extension cord manufacturing considering its long-standing involvement in the standardization process. The approval of Commission had been granted at its meeting held on 07 February 2025 to the draft contract to be signed by the Commission and Uni Consultancy Services and authorizing the Director General to act as the signatory officer on behalf of the Commission for executing the contract. Then, the contract had been signed by both parties on 05 March 2025. The respective task had been completed by the consultant by 19 December 2025 and the total contract price of Rs. 2,000,000 had been settled by 24 December 2025.

Following observations are made in this regard.

(i) According to the information made available to audit, the selection method used in this procurement was single source selection. In terms of the guideline 3.13 of the guidelines for selection & employment of consultant 2007, the approval of the Consultants Procurement Committee (CPC) is required to apply SSS and the steps such as preparation of TOR, preparation of RFP, reviewing and approving those documents by the CPC are required to be followed in the selection process. However, there were no evidences presented to determine the said steps in the selection process had been followed in this procurement.

(ii) This procurement had not been included in the procurement plan for the year 2024 or 2025.

(iii) Eventhough the consultant had agreed to complete the work within 10 weeks from the effective date of the contract, it had been completed with a seven months' delay.

3. Other Matters

(a) The motor vehicle bearing number CAL 6509 worth of Rs. 7,200,000, which was purchased on 15 December 2014 for a value of Rs. 5,750,000 was in idle since August 2025.

(b) A motor vehicle valued at Rs. 5,500,000 assigned to the former Chairman of the Commission was involved in an accident and the final investigation report was submitted with a delay of approximately one and a half years in this regard. The Commission had incurred Rs. 2,437,600 from its own funds to repair the vehicle without recovering the loss from the responsible parties due to rejection of insurance claim by the insurance company. Further, legal action to recover the loss was initiated in 2026, nearly two years after the incident.

(c) The Action Plan of the Commission for the year 2025 consisted of 181 activities worth of Rs. 492,000,000 under 12 divisions and, according to the information submitted to the audit, the following observations were made during the examination regarding the progress of the performance of the tasks as of 31 December 2025 in relation to 109 activities related to 08 divisions.

(i) The activity of Dispatch Analysis Report (AP25/LIC/RU/05/05) had been recognized as a routine activity in Activity plan 2025 in order to achieve the objectives of ensure reasonable electricity charges, improve the efficiency of the electricity industry and corporate reports and information dissemination. However, according to the information on progress of the activity plan 2025 provided to audit,

only 16 per cent of the said activity was completed by the end of the year under review as the activity manager had left the Commission from February 2025.

(ii) The Commission had planned to do an analysis on electricity demand and supply in Sri Lanka for 2026 under the activity no. AP25/LIC/CP/01/07 in the Activity plan 2025 from 01 January 2025 to 31 May 2025 with the objectives of improve the efficiency of the electricity industry and improve the convenience of consumers corporate reports and information dissemination. However, the activity had not been commenced even during the year under review due to resignation of the activity manager.

(iii) The Commission had planned to carry out a Regulatory Impact Assessment on relaxing statutory voltage limits up to +/-10% of the nominal voltage under the activity no. AP25/INS/CP/06 of the annual activity plan for the year 2025 under the funding of the USAID Project. Under this activity, the tasks of reviewing impact assessment on relaxing statutory voltage limits upto +/-10% of the nominal voltage, reviewing the survey of consumer appliances, focusing on their voltage tolerance and sensitivity, reviewing the Financial and Economic Benefit Assessment and reviewing the final report had been scheduled to carry out during the year 2025 and expected to be completed by 31 December 2025. However, according to the information on progress of the activity plan 2025 provided to audit, only 10 per cent of the said activity was completed by the end of the year under review due to non-availability of budget since the USAID had terminated its operations.

(iv) As per the Cabinet decision dated 08 June 2006, the Commission had been empowered as a shadow regulator for the lubricant market. The Commission had scheduled one activity of Market Monitoring Program to protect Petroleum Consumer and Stakeholder Rights relevant to the petroleum industry and 3 activities such as, Implementation of Disposal Mechanism and Interim Measures, Quarterly Stakeholder progress review, and Stakeholder and Public Consultation in the Lubricant Market 2025 relevant to the lubricant market had been scheduled to implement in 2025 as annual activity plan. However, none of these activities relevant to the petroleum industry and lubricant market had been carried out by the Commission during the year under review due to non-receiving budgetary allocation from lubricant levy.

(d) The activity of Qualifying Electricians with NVQ3 had been scheduled to be carry out by the Corporate Communication Division of the Commission. The initial budget allocated for the activity through the annual budget was Rs. 10,239,561. In addition to the initial budget, a sum of Rs.11,000,000 had been allocated as additional financial provisions for the said activity with the approval of the Commission on 19 December 2025. However, the additional budget provided for this activity at the end of the year was more than the initial budget and observed as a weakness in preparation of budget estimates.

(e) 3,290 Giga Watt hours of electricity worth to Rs. 95,557 million had been purchased on a short-term basis by the Ceylon Electricity Board from independent power producers such as Ace Power Embilipitiya (Private) Company, Ace Power Generation Matara (Private) Company and Asia Power (Private) Company whose power purchase agreements were expired by extending the initial power purchase agreements in several instances from the year 2016 to 2023. Although a valid license is required for the generation of electricity in accordance with Section 07 of the Sri Lanka Electricity Act No. 30 of 2009, as amended, the above companies did not have a valid license by that time. Moreover, in accordance with Section 13 of the Act, the Public Utilities Commission of Sri Lanka had not granted a license to those companies for the above period for the generation of electricity. However, the Commission had not taken any action against those companies as per Section 7 of the said Act up to the end of the year under review.

L.S.I.Jayaratna
Auditor General

Activities Plan and the Budget 2026

The Public Utilities Commission of Sri Lanka (PUCSL) has planned a range of strategic activities for 2026 to further strengthen regulatory oversight, enhance consumer protection, improve service quality, and promote the sustainable development of the electricity and other regulated utility sectors. The following section presents the key activities planned for the year, together with the corresponding budget allocations, reflecting the Commission's strategic priorities and commitment to delivering efficient, transparent, and accountable regulatory services.

Table 11 Activity and Budget 2026

	Division	Activity Number	Activity Description	Sector	Direct Activity Cost
1	Lubricant	PUC/2025/LUB/CP/01	Study on Lubricant Retail Network Registration (Policy Advice)	Petroleum	6,000,000.00
2	Lubricant	PUC/2025/LUB/CP/02	Revamping the Stakeholder Data Acquisition System, interconnecting with the ASYCUDA	Petroleum	7,000,000.00
3	Lubricant	PUC/2025/LUB/CP/03	Study and Policy advice on the importation, usage and disposal of white paraffin oil	Petroleum	5,000,000.00
4	Lubricant	PUC/2025/LUB/CP/05	Implementation of Disposal Mechanism and Interim Measures	Petroleum	6,000,000.00
5	Lubricant	PUC/2026/LUB/RU/01	Quarterly Stakeholder Progress Review	Petroleum	1,200,000.00
					25,200,000.00
6	TEA	AP26/TEA/01/CP/01	Electricity cost benchmarking to support review of utility revenue requirement filings for 2027-2029 period	Electricity	8,000,000.00
7	TEA	AP26/TEA/01/CP/02	Developing a methodology for Open Access charges	Electricity	-
8	TEA	AP26/TEA/01/CP/03	Developing a methodology for NCRE feed-in tariff determination	Electricity	1,000,000.00

9	TEA	AP26/TEA/01/CP/04	Development of cost accounting guidelines for utilities - to be used for tariff review process	Electricity	-
10	TEA	AP26/TEA/01/CP/05	Study to review the current elctricity tariff structures applied in Sri Lanka	Electricity	-
11	TEA	AP26/TEA/01/RU/01	Tariff reviews (Bulk supply, Uniform National Tariff, End-user)	Electricity	13,000,000.00
12	TEA	AP26/TEA/01/RU/02	Administer Bulk Supply Transaction Account (BSTA)	Electricity	50,000.00
13	TEA	AP26/TEA/01/RU/03	Review of commercial terms of Power Purchase Agreements of generaion plants	Electricity	-
14	TEA	AP26/TEA/01/RU/04	Monitor utility financial position and disseminate data	Electricity	-
15	TEA	AP26/TEA/01/RU/05	Review of NCRE feed-in tariffs	Electricity	1,000,000.00
16	TEA	AP26/TEA/01/RU/06	Tariff review for exempted parties	Electricity	-
17	TEA	AP26/TEA/02/RU/01	Review of allowed charges	Electricity	-
18	TEA	AP26/TEA/03/CP/01	Develop a monitoring framwork to ensure efficient investments of Transmission and Distribution Licensees	Electricity	-
19	TEA	AP26/TEA/03/CP/02	Study on financial viability of existing IPPs and formulate a recommendation on new generation procurement	Electricity	-
20	TEA	AP26/TEA/03/CP/03	Electricity Distribution Network loss target study	Electricity	
21	TEA	AP26/TEA/03/RU/1	Merit order dispatch audit	Electricity	50,000.00
					23,100,000.00
22	Consumer Affairs	AP26/CA/01/CP/01	“PUCSL Connect” - Consumer Mobile Application	Electricity	4,000,000.00
23	Consumer Affairs	AP26/CA/01/CP/02	Procedure on Actions to be taken when Damaged to Electricity Supply Equipment Located in Consumer Premises	Electricity	-

24	Consumer Affairs	AP26/CA/01/CP/03	Setting up of Consumer Advocates to Protect Rights of Electricity Consumers at Grievance Handling	Electricity	-
25	Consumer Affairs	AP26/CA/02/RU/01	Determine decisions for requests/complaints made by consumers and utility providers	Electricity/Petroleum	480,000.00
26	Consumer Affairs	AP26/CA/02/RU/02	Dissemination of Information related to Consumer Protection in the Electricity and Petroleum Industries	Electricity	-
27	Consumer Affairs	AP26/CA/03/RU/01	Determine resolutions for mediation requests in the Electricity and Petroleum Industries	Electricity/Petroleum	180,000.00
28	Consumer Affairs	AP25/CA/04/CP/01	Establish a data (generation, transmission and distribution) acquisition system	Electricity	500,000.00
29	Consumer Affairs	AP26/CA/04/CP/01	Study on Impact of End-User Electricity Tariff Revisions to Prices of Consumer Goods and Services	Electricity	-
30	Consumer Affairs	AP26/CA/04/RU/01	Consumer Protection through the Regional Consumer Network and Coordination of Functions of the Consumer Consultative Committee (CCC)	Electricity	10,000,000.00
31	Consumer Affairs	AP26/CA/05/RU/01	Awareness Sessions for SL Custom officers.	Petroleum	1,000,000.00
32	Consumer Affairs	AP26/CA/05/RU/02	Market Monitoring Program to ensure that Lubricant Consumer and Stakeholder Rights are protected together with Consumer Affairs Authority (Routine Activity), Complaint and Dispute handling and stakeholder awareness	Petroleum	10,000,000.00
33	Consumer Affairs	AP25/CA/06/CP/01	Preparation of revised regulatory tools related to consumer protection	Electricity	-
					26,160,000.00
34	Compliance and Research	2025/RU/COMP/01	Organize the Audit Committee Meeting and follow-up actions		400,000.00

35	Compliance and Research	2025/RU/COMP/02	Outsourcing the Internal Auditor and following up on recommendations		3,600,000.00
36	Compliance and Research	2025/CP/COMP/03	Preparation of Rules on Electricity Consumer Grievances Redressal Forum	Electricity	1,000,000.00
37	Compliance and Research	2025/CP/COMP/04	Preparation of Customer Charter of PUCSL	Electricity	
38	Compliance and Research	2025/CP/COMP/05	Plantation Sector Issues on Electricity Service Requirement and identify regulatory interventions	Electricity	3,000,000.00
					8,000,000.00
	Inspectorate	AP/2026/INS/CP/01	Electrocution Mitigation Program to Achieve a 30% Reduction in Electrocutions by 2028 compared to electrocutions happened in year 2024 (i.e. 120).: This program aims to reduce electrocutions in Sri Lanka by 30% by the end of 2028 through public and community based awareness, targeted regulatory inspections, site investigations, and compliance monitoring. It includes inspections of licensees, enforcement of safety measures, and incident response evaluations to ensure adherence to electrical safety standards and mitigate risks across the country.	Electricity	
39	Inspectorate	AP/2026/INS/CP/01/01	Regulatory inspection program to verify compliance of distribution licensees with License Condition 16, focusing on operational safety, permit-to-work systems, staff training, and risk mitigation measures to prevent electrocutions attributable to		750,000.00

			licensee-side faults, and violation of line clearance.		
40	Inspectorate	AP/2026/INS/CP/01/02	Post-Electrocution Site Investigation and Regulatory Enforcement Program to Address Unsafe Installations and Hazardous Practices, Identify Root Causes, and Enforce Corrective Actions under safety regulations to Eliminate Hazardous Conditions and Prevent Recurrence simillar incidents.		2,500,000.00
41	Inspectorate	AP/2026/INS/CP/01/03	Electricity safety awareness program to educate households Islandwide focusing on importance of having properly functioning RCCBs installed in homes and the importance of regular testing of RCCBs in homes to avoid electrocutions which contributes around 36% of total annual electrocutions in 2024, and to educate farming communities Islandwide focusing on avoiding unsafe pracices to energise electric fences in order to avoid electrocutions which contributes around 37% of total annual electrocutions in 2024.		5,000,000.00
42	Inspectorate	AP/2026/INS/CP/01/04	Community-level awareness and inspection program to educate households and rural communities on safe electricity use, including proper RCD testing, safe appliance handling, and prevention of illegal wiring—implemented through existing administrative structures such as GN officers, school teachers, and community		2,100,000.00

			police officers, and registered electricians to address key causes contributing to over 80% of total electrocutions reported in 2024.		
43	Inspectorate	AP/2026/INS/CP/01/05	Regulatory compliance program to enforce licensee obligations under Safety Regulations by verifying RCD functionality checks before reconnections, new connections, and meter shifting-related activities—aimed at preventing electrocutions due to non-functional or absent RCDs, which contributed to approximately 36% of total annual electrocutions in 2024.		
44	Inspectorate	AP/2026/INS/CP/01/06	Regulatory program to ensure only standardized and certified RCDs / plugs & sockets are available in the local market by mandating SLSI specifications, and enforcing compliance through import inspections market surveillance and implementing supplier registration in collaboration with SLSI, CAA, Customs and Import Export controller.—aimed at preventing electrocutions caused by faulty RCDs, which contributed to approximately upto 40% of total annual electrocutions in 2024.		5,050,000.00

45	Inspectorate	AP/2026/INS/CP/01/07	Implementation of a national Incident Reporting System (IRS) in collaboration with Sri Lanka Police, Ministry of Health, and Department of Labour to capture and respond to electricity-related safety incidents, enabling timely regulatory intervention and public reporting.		
46	Inspectorate	AP/2026/INS/RU/01	Routine Activity- Inspections of Licensee Installations and Consumer Premises Based on Complaints Received by PUCSL to Investigate Electricity-Related Disputes, Identify Non-Compliance, and Enforce Corrective Actions to help resolve desputes.		750,000.00
47	Inspectorate	AP/2026/INS/RU/02	Routine Activity - Evaluation of sanction applications submitted by distribution licensees to institute proceedings against illegal electricity tapping and improper use of electricity—supporting enforcement actions to prevent electrocutions caused by illegal tapping and improper use of electricity.		
	Inspectorate	AP/2026/INS/CP/02	Protect the interest of consumers in respect of voltage quality (steady state) of electricity supply.: This activity aims to safeguard consumer interests by addressing voltage issues through field inspections, inverter compliance verification, and regulatory improvements. It includes a phased inverter inspection program, review of regulatory gaps, and enforcement measures to ensure steady-state voltage remains within acceptable statutory limits across the low-voltage distribution network.	Electricity	

48	Inspectorate	AP/2026/INS/CP/02/01	Inspection-based enforcement program to verify rooftop solar inverter settings on overvoltage-affected LV feeders, ensuring compliance with voltage quality controls to eliminate steady-state overvoltage conditions caused by rooftop PV systems—protecting the interest of all connected consumers.		600,000.00
49	Inspectorate	AP/2026/INS/CP/02/02	Assessment on steady state voltage tolerance of LV connected electrical equipment.		5,000,000.00
50	Inspectorate	Other Works- not related to Inspectorate activities for 2026	Other Works- not related to Inspectorate activities : Committee meetings, Procurement work, Training , Activity plan for next year, work from other divisions not related to inspections…		
					21,750,000.00
51	IT	AP26/IT/CP/01	Integrating GovPay system with ICTA and Finance Division of PUCSL	ALL	100,000.00
52	IT	AP26/IT/RU/01	Renewal of the existing SLT cloud solution with additional features and administration & maintenance	ALL	6,000,000.00
53	IT	AP26/IT/RU/02	Moving SAP, HR, Procurement Workflow application system to cloud & administration	ALL	1,800,000.00
54	IT	AP26/IT/RU/03	Enhancing, modifying, upgrading, existing business apps such as LMS, IRS, TIS, DMS, SAP, HR, Payroll, Data Submission System (new LISS), Website, Intranet, Procurement Workflow system, Asset Management System, and any other cloud-based solution including O365 email system, content migration to cloud etc. (including hosting capacity enhancement for moving the systems to cloud)	ALL	1,400,000.00

55	IT	AP26/IT/RU/04	Upgrading the Document Management System and moving to cloud (with moving the Activie Directory to cloud for enhanced security)	ALL	3,000,000.00
56	IT	AP26/IT/RU/05	Using modern technologies for improving staff productivity by automating current tasks (with other divisions such as Corporate Communication, Consumer Affairs, Tarif & Economic Affairs, Licensing, EER, etc.)	ALL	3,200,000.00
57	IT	AP26/IT/RU/06	Platform for implementing workflows to automate business processes	ALL	1,000,000.00
58	IT	AP26/IT/RU/07/01	Office Automation & Enhancement (4 number of laptop computers for Chairman, DG, DDG-ops, AD-Corporate Communication)	ALL	1,600,000.00
59	IT	AP26/IT/RU/07/02	Office Automation & Enhancement (3 Mobile phones for new staff to be recruited in 2025/2026 + 2 mobile phones for ADs + 4 mobile phones for drivers)	ALL	350,000.00
60	IT	AP26/IT/RU/07/03	Office Automation & Enhancement (New Printer for outside events)	ALL	100,000.00
61	IT	AP26/IT/RU/08	BCP / Security / ICT Policies / ICT Audit	ALL	1,000,000.00
62	IT	AP26/IT/RU/09/01	Infrastructure Development (Re-organizing existing infrastructure and adding & configuring a wireless access point to the network to replace an existing old wireless access point)	ALL	300,000.00
63	IT	AP26/IT/RU/09/02	Infrastrucutre Development (Enhancement of existing telephony infrastructure - PABX, IP phones, analog phones, accessories, etc. including facilitating any DRS call centre requirement)	ALL	250,000.00
64	IT	AP26/RU/IT/10	System Management and Enhancement	ALL	-

65	IT	AP26/RU/IT/11	Future-proofing, initiating, planning new systems	ALL	-
66	IT	AP26/RU/IT/12	Maintenance, Administration, Configuration	ALL	-
67	IT	AP26/RU/IT/13/01	PABX - maintenance agreement and repair, PABX / phone licenses	ALL	500,000.00
68	IT	AP26/RU/IT/13/02	AC repair and maintenance agreement	ALL	100,000.00
69	IT	AP26/RU/IT/13/03	FAX maintenance agreement & repair	ALL	15,000.00
70	IT	AP26/RU/IT/13/04	Firewall subscription - for PUCSL data center	ALL	1,000,000.00
71	IT	AP26/RU/IT/13/05	Firewall support and maintenance agreement	ALL	300,000.00
72	IT	AP26/RU/IT/13/06	Photocopiers & Printers repairs and service and maintenance agreement	ALL	400,000.00
73	IT	AP26/RU/IT/13/07	CCTV Maintenance agreement / Repair	ALL	150,000.00
74	IT	AP26/RU/IT/13/08	Repairs & maintenance / maintenance agreement of Server and repair / refurbishment of Network Area Storage (NAS), etc.	ALL	450,000.00
75	IT	AP26/RU/IT/13/09	Repairs of ICT equipment (laptops, phones, UPSes, etc.)	ALL	150,000.00
76	IT	AP26/RU/IT/13/10	Annual renewal of HR & Payroll - maintenance agreement	ALL	300,000.00
77	IT	AP26/RU/IT/13/11	Annual renewal of licenses of Anti-Virus Software with ransomware protection	ALL	600,000.00
78	IT	AP26/RU/IT/13/12	Annual renewal of Office365 + Email licenses)	ALL	2,800,000.00
79	IT	AP26/RU/IT/13/13	Annual renewal of SAP Maintenance Agreement	ALL	300,000.00
80	IT	AP26/RU/IT/13/14	Annual renewal of SAP licenses	ALL	300,000.00
81	IT	AP26/RU/IT/13/15	Annual renewal of SSL certificate	ALL	600,000.00
82	IT	AP26/RU/IT/13/16	Annual renewal of LMS maintenance agreement	ALL	450,000.00
83	IT	AP26/RU/IT/13/17	Annual renewal of IRS maintenance agreement	ALL	300,000.00

84	IT	AP26/RU/IT/13/18	Intranet maintenance agreement	ALL	350,000.00
85	IT	AP26/RU/IT/13/19	Procurement workflow maintenance agreement	ALL	250,000.00
86	IT	AP26/RU/IT/13/20	Data Submission System (LISS) Cloud hosting	ALL	-
87	IT	AP26/RU/IT/13/21	Website Maintenance Agreement	ALL	450,000.00
88	IT	AP26/RU/IT/13/22	TIS Maintenance Agreement	ALL	300,000.00
89	IT	AP26/RU/IT/13/23	Tonner, ink, developers & consumables (for printers, photocopiers, duplo, fax, etc.)	ALL	500,000.00
90	IT	AP26/RU/IT/13/24	Miscellaneous maintenance activities	ALL	50,000.00
91	IT	AP26/RU/IT/13/25	Microsoft Power BI Annual Subscription – 5 licenses	ALL	300,000.00
92	IT	AP26/RU/IT/13/26	Annual renewal of Adobe acrobat PDF editor subscription – 1 license	ALL	100,000.00
93	IT	AP26/RU/IT/13/27	Annual renewal of Adobe Photoshop CC subscription - 1 license	ALL	500,000.00
94	IT	AP26/RU/IT/13/28	Upgrading existing desktop computers (Memory & Hard Disks, Windows Licenses, etc.)	ALL	150,000.00
95	IT	AP26/RU/IT/13/29	Annual renewal of licenses for spam-wall protection for email	ALL	1,250,000.00
96	IT	AP26/RU/IT/13/30	Refurbishing network infrastructure (including cabling, switch enclosures, etc. – in the 6th, 7th & 17th floors)	ALL	100,000.00
97	IT	AP26/RU/IT/13/31	Refurbishing existing server (hard disks, memory, power supply)	ALL	250,000.00
					33,365,000.00
98	LEG	AP26/LEG/CP/01	Management of sub activities of the other division which are asigned to legal division	All sectors	
99	LEG	AP26/LEG/RU/01	Providing legal opinion and advise	All sectors	
100	LEG	AP26/LEG/RU/02	Contract management of the Commision and other stakeholders	All sectors	
101	LEG	AP26/LEG/RU/03	Handling litigations	All sectors	8,000,000.00

102	LEG	AP26/LEG/RU/04	Legal awareness program	All sectors	100,000.00
					8,100,000.00
103	EER	AP26/EER/CP/01/01	Develop a mechanism for verifying the compliance of imported electric vehicle supply equipment, Solar PV equipment (inverters/BESS) with Sri Lankan standards.	Electricity	600,000.00
104	EER	AP26/EER/CP/01/02	Pre Feasibility Study on Assessment and Implementation of Vehicle-to-Grid (V2G) and Vehicle-to-Everything (V2X) Concepts in Sri Lanka: Developing Regulations to Facilitate Adoption.	Electricity	-
105	EER	AP26/EER/CP/02/01	Develop a monthly forecasting model for electricity generation from renewable energy sources in Sri Lanka's context.	Electricity	500,000.00
106	EER	AP26/EER/CP/02/02	Identifying the amendments required for the available rules, guidelines, and regulations enforced under the Sri Lanka Electricity Act 2009 to accommodate captive generation (microgrid) and storage facilities to ensure safety and quality.	Electricity	50,000.00
107	EER	AP26/EER/CP/02/03	Develop comprehensive BESS policies and regulatory framework, and standards to safeguard the grid and consumers	Electricity	300,000.00
108	EER	AP26/EER/CP/03/01	Implementing a reporting mechanism on Energy auditing in Thermal Power Plants.	Electricity	150,000.00
109	EER	AP26/EER/CP/03/02	Identifying the energy efficiency KPIs and reporting mechanism for utility operations across the supply chain.	Electricity	50,000.00
110	EER	AP26/EER/CP/03/03	Implementing UDSM proposals received through the Utilities. (Microgrids, Distribution level BESS, Smart Meter Projects, etc).	Electricity	50,000.00
111	EER	AP26/EER/RU/01/01	Reviewing and approving the commercial terms of new RE generation and energy	Electricity	300,000.00

			storage capacity under Section 5(3)(n) of SLEA 2024		
112	EER	AP26/EER/RU/01/02	Resolving Consumer complaints related to Renewable energy and Environmental issues related to the electricity sector.	Electricity	200,000.00
113	EER	AP26/EER/RU/01/03	License/Exemption condition compliance monitoring and EnMS awareness program	Electricity	300,000.00
114	EER	AP26/EER/RU/02/01	Dissemination of Information Related to Renewable Power Generation	Electricity	
115	EER	AP26/EER/RU/02/02	Dissemination of information related to the EV charging stations.	Electricity	100,000.00
116	EER	AP26/EER/RU/02/03	Dissemination of information related to the Environmental Performance of the Power plants Maintaining the Dispatch Database and Visualization Dashboard	Electricity	
117	EER		Other Divisional/TEC/Administrative works		
					2,600,000.00
118	FIN	AP2026/FIN/CP/01	Review and update the Financial manual incorporating all internal changes ,circulars and procedures issued subsequent to the original publication And Development of Standard Operations Procedures (SOPs) from a consultant.		2,000,000.00
119	FIN	AP2026/FIN/CP/02	Obtain a service from a Tax Consultant		1,200,000.00
120	FIN	AP2026/FIN/CP/03	Payroll function outsourcing		1,500,000.00
121	FIN	AP2026/FIN/RU /1/1	Ensures the organization has sufficient cash flow to meet short-term obligations. (Working Capital Management)		
122	FIN	AP2026/FIN/RU /1/2	Arranging payments(Suppliers/statutory/employees) on timely manner with adequate controls while ensuring compliance with regulations		

123	FIN	AP2026/FIN/RU /1/3	Maintain the investment portfolio with maximum returns while adhering to the regulations		
124	FIN	AP2026/FIN/RU /2/1	Forecasting the revenue requirement and timely account for the Regulatory leavy .		
125	FIN	AP2026/FIN/RU /2/2	Ensure the collection of the regulatory levy on timely manner.		
126	FIN	AP2026/FIN/RU /3/1	Involves preparation of budget by coordinating other divisions and gazetting of the budget		
127	FIN	AP2026/FIN/RU /3/2	Analyse financial performance against the budgets and reporting.		
128	FIN	AP2026/FIN/RU /3/3	Facilitate revision of the Budget		
129	FIN	AP2026/FIN/RU /4/1	Ensure completeness and accuracy of Accounting modules in Accounting information system (SAP)		
130	FIN	AP2026/FIN/RU /4/2	Preparation of Monthly management Accounts		
131	FIN	AP2026/FIN/RU /4/3	Prepare annual financial statements in compliance with relevant standards and submits to the audit by 28th of February each year		
132	FIN	AP2026/FIN/RU /5/1	Maintains proper recording of the assets own by PUCSL.		
133	FIN	AP2026/FIN/RU /5/2	Carry out the Annual Bord of survey.		250,000.00
134	FIN	AP2026/FIN/RU /5/3	Arranging the disposal of scrap assets .		
135	FIN	AP2026/FIN/RU /6/1	Facilitating external Audit Functions.		
136	FIN	AP2026/FIN/RU /6/2	Facilitating internal Audit Function.		
137	FIN	AP2026/FIN/RU /6/3	Dealing with Ministry of Finance for various reporting requirements.		
138	FIN	AP2026/FIN/RU /6/4	Dealing with Revenue Authority and Banks		
139	FIN	AP2026/FIN/RU /7/1	Preparation of Procurement Plan		

140	FIN	AP2026/FIN/RU /7/2	Appointment relevant committees to carry out procurement functions.		
141	FIN	AP2026/FIN/RU /7/3	Facilitating procurement functions including calling for quotation….		
142	FIN	AP2026/FIN/RU /7/4	Reporting the progress of procurement plan to the National Procurement Commission .		
					4,950,000.00
143	LIC	AP26/LIC/CP/01/01	Report & Action Plan for DLs Operational Efficiency Reporting, Benchmarking & Audit Program	Electricity	-
144	LIC	AP26/LIC/CP/02/01	Report on Electricity Market Conduct Monitoring and Competition Safeguard	Electricity	-
145	LIC	AP26/LIC/CP/01/02	Development of Standard Template for MV/LV Development Plan of the DLs	Electricity	-
146	LIC	AP26/LIC/CP/03/04	Modification of Licensing Framework for Rooftop Solar Prosumers/ Generators	Electricity	-
147	LIC	AP26/LIC/CP/01/03	Policy Recommendation & Way forward on the Operational Feasibility of NCRE Projects	Electricity	-
148	LIC	AP26/LIC/CP/06/01	Development of New Data Submission System for Licensees	Electricity	2,000,000.00
149	LIC	AP26/LIC/CP/03/02	Report on performance measurement under the adaptation stage of the Distribution Performance Standard Regulations	Electricity	-
150	LIC	AP26/LIC/CP/03/03	Setting Benchmarks for the transmission performance indices with related to power quality, power system protection system, power system operation, generation system and transmission system expansion and generation acquisition	Electricity	0
151	LIC	AP26/LIC/CP/03/01	Providing Inputs for Licensing Regulation under New Act	Electricity	-
152	LIC	AP26/LIC/CP/04/01	Assessment on Cybersecurity Readiness of Electricity Network and Critical Generation	Electricity	8,000,000.00

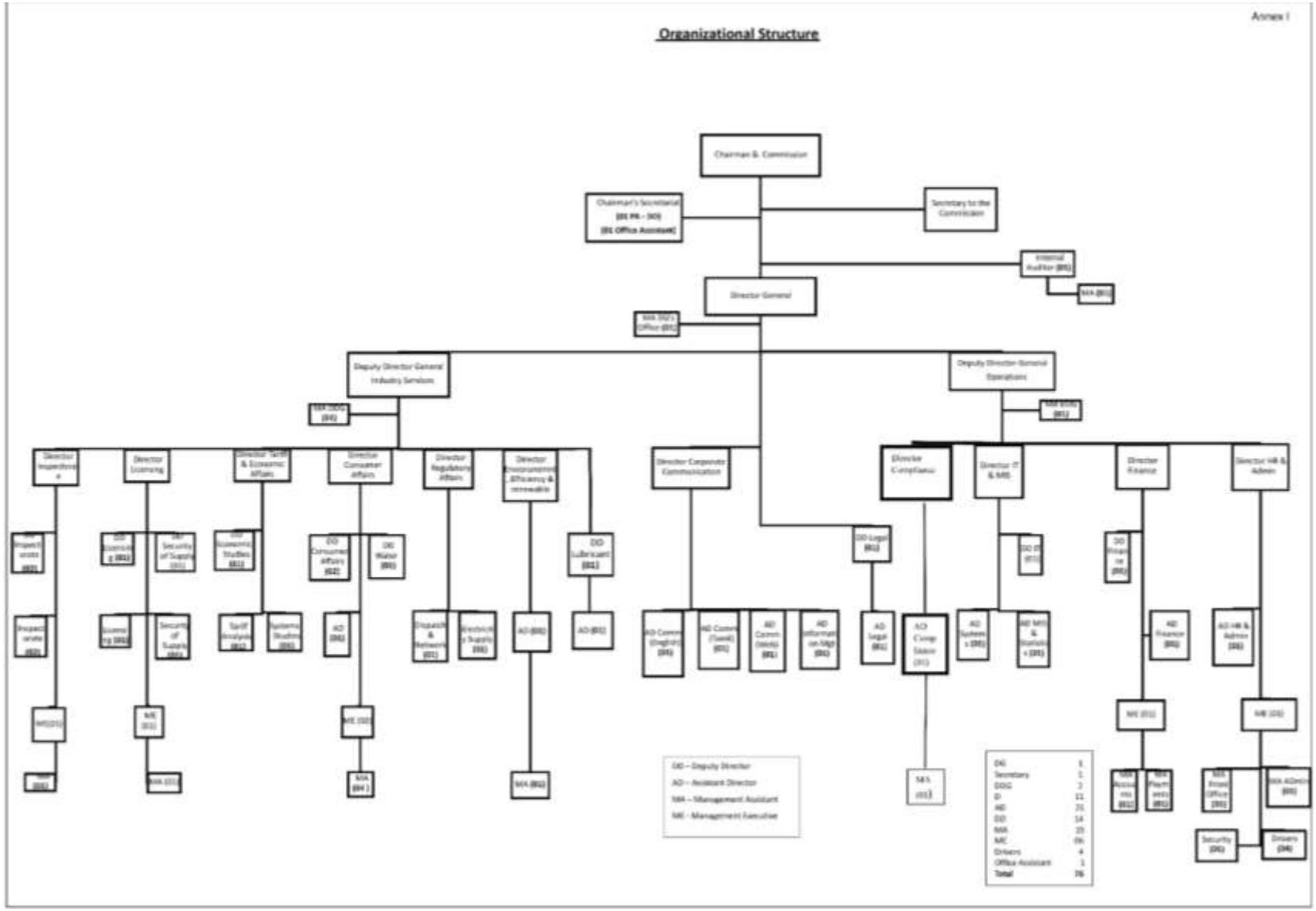
			Facilities & Implement a Cybersecurity Audit Framework specific to grid operations, SCADA, and critical infrastructure protection for Transmission Licensee		
153	LIC	AP26/LIC/CP/04/02	Formulation of Recommendations for the Long Term Power System Development Plan under Section 5(3)(k) of SLEA 2024	Electricity	1,200,000.00
154	LIC	AP26/LIC/CP/04/03	Preparation of Curtailment Policy	Electricity	-
155	LIC	AP26/LIC/CP/04/04	Develop and implement a mechanism to ensure real-time monitoring of grid performance	Electricity	-
156	LIC	AP26/LIC/RA/04/05	Comprehensive Transmission System Analysis – Implementation and Monitoring Program	Electricity	4,000,000.00
157	LIC	AP26/LIC/RA/05/01	Licensing/Exemption Process (New applications, Renewal of applications, addendum for existing licenses)	Electricity	1,000,000.00
158	LIC	AP26/LIC/RA/05/02	License/Exemption Compliance Monitoring Program	Electricity	1,000,000.00
159	LIC	AP26/LIC/RA/05/03	Annual Levy Invoicing	Electricity	-
160	LIC	AP26/LIC/RA/01/01	Network Performance data (SAIDI, SAIFI) publication	Electricity	-
161	LIC	AP26/LIC/RA/03/01	Facilitation and Oversight of Distribution Code Review and Enforcement Panel Activities	Electricity	50,000.00
162	LIC	AP26/LIC/RA/04/01	Reviewing and approving the technical and commercial terms of new generation, transmission and energy storage capacity under Section 5(3)(n) and 11(2) of SLEA 2024	Electricity	
163	LIC	AP26/LIC/RA/04/02	Reviewing and approving the annual power procurement plan under Section 5(3)(o) of SLEA 2024	Electricity	

164	LIC	AP26/LIC/RA/04/03	Monitoring the implementation of the approved annual power procurement plan	Electricity	
165	LIC	AP26/LIC/RA/04/04	Risk report on Continuous Power Supply (Quarterly)	Electricity	
166	LIC	AP26/LIC/RA/05/04	Operational Oversight and Maintenance of Licensing Management System	Electricity	-
167	LIC	AP26/LIC/RA/05/05	Review of Ancillary Service Agreements	Electricity	-
168	LIC	AP26/LIC/RA/05/06	Operational Oversight and Maintenance of Licensee Information Submission System	Electricity	1,340,000.00
169	LIC	AP26/LIC/RA/06/01	Dispatch Data Dissemination through Dispatch Data Dashboard	Electricity	
170	LIC	AP26/LIC/RA/06/02	Generation Performance and Costs Reports	Electricity	
171	LIC	AP26/LIC/RA/06/03	Transmission Performance Report - 2025	Electricity	
172	LIC	AP26/LIC/RA/06/04	Dispatch Analysis Reports	Electricity	
173	LIC	AP26/LIC/RA/06/05	Lubricant Market Performance Report Publication	Lubricant	-
174	LIC	AP26/LIC/RA/06/06	2026 Activity Plan Preparation & Other Admin/Miscellaneous work	Electricity	-
					18,590,000.00
	Corporate	AP26/CCO/RU/01	Master Communicattion		6,950,000.00
175	Corporate	AP26/CCO/RU/01/01	42 Public Consultations		
176	Corporate		50 Awareness for Electricians and the Public on New Rules, Regulations, Procedures and Guideline		
177	Corporate		24 Awareness for Regional Journalists		
178	Corporate		10 Press Release		
179	Corporate		04 Press Conference		
180	Corporate		10 Newspaper Articles		
181	Corporate		Social Media Campaign on PUCSL & Activities		
182	Corporate		Planning and coordination of the SAFIR Conference in collaboration with relevant stakeholder		

	Corporate	AP26/CCO/RU/02	Accreditation Pathway to Skilled Utility Professionals		18,000,000.00
183	Corporate	AP26/CCO/RU/02/01	facilitating 1200 Electricians to obtain qualification		
184	Corporate	AP26/CCO/RU/02/02	facilitating 300 Plumbers to obtain qualification		
185	Corporate	AP26/CCO/RU/02/03	facilitating 300 AC/Refrigeration/Mobile AC Technicians to obtain qualification		
186	Corporate	AP26/CCO/RU/02/04	facilitating 200 Solar Technicians to obtain qualification		
187	Corporate	AP26/CCO/RU/02/05	1500 ID Issuance and Database Management		
188	Corporate	AP26/CCO/RU/02/06	24 Events on ID Issuances		
189	Corporate	AP26/CCO/RU/02/07	24 Events on Certificate Issuance		
	Corporate	AP26/CCO/RU/03	Corporate Reports		500,000.00
190	Corporate	AP26/CCO/RU/03/01	2026 Annual Report Writing & Submission		
191	Corporate	AP26/CCO/RU/03/02	2026 Activity Plan Writing & Submission		
192	Corporate	AP26/CCO/RU/03/03	Report to the Central bank		
193	Corporate	AP26/CCO/RU/03/04	special reports required by various institutions		
194	Corporate	AP26/CCO/RU/03/05	RTI Facilitation/RTI Report		
195	Corporate	AP26/CCO/RU/03/06	Compilation of information by the Department of the Auditor General, prepared for the quest, replies to Queries		
196	Corporate	AP26/CCO/RU/03/07	Compilation of reports with Quarterly & Mid-Year Progress Reports		
	Corporate	AP26/CCO/RU/04	Information Dissemination		4,500,000.00
197	Corporate	AP26/CCO/RU/04/01	Web and Social Media Content Development		
198	Corporate	AP26/CCO/RU/04/02	Development of PUCSL Website (Phase 2)		
199	Corporate	AP26/CCO/RU/04/03	Development of PUCSL AI Chatbot for Stakeholder Assistance		

200	Corporate	AP26/CCO/RU/04/04	TIS Mobile App - Promotion		
201			Other divisional Activities		
					29,950,000.00
202	HR	AP26/HR/CP/01	Revisions to HR Manuals		1,500,000.00
203	HR	AP26/HR/CP/02	Implementation of HR Recommendation (Phase II)		-
204	HR	AP26/HR/CP/03	HRIS Modification		-
205	HR	AP26/HR/CP/04	2027 Activity Plan Presentation		1,500,000.00
206	HR	AP26/HR/CP/05	Capacity Building Training Programs		9,000,000.00
207	HR	AP26/HR/CP/06	Renovation and modification of the Conference Room and the Chairman's Office located on the 6th Floor		
208	HR	AP26/HR/RU/01	Supportive operationsl activities		
209	HR	AP26/HR/RU/02	General services and Utilities		
210	HR	AP26/HR/RU/03	Transport Operations		
					12,000,000.00
211	RA	AP/2025/RA/CP/03/01	Guidelines on Rooftop Solar PV Schemes – classifications and standardization	Electricity	4,500,000.00
212	RA	AP26/RA/CP/01	Introduce and operationalize Open Access	Electricity	1,300,000.00
213	RA	AP/2021/RA/CP/01	Prepare Institutional Disaster Management Plans for Petroleum Utilities	Petroleum	2,000,000.00
214	RA	AP/2020/RA/CP/04	Formulate advise to the Government on the duty structure of imported and locally blended Lubricants	Petroleum	3,503,640.00
					11,303,640.00
	Total				225,068,640.00

Annex 1: Organizational Structure



Annex 2: Report on Electricity Cost Recovery - 2025

PUBLIC UTILITIES COMMISSION OF SRI LANKA

Report on Annual Electricity Cost Recovery - 2025

June - 2026

Contents

List of Acronyms 188

1. Introduction 189

2. Tariff Reviews in Year 2025 189

3. Approved Forecast Costs 190

3.1. Electricity Generation Cost 190

3.2. Electricity Transmission and Bulk Supply Operations Business Cost 196

3.3. Electricity Distribution & Supply Cost 196

3.4. Summary of Approved Annual Costs 197

4. Forecast Electricity Sales Revenue 197

5. Actual Costs and Revenue 197

6. Ex-post Analysis on Cost Recovery 198

6.1. Generation – Energy Cost 198

6.2. Generation – Capacity Cost .....

6.3. Finance Cost – BSOB 199

6.4. Electricity Sales Revenue 199

List of Acronyms

AWPLR	Average Weighted Prime Lending Rate
BSOB	Bulk Supply Operations Business
BST	Bulk Supply Tariff
BSTA	Bulk Supply Transaction Account
CAPEX	Capital Expenditure
CEB	Ceylon Electricity Board
DL	Distribution Licensee
EDL	Electricity Distribution Lanka (Pvt) Ltd.
EDL	Electricity Distribution Lanka (Pvt) Ltd.
EGL	Electricity Generation Lanka (Pvt) Ltd.
EGL	Electricity Generation Lanka (Pvt) Ltd.
IPP	Independent Power Producers
LECO	Lanka Electricity Company Private Limited
MLKR	Million Sri Lankan Rupees
NCRE	Non-Conventional Renewable Energy
NSO	National System Operator (Pvt) Ltd.
NSO	National System Operator (Pvt) Ltd.
NTNSP	National Transmission Network Service Provider (Pvt) Ltd.
NTNSP	National Transmission Network Service Provider (Pvt) Ltd.
O&M	Operation and Maintenance
OPEX	Operational Expenditure
PPA	Power Purchase Agreement
RE	Renewable Energy
TL	Transmission Licensee
ToU	Time of Use
UNT	Uniform National Tariff

1. Introduction

The Sri Lankan Electricity supply sector operated with the entities licensed for the following functions, under the Sri Lanka Electricity Act No. 20 of 2009, until March 08, 2026.

Table 1: Licensed Electricity industry functions

Function	License	Entities
Electricity Generation	Generation License	CEB - Generation, IPPs
Electricity Transmission and Bulk Supply Operations Business	Transmission License	CEB – Transmission
Electricity Distribution and Supply	Distribution and Supply License	CEB – Distribution, LECO

However, it is to be noted that the Sri Lankan electricity industry has been restructured with the full enactment of the Sri Lanka Electricity Act No. 36 of 2024 (Amended) in March - 2026. The main functions of CEB on electricity supply have been assigned to the following successor entities.

1. Electricity Generation Lanka Private Limited (EGL) – Electricity generation
2. National Transmission Network Service Provider Private Limited (NTNSP) – Electricity transmission
3. National System Operator Private Limited (NSO) – System operation and bulk supply business
4. Electricity Distribution Lanka Private Limited (EDL) – Electricity distribution and supply

Accordingly, in the restructured industry setup, the NSO is identified as the single buyer, until open access is introduced.

This report analyses the electricity supply costs by the industry functions and the total revenue recovered through electricity tariffs. The analysis also focuses on comparing the cost/revenue forecasts with the realized values. Through the results of the analysis, the report assesses the cost recovery of electricity supply sector of Sri Lanka, in the year of 2025. This annual cost recovery report is published as required under the 'Procedure for Review and Adjustment of Tariffs Rules No. 01 of 2026'.

2. Tariff Reviews in Year 2025

Three end user tariff reviews were conducted in the year 2025. The outcomes of these reviews are summarized in the table below.

Table 2: Summary of end user tariff reviews in year 2025

End User Tariff Decision	Type of Tariff Revision	Approved Overall Revenue Increase Percentage (%)
January - 2025	Downward	-20%
June - 2025	Upward	+15%
October - 2025	No Change	0%

These reviews have formed the basis for the approval of electricity supply costs for the year 2025. The end user tariffs and bulk supply tariffs have been calculated considering these approved costs and sales forecasts. Accordingly, the resulting tariffs are anticipated to recover all the supply costs.

3. Approved Forecast Costs

3.1. Electricity Generation Cost

The Generation cost comprises of a 'Capacity Cost' and an 'Energy Cost', which covers the cost of CEB Generation Licensee and other IPPs.

The approved quarterly Generation – Capacity Costs for year 2025 are shown in the tables below.

Table 3: Approved Generation - Capacity Cost for 1st Quarter of 2026

Plant/Complex	Unit	Jan-25	Feb-25	Mar-25
Mahaweli – Hydro	MLKR	400.86	403.20	403.20
Laxapana – Hydro	MLKR	395.32	395.32	395.32
Samanala – Hydro	MLKR	261.94	261.94	261.94
Thambapawani – Wind	MLKR	551.71	551.71	551.71
Sapugaskanda Old – Furnace Oil	MLKR	71.69	71.69	71.69
Sapugaskanda Ext. – Furnace Oil	MLKR	73.73	73.73	73.73
Kelanitissa Small GT – Diesel	MLKR	43.81	44.77	44.77
Kelanitissa GT7 – Disel	MLKR	78.73	78.73	78.73
Kelanitissa Combined Cycle 1 – Naphtha/Diesel	MLKR	102.73	102.73	102.73
Kelanitissa Combined Cycle 2 – Diesel	MLKR	90.62	70.44	70.44
Lakvijaya – Coal	MLKR	1,081.26	1,097.66	1,128.96
New Chunnakam – Furnace Oil	MLKR	29.17	29.17	29.17
Chunnakam & Islands – Diesel	MLKR	8.77	8.77	8.77
Barge – Furnace Oil	MLKR	51.46	51.46	53.12
30MW Hambantota – Diesel	MLKR	17.48	17.48	17.48
20MW Mathugama – Diesel	MLKR	11.65	11.65	11.65
Westcoast IPP – Furnace Oil	MLKR	1,306.71	1,192.96	1,306.31
Sobadhanavi IPP – Diesel/LNG	MLKR	25.00	25.00	25.00
Rooftop solar	MLKR	-	-	-
Other renewables	MLKR	-	-	-
TOTAL	**MLKR**	**4,602.64**	**4,488.41**	**4,634.72**

Table 4: Approved Generation - Capacity Cost for 2nd Quarter of 2026

Plant/Complex	Unit	Apr-25	May-25	Jun-25
Mahaweli – Hydro	MLKR	409.87	409.87	1,865.00
Laxapana – Hydro	MLKR	395.32	395.32	299.00
Samanala – Hydro	MLKR	261.94	261.94	236.00
Thambapawani – Wind	MLKR	551.71	551.71	550.00
Sapugaskanda Old – Furnace Oil	MLKR	71.69	71.69	65.00
Sapugaskanda Ext. – Furnace Oil	MLKR	73.73	73.73	67.00
Kelanitissa Small GT – Diesel	MLKR	44.77	44.77	44.00
Kelanitissa GT7 – Disel	MLKR	78.73	78.73	77.00
Kelanitissa Combined Cycle 1 – Naphtha/Diesel	MLKR	102.73	102.73	94.00
Kelanitissa Combined Cycle 2 – Diesel	MLKR	70.44	90.62	88.00
Lakvijaya – Coal	MLKR	1,135.23	1,141.49	1,008.00

New Chunnakam – Furnace Oil	MLKR	29.17	29.17	28.00
Chunnakam & Islands – Diesel	MLKR	8.77	8.77	9.00
Barge – Furnace Oil	MLKR	53.12	53.12	51.00
30MW Hambantota – Diesel	MLKR	26.10	17.48	26.00
20MW Mathugama – Diesel	MLKR	11.65	11.65	17.00
Westcoast IPP – Furnace Oil	MLKR	1,268.52	1,393.59	1,404.00
Sobadhanavi IPP – Diesel/LNG	MLKR	1,198.62	1,237.74	1,193.00
Rooftop solar	MLKR	-	-	-
Other renewables	MLKR	-	-	-
TOTAL	**MLKR**	**5,792.11**	**5,974.12**	**7,121.00**

Table 5: Approved Generation - Capacity Cost for 3rd Quarter of 2026

Plant/Complex	Unit	Jul-25	Aug-25	Sep-25
Mahaweli – Hydro	MLKR	400.03	411.64	416.00
Laxapana – Hydro	MLKR	552.80	557.68	559.51
Samanala – Hydro	MLKR	294.69	299.60	751.45
Thambapawani – Wind	MLKR	560.19	560.19	560.19
Sapugaskanda Old – Furnace Oil	MLKR	68.78	71.75	72.86
Sapugaskanda Ext. – Furnace Oil	MLKR	70.75	73.80	74.94
Kelanitissa Small GT – Diesel	MLKR	45.63	46.23	46.46
Kelanitissa GT7 – Disel	MLKR	81.99	83.07	83.48
Kelanitissa Combined Cycle 1 – Naphtha/Diesel	MLKR	100.20	101.36	101.79
Kelanitissa Combined Cycle 2 – Diesel	MLKR	73.49	74.02	74.22
Lakvijaya – Coal	MLKR	1,058.65	1,094.78	1,108.33
New Chunnakam – Furnace Oil	MLKR	49.87	51.08	51.53
Chunnakam & Islands – Diesel	MLKR	8.81	8.81	8.81
Barge – Furnace Oil	MLKR	54.38	57.27	58.35
30MW Hambantota – Diesel	MLKR	26.70	26.70	26.70
20MW Mathugama – Diesel	MLKR	17.80	17.80	17.80
Westcoast IPP – Furnace Oil	MLKR	1,446.07	1,446.07	1,403.78
Sobadhanavi IPP – Diesel/LNG	MLKR	1,231.98	1,231.98	1,193.04
Rooftop solar	MLKR	-	-	-
Other renewables	MLKR	-	-	-
TOTAL	**MLKR**	**6,142.81**	**6,213.83**	**6,609.24**

Table 6: Approved Generation - Capacity Cost for 4th Quarter of 2026

Plant/Complex	Unit	Oct-25	Nov-25	Dec-25
Mahaweli – Hydro	MLKR	435.60	435.60	446.86
Laxapana – Hydro	MLKR	550.20	558.52	558.52
Samanala – Hydro	MLKR	312.81	312.89	313.09
Thambapawani – Wind	MLKR	560.19	560.19	560.19
Sapugaskanda Old – Furnace Oil	MLKR	61.48	61.48	61.48
Sapugaskanda Ext. – Furnace Oil	MLKR	67.72	67.72	72.19

Kelanitissa Small GT – Diesel	MLKR	45.53	45.53	45.53
Kelanitissa GT7 – Disel	MLKR	81.82	81.82	81.82
Kelanitissa Combined Cycle 1 – Naphtha/Diesel	MLKR	92.11	92.11	92.11
Kelanitissa Combined Cycle 2 – Diesel	MLKR	84.98	84.98	84.98
Lakvijaya – Coal	MLKR	1,127.83	1,141.58	1,159.00
New Chunnakam – Furnace Oil	MLKR	51.44	51.44	51.44
Chunnakam & Islands – Diesel	MLKR	8.84	8.84	8.84
Barge – Furnace Oil	MLKR	50.86	50.86	53.42
30MW Hambantota – Diesel	MLKR	27.12	27.12	27.12
20MW Mathugama – Diesel	MLKR	18.08	18.08	18.08
Westcoast IPP – Furnace Oil	MLKR	1,448.91	1,406.52	1,448.91
Sobadhanavi IPP – Diesel/LNG	MLKR	1,219.13	1,180.61	1,219.13
Rooftop solar	MLKR	-	-	-
Other renewables	MLKR	-	-	-
TOTAL	**MLKR**	**6,244.60**	**6,185.90**	**6,302.70**

The approved quarterly Generation – Energy Costs for year 2025 are shown in the tables below.

Table 7: Approved Generation - Energy Cost for 1st Quarter of 2026

Plant/Complex	Unit	Jan-25	Feb-25	Mar-25
Mahaweli/Laxapana/Samanala - Hydro	GWh	356.00	307.00	309.00
	LKR/kWh	-	-	-
Thambapawani – Wind	GWh	20.34	21.00	12.18
	LKR/kWh	-	-	-
Sapugaskanda Old – Furnace Oil	GWh	27.66	26.90	30.32
	LKR/kWh	46.02	46.10	45.76
Sapugaskanda Ext. – Furnace Oil	GWh	34.83	34.47	38.17
	LKR/kWh	42.38	42.40	42.19
Kelanitissa Small GT – Diesel	GWh	-	-	-
	LKR/kWh	-	-	-
Kelanitissa GT7 – Diesel	GWh	-	-	-
	LKR/kWh	-	-	-
Kelanitissa Combined Cycle 1 – Naphtha/Diesel	GWh	78.33	84.57	84.94
	LKR/kWh	40.31	40.25	40.25
Kelanitissa Combined Cycle 2 – Diesel	GWh	-	-	4.27
	LKR/kWh	-	-	77.19
Lakvijaya – Coal	GWh	518.87	489.89	542.38
	LKR/kWh	20.16	20.20	20.13
New Chunnakam – Furnace Oil	GWh	10.80	10.69	11.84
	LKR/kWh	42.47	42.49	42.27
Chunnakam & Islands – Diesel	GWh	-	-	-
	LKR/kWh	-	-	-
Barge – Furnace Oil	GWh	35.37	32.66	36.16
	LKR/kWh	42.59	42.80	42.53
30MW Hambantota – Diesel	GWh	-	-	-

	LKR/kWh	-	-	-
20MW Mathugama – Diesel	GWh	-	-	-
	LKR/kWh	-	-	-
Westcoast IPP – Furnace Oil	GWh	63.29	65.88	168.44
	LKR/kWh	49.30	49.26	48.73
Sobadhanavi IPP – Diesel/LNG	GWh	-	-	-
	LKR/kWh	-	-	-
Other renewable	GWh	155.10	121.80	134.40
	LKR/kWh	18.84	19.16	17.87
Solar Rooftop Generation	GWh	116.56	126.21	146.41
	LKR/kWh	26.47	26.47	26.47
Total Generated Energy	**GWh**	**1,417.15**	**1,321.07**	**1,518.51**
Monthly Energy Cost	**MLKR**	**27,460.00**	**26,772.00**	**34,189.00**
Total Energy Cost	**MLKR**			**88,421.00**

Table 8: Approved Generation - Energy Cost for 2nd Quarter of 2026

Plant/Complex	Unit	Apr-25	May-25	Jun-25
Mahaweli/Laxapana/Samanala - Hydro	GWh	352.00	474.00	513.59
	LKR/kWh	-	-	-
Thambapawani – Wind	GWh	5.75	42.98	58.88
	LKR/kWh	-	-	-
Sapugaskanda Old – Furnace Oil	GWh	29.38	-	10.48
	LKR/kWh	45.84	-	47.52
Sapugaskanda Ext. – Furnace Oil	GWh	36.94	12.25	26.00
	LKR/kWh	42.26	46.27	40.49
Kelanitissa Small GT – Diesel	GWh	-	-	-
	LKR/kWh	-	-	-
Kelanitissa GT7 – Diesel	GWh	-	-	-
	LKR/kWh	-	-	-
Kelanitissa Combined Cycle 1 – Naphtha/Diesel	GWh	84.98	72.25	31.89
	LKR/kWh	40.25	40.37	37.34
Kelanitissa Combined Cycle 2 – Diesel	GWh	-	-	-
	LKR/kWh	-	-	-
Lakvijaya – Coal	GWh	524.88	526.10	367.42
	LKR/kWh	20.15	20.27	19.65
New Chunnakam – Furnace Oil	GWh	11.46	9.36	5.90
	LKR/kWh	42.34	42.81	41.98
Chunnakam & Islands – Diesel	GWh	-	-	0.20
	LKR/kWh	-	-	88.21
Barge – Furnace Oil	GWh	34.99	20.62	17.90
	LKR/kWh	42.62	44.43	42.45
30MW Hambantota – Diesel	GWh	-	-	-
	LKR/kWh	-	-	-
20MW Mathugama – Diesel	GWh	-	-	-
	LKR/kWh	-	-	-

Westcoast IPP – Furnace Oil	GWh	32.83	-	26.90
	LKR/kWh	50.13	-	47.26
Sobadhanavi IPP – Diesel/LNG	GWh	-	-	-
	LKR/kWh	-	-	-
Other renewable	GWh	137.66	215.17	129.02
	LKR/kWh	18.43	17.04	29.24
Solar Rooftop Generation	GWh	147.60	134.85	242.76
	LKR/kWh	26.47	26.47	17.00
Total Generated Energy	**GWh**	**1,398.47**	**1,507.58**	**1,430.94**
Monthly Energy Cost	**MLKR**	**26,972.00**	**22,699.00**	**20,158.00**
Total Energy Cost	**MLKR**			**69,829.00**

Table 9: Approved Generation - Energy Cost for 3rd Quarter of 2026

Plant/Complex	Unit	Jul-25	Aug-25	Sep-25
Mahaweli/Laxapana/Samanala - Hydro	GWh	483.5	357.56	389.64
	LKR/kWh	-	-	-
Thambapawani – Wind	GWh	52.44	51.06	48.38
	LKR/kWh	-	-	-
Sapugaskanda Old – Furnace Oil	GWh	16.41	15.79	5.83
	LKR/kWh	44.96	45.15	52.26
Sapugaskanda Ext. – Furnace Oil	GWh	32.35	20.75	13.53
	LKR/kWh	39.95	41.29	43.27
Kelanitissa Small GT – Diesel	GWh	-	-	-
	LKR/kWh	-	-	-
Kelanitissa GT7 – Diesel	GWh	-	-	-
	LKR/kWh	-	-	-
Kelanitissa Combined Cycle 1 – Naphtha/Diesel	GWh	77.27	70.03	49.15
	LKR/kWh	36.2	36.27	36.44
Kelanitissa Combined Cycle 2 – Diesel	GWh	0.47	0.94	0.91
	LKR/kWh	379.74	182.61	145.93
Lakvijaya – Coal	GWh	379.67	526.1	508.02
	LKR/kWh	19.06	18.43	17.95
New Chunnakam – Furnace Oil	GWh	8.75	5.53	3.69
	LKR/kWh	39.16	40.09	41.36
Chunnakam & Islands – Diesel	GWh	0.2	0.2	0.2
	LKR/kWh	88.21	88.21	88.21
Barge – Furnace Oil	GWh	23.82	18.97	11.78
	LKR/kWh	40.53	41.35	43.81
30MW Hambantota – Diesel	GWh	-	-	-
	LKR/kWh	-	-	-
20MW Mathugama – Diesel	GWh	-	-	-
	LKR/kWh	-	-	-
Westcoast IPP – Furnace Oil	GWh	53.33	57.62	19.25
	LKR/kWh	46.27	46.19	48.05
Sobadhanavi IPP – Diesel/LNG	GWh	-	-	-

	LKR/kWh	-	-	-
Solar Rooftop Generation	GWh	147	147.99	156.29
	LKR/kWh	29.24	29.24	29.24
Other renewable	GWh	218.3	225.34	219.17
	LKR/kWh	17.33	17.32	17.32
Total Generated Energy	**GWh**	**1,494**	**1,498**	**1,426**
Monthly Energy Cost	**MLKR**	**24,116**	**25,892**	**21,909**
Total Energy Cost	**MLKR**			**71,917.00**

Table 10: Approved Generation - Energy Cost for 4th Quarter of 2026

Plant/Complex	Unit	Oct-25	Nov-25	Dec-25
Mahaweli/Laxapana/Samanala - Hydro	GWh	575.68	472.74	444.85
	LKR/kWh	-	-	-
Thambapawani – Wind	GWh	21.4	14.33	20.92
	LKR/kWh	-	-	-
Sapugaskanda Old – Furnace Oil	GWh	13.09	26.78	8.5
	LKR/kWh	47.94	45.2	50.37
Sapugaskanda Ext. – Furnace Oil	GWh	24.13	36.94	27.21
	LKR/kWh	42.63	41.65	42.31
Kelanitissa Small GT – Diesel	GWh	-	-	-
	LKR/kWh	-	-	-
Kelanitissa GT7 – Diesel	GWh	-	-	-
	LKR/kWh	-	-	-
Kelanitissa Combined Cycle 1 – Naphtha/Diesel	GWh	67.1	84.53	68.47
	LKR/kWh	39.02	38.85	38.88
Kelanitissa Combined Cycle 2 – Diesel	GWh	-	-	-
	LKR/kWh	-	-	-
Lakvijaya – Coal	GWh	346.84	335.65	520.26
	LKR/kWh	17.93	17.56	17.81
New Chunnakam – Furnace Oil	GWh	6.57	10.11	5.07
	LKR/kWh	41.94	41.19	42.57
Chunnakam & Islands – Diesel	GWh	0.2	0.2	0.2
	LKR/kWh	92.89	92.89	92.89
Barge – Furnace Oil	GWh	18.49	33.05	14.95
	LKR/kWh	43.69	41.87	44.67
30MW Hambantota – Diesel	GWh	-	-	-
	LKR/kWh	-	-	-
20MW Mathugama – Diesel	GWh	-	-	-
	LKR/kWh	-	-	-
Westcoast IPP – Furnace Oil	GWh	36.72	51.18	10.41
	LKR/kWh	49.77	49.33	53.7
Sobadhanavi IPP – Diesel/LNG	GWh	-	-	-
	LKR/kWh	-	-	-
Solar Rooftop Generation	GWh	162.41	145.96	153.53
	LKR/kWh	28.23	28.23	28.23

Other renewable	GWh	226.64	211.88	192.21
	LKR/kWh	17.06	16.92	17.28
Total Generated Energy	**GWh**	**1,499**	**1,423**	**1,467**
Monthly Energy Cost	**MLKR**	**21,874**	**23,973**	**22,623**
Total Energy Cost	**MLKR**			**68,470.00**

The summary of approved Generation Costs for the year 2025 is given below.

Table 11: Summary of Approved Generation Costs for year 2025

Item	Unit	2025Q1	2025Q2	2025Q3	2025Q4	Total for 2025
Generation Capacity Cost	MLKR	13,726	18,887	18,966	18,733	70,312
Generation Energy Cost	MLKR	88,421	69,829	71,917	68,470	298,637
Total Generation Cost	MLKR	102,147	88,716	90,883	87,203	368,949

3.2. Electricity Transmission and Bulk Supply Operations Business Cost

The Transmission and Bulk Supply Operations Business costs are approved considering the full year. This includes the cost of CEB – Transmission Licensee. The approved costs for year 2025 are given in the table below.

Table 12: Approved Transmission & BSOB Costs for year 2025

Item	Unit	Amount
Transmission Cost	MLKR	19,740
Bulk Supply Operations Business Cost	MLKR	2,072
Total Transmission and BSOB Cost	MLKR	21,812

Additionally, a finance cost is approved for the Bulk Supply Operations Business. The approved quarterly finance costs are given in the table below.

Table 13: Approved BSOB finance costs for year 2025

Item	Unit	Amount
BSOB Finance Cost for 2025Q1	MLKR	3,835
BSOB Finance Cost for 2025Q2	MLKR	5,557
BSOB Finance Cost for 2025Q3	MLKR	5,625
BSOB Finance Cost for 2025Q4	MLKR	7,830
Total BSOB Finance Cost	MLKR	22,847

3.3. Electricity Distribution & Supply Cost

The Distribution and Supply costs are approved considering the full year. This includes the cost of CEB – Distribution Licensees and the LECO – Distribution Licensee. The approved costs for year 2025 are given in the table below.

Table 14: Approved Distribution & Supply Costs for year 2025

Item	Unit	Amount
CEB Distribution Cost	MLKR	79,500
LECO Distribution Cost	MLKR	7,796
Total Distribution Cost	MLKR	87,296

3.4. Summary of Approved Annual Costs

A summary of approved annual costs is provided in the table below.

Table 15: Summary of all approved costs

Item		Unit	Amount for 2025
Generation Cost	Energy Cost	MLKR	298,637
	Capacity Cost	MLKR	70,312
Transmission & BSOB Cost	Transmission Cost	MLKR	19,740
	BSOB Cost	MLKR	2,072
	BSOB Finance Cost	MLKR	22,847
Distribution Cost	CEB Cost	MLKR	79,500
	LECO Cost	MLKR	7,796
Total		MLKR	500,904

The above cost forecast has considered an annual net generation of 17,400 GWh.

4. Forecast Electricity Sales Revenue

The electricity tariffs are set in a way to recover the forecasted costs, through the sale of forecasted quantity of electricity units. However, as per the Tariff Methodology any revenue surplus/deficit carried forward from the past periods shall also be compensated in the tariff setting. Accordingly, an overall revenue surplus of MLKR 57,070 is applicable to be considered during tariff setting for the year 2025. However, due to the limited data availability and to reduce the volatility of electricity tariffs, only a surplus of MLKR 43,486 has been considered for tariffing. Thus, the forecasted revenue for the year 2025 comes down to MLKR 457,418.

5. Actual Costs and Revenue

The actual bulk supply cost for the year 2025 has been submitted by CEB, for the 2nd quarter tariff review of 2026. The verified actual cost through the review process is provided below.

Table 16: Actual electricity supply costs for year 2025

Item		Unit	Amount for 2025
Generation Cost	Energy Cost	MLKR	284,621
	Capacity Cost	MLKR	69,137
Transmission & BSOB Cost	Transmission Cost*	MLKR	19,740
	BSOB Cost*	MLKR	2,072
	BSOB Finance Cost	MLKR	17,956
Distribution Cost	CEB Cost*	MLKR	79,500
	LECO Cost*	MLKR	7,796
Total		MLKR	480,822

*Note: Transmission Cost, BSOB Cost & Distribution Costs included above are based on the approved revenue caps and these comprises of a return on asset component too. The regulatory account submissions for year 2025 are yet to be received to verify the actual costs.

The above cost has been incurred in supplying an annual total net generation of 18,054 GWh.

The total electricity sales revenue of the year 2025, from all Distribution Licensees is MLKR 430,696. Additionally, a revenue surplus of MLKR 57,070 has been brought forward for the year 2025. Thus, the accumulated revenue for the year 2025 goes up to MLKR 487,766.

6. Ex-post Analysis on Cost Recovery

Based on the above information, the electricity supply industry cost recovery can be assessed as shown in the table below.

Table 17: Cost recovery of electricity industry for year 2025

Item	Unit	Amount
Accumulated Electricity Sales Revenue for year 2025	MLKR	487,766
Total Electricity Supply Cost for year 2025	MLKR	(480,822)
Revenue Surplus/(Deficit) for year 2025	MLKR	6,944

The actual cost/revenue data received from the Licensees indicate the accomplishment of full cost recovery of electricity industry for year 2025.

Despite reaching cost recovery, considerable deviations are observed between the forecasts and actual cost/revenue for the period. These deviations are indicated in the table below.

Table 18: Comparison of actual and forecasts

Item		Unit	Forecast for 2025	Actual for 2025	Increase
Total Electricity Sales Revenue		MLKR	457,418	430,696	(26,722)
Generation Cost	Energy Cost	MLKR	298,637	284,621	(14,016)
	Capacity Cost	MLKR	70,312	69,137	(1,175)
Transmission & BSOB Cost	Transmission Cost	MLKR	19,740	19,740	-
	BSOB Cost	MLKR	2,072	2,072	-
	BSOB Finance Cost	MLKR	22,847	17,956	(4,891)
Distribution Cost	CEB	MLKR	79,500	79,500	-
	LECO	MLKR	7,796	7,796	-
Total Cost		MLKR	500,904	480,822	(20,082)

The Transmission Cost, BSOB Cost and Distribution costs show no deviations as this evaluation has considered approved revenue caps for these items. The Generation – Energy Cost, Electricity Sales Revenue and Finance Cost are identified as the key items showing significant deviation from the forecast. These items are further analyzed in the following sections.

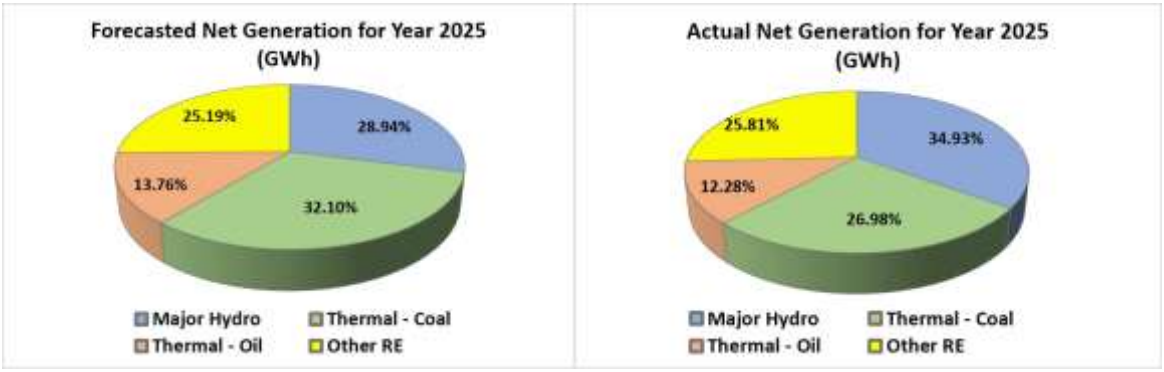
6.1. Generation – Energy Cost

The actual Generation – Energy Cost is found to be lower compared to the forecast, despite the actual generation being higher than the forecast. The variation in source wise electricity generation is shown below for detailed insight.

Table 19: Source wise electricity generation mix comparison

Generation Source	Net Generation for 2025			
	Forecast		Actual	
	GWh	%	GWh	%
Major Hydro	5,036	28.94%	6,306	34.93%
Thermal - Coal	5,586	32.10%	4,871	26.98%
Thermal - Oil	2,395	13.76%	2,218	12.28%
Other RE	4,384	25.19%	4,660	25.81%
Total	17,400	100.00%	18,054	100.00%

Figure 1: Source wise electricity generation mix



The significant increase in Major Hydro generation compared to the forecast has reduced the cost, due to replacement of costly thermal generation, with zero energy cost. Further, the marginal increase in low cost Other RE generation also contributes to reduced cost.

6.2. Finance Cost – BSOB

The finance cost of BSOB is lower than the forecast. These forecasts are linked to indices such as AWPLR. Accordingly, the changes to these indices would be reflected in the actual finance cost amount.

6.3. Electricity Sales Revenue

The electricity sales revenue shows a significant reduction, despite the increase in actual demand compared to the forecast. The changes to the sales mix could be the reason for this difference. Accordingly, it is important to verify the accuracy of sales forecasts in setting tariffs. Furthermore, the Distribution Licensees have informed on the recent trend among 'Net metering' solar rooftop prosumers drawing out banked energy in bulk. This could also be a factor for reduced actual revenue.

Accurate forecasting of sales revenue, with the presence of significant number of prosumer accounts under net metering schemes, is identified as a challenge. The sales forecasts of Distribution Licensees have been observed to be on different bases such as net units, gross units, billed units, etc. The Commission is in the process of standardizing these forecasts.

The Distribution Licensees would require capacity building for proper demand forecasting, along with the access to forecasting tools. Further, penalties on large forecasting errors has been identified as a possible remedy to reduce demand forecasting errors.