ANNUAL REPORT 2022

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Sri Lanka Sustainable Energy Authority

www.energy.gov.lk

Annual Report 2022

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Contents

About Us

Corporate Governance

Management Discussion and Analysis

Financial Information

Audit Report


paving the way
for energy
transition of the
country,

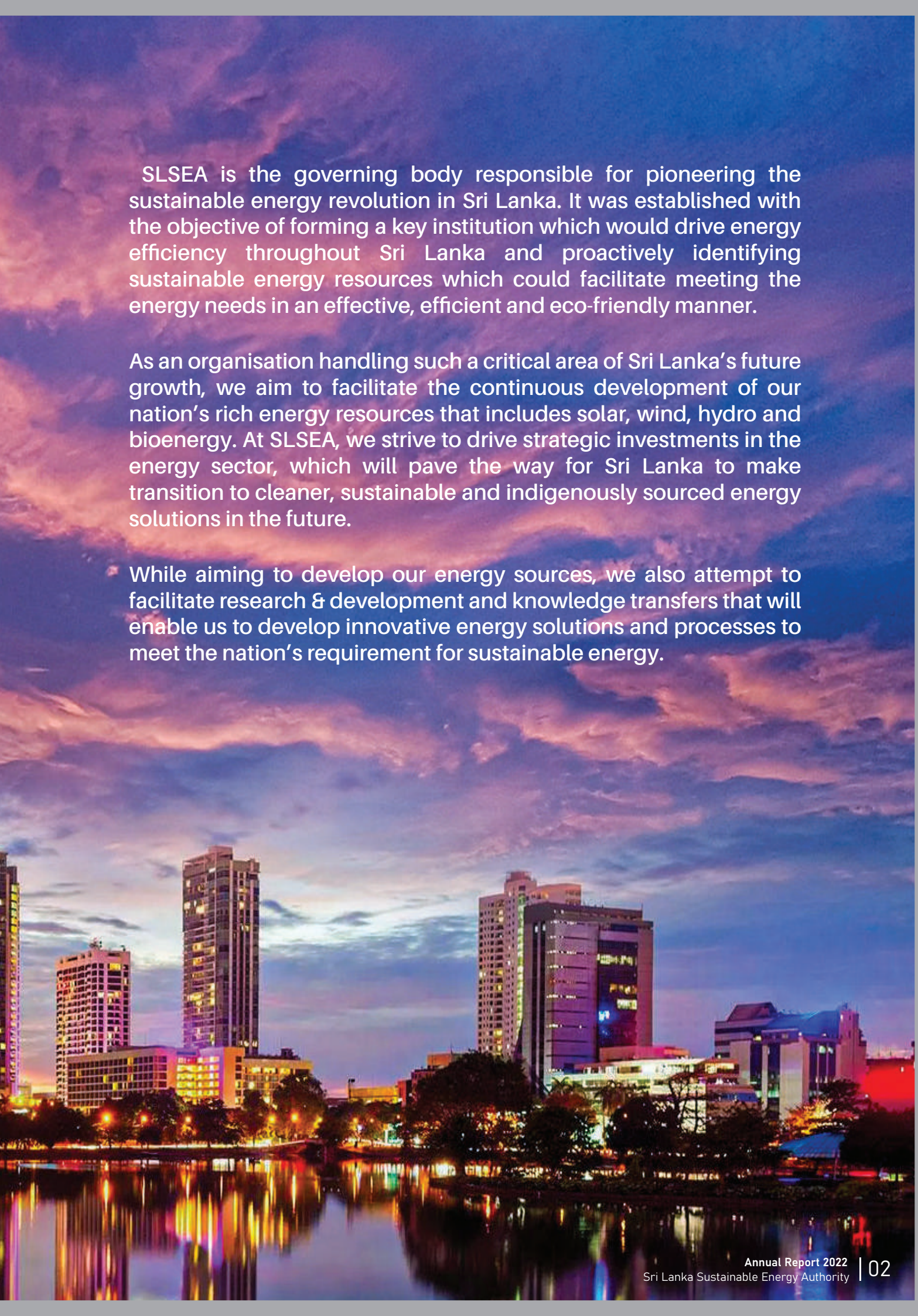
About Sustainable Energy Authority

The Sri Lanka Sustainable Energy Authority (SLSEA) was established on 1st October 2007 with the Sri Lanka Sustainable Energy Authority Act, No. 35 of 2007 by the Parliament of the Democratic Socialist Republic of Sri Lanka.

SLSEA is the governing body responsible for pioneering the sustainable energy revolution in Sri Lanka. It was established with the objective of forming a key institution which would drive energy efficiency throughout Sri Lanka and proactively identifying sustainable energy resources which could facilitate meeting the energy needs in an effective, efficient and eco-friendly manner.

As an organisation handling such a critical area of Sri Lanka's future growth, we aim to facilitate the continuous development of our nation's rich energy resources that includes solar, wind, hydro and bioenergy. At SLSEA, we strive to drive strategic investments in the energy sector, which will pave the way for Sri Lanka to make transition to cleaner, sustainable and indigenously sourced energy solutions in the future.

While aiming to develop our energy sources, we also attempt to facilitate research & development and knowledge transfers that will enable us to develop innovative energy solutions and processes to meet the nation's requirement for sustainable energy.



Vision

A Sustainable and Energy Secure Sri Lanka

Mission

"To establish sustainable energy value chains by providing leadership to renewable energy, energy management and journey towards energy sustainability through facilitation, regulation and knowledge management, paving the way for energy transition of the country, lowering the impact on the national economy and reducing the burden on the planet."

Our Goals

Goals provide direction on what action SLSEA would need to take in order to succeed in its Vision and Mission. These would go on to form the strategic objectives, strategies and activities. Goals identified by SLSEA are:

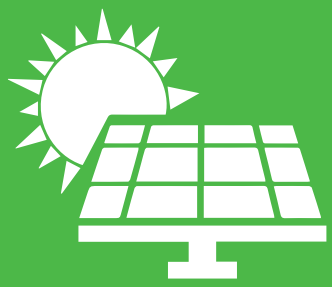
- ☑ Increase the renewable energy share in the primary energy supply
- ☑ Reduce energy waste across all sectors by energy efficiency improvement and conservation
- ☑ Create an environment conducive for a robust pipeline of sustainable energy programs to make those a strength to the economy
- ☑ Contribute to reduce GHG emissions from energy sector
- ☑ Create a policy framework to provide a fertile soil for sustainable energy programs
- ☑ Transform the society to an energy-conscious society

Core Values


Sustainability
Be a socially, economically and environmentally sustainable and conscious Authority, which places emphasis on long term gains for generations to come.
Integrity
Act in a reliable, ethical assuring the best interest of the Authority, its stakeholders and professional manner the society at large.
Continuous Improvement
Drive growth through the continuous improvement of processes, people and resources and adding value to them. Always monitor the Authority's growth for potential areas of improvement, while being innovative and achieving benefits to the nation.
Public Focus
Aim to support the growth of the country while contributing towards the national responsibility. Provide awareness and knowledge sharing to the broader community and support to uplift the local economy.
Core Values

Objectives

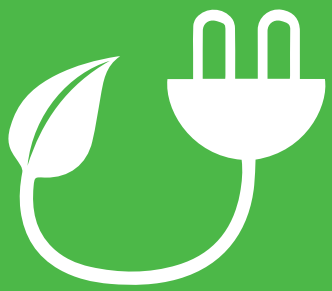
SLSEA's primary objects are prescribed in the Sri Lanka Sustainable Energy Authority Act No. 35 of 2007, as follows:



Identify, Assess and develop renewable energy resources with a view to enhance energy security and thereby derive economic and social benifits to the country.

Identify, Promote, Facilitate, implement and Manage energy efficiencey improvement and energy conservation programmes for use of energy in domestic , commercial , agricultural, transport, industrial and any other relevant sector.

Promote security, reliability and cost effectiveness of energy delivery to the country , by policy development and analysis and related information management.



Ensure that adequate funds are available for the authority to implements its objects, consistant with minimum economic cost of energy and energy security for the nation.

Corporate Milestones

01) Developing Conducive policies

02) Increasing the share of Renewable Energy

03) Improving Energy Efficiency

04) Empowering people

2007

- ☑ Establishment of SLSEA
- ☑ Sustainable Energy subject was introduced toNational Science Curriculum from Grade 6 to 11
- ☑ First corporate plan was launched for 2008-2012 period

2010

- ☑ Launched Vidulka Exhibition + Symposium + National Energy Efficiency Awards
- ☑ First mandatory energy labelled product – compact Fluorescent Lamp
- ☑ Launched net-metering scheme for rooftop power generation

2011

- ☑ School Energy clubs introduced
- ☑ Energised first grid connected solar power plant of 1.237 MW in Hambantota

2014

- ☑ Published Solar Resource Atlas of Sri Lanka

2015

- ☑ Reached 10% share of electricity generation from new renewable energy, realising the policy goal

2016

- ☑ Soorya Bala Sangramaya Programme launched for solar rooftop power generation, enhancing the net-metering scheme

2017

- ☑ Establishment of Presidential Task Force on Operation DSM with 10 thrust programmes

2018

- ☑ Reached the 100 MW target set for solar Roof tops under the soorya bala Sangramaya programme
- ☑ Completed highly satisfactory Sustainable Biomass Energy Project of the UNDP/FAO/GEF

2019

- ☑ National Energy Policy & Strategies of Sri Lanka Tabled in the Parliament
- ☑ Published the Guideline for Sustainable Energy Residences in Sri Lanka
- ☑ Published Biomass Resource Atlas of Sri Lanka
- ☑ Completed Energy NAMA Project of UNDP/FAO/GEF

2020

- ☑ Reach 1,000 MWh from Renewable Energy
- ☑ Exceed 300 MW from Solar Rooftop
- ☑ Compiled Renewable Energy Development Plan
- ☑ Energy Labeling Regulation finalised for ceiling fans & refrigerators
- ☑ Energy labeling regulation gazetted for LED Lamps

2021

- ☑ Exceed 400 MW from Solar Rooftop with above 30,000 systems
- ☑ Initiated EU assisted THREE Lanka Project
- ☑ Completed the revision of Code of Practice for Energy Efficient Buildings

2022

- ☑ **Completed Renewable Energy Resource Development Plan 2022- 2026**
- ☑ **Exceed 600 MW from Solar Rooftop with 45,000 systems**
- ☑ **Contribution 18% from New Renewable Energy share for the Total Generation**
- ☑ **Initiated to establish an Air conditioner Test facility.**

Performance Highlights

Description	Unit	2021	2022
Performance Highlights			
Renewable electricity generation	GWh	8562	8301
Cumulative capacity from small hydro power projects	MW	425	429
Cumulative capacity from solar power projects (ground mounted)	MW	100.4	130
Cumulative capicity from wind projects	MW	248.5	148
Cumulative capicity from biomass projects	MW	43.53	59
Cumulative no of solar rooftops connected to national grid	No	36.64	46,203
Cumulative capacity from solar rooftop projects	MW	499	656.97
Generation from solar rooftop projects	GWh	389	530
Energy Saving from efficient appliances	GWh	810	600
Co2 Avoided	Metric tones	6,512,603	
Human Capital			
Total staff of SLSEA	No	98	97
Nos. of employees more than 10 years	No	56	60
Nos. of employees more than 5 years	NO	76	77
Social and Relationship Capital			
Nos. of Energy Audits conducted	Nos.	3	5
Nos. of Energy Managers	Nos.	234	238
Nos. of equipment hiring days	Nos.	900	1140
Nos. of Energy Labeling standards published	Nos.		1
Nos. of Visitors for the Hambantota Solar Park	Nos.	51	
Nos. of Solar Service companies registered by SLSEA	Nos.	431	373
Nos. of Energy service companies registered by SLSEA	Nos.	29	29
Nos. of persons trained in energy management	Nos.	80	110
Nos. of persons trained in solar PV technology	Nos.	580*	
Nos. of Solar standards published	Nos.	1	-
Nos. of research facilitated	Nos.	1	-
Nos. of publications	Nos.	2	1

* in collaboration with PUCSL & NAITA, VTA, 3800 persons trained in additional to this

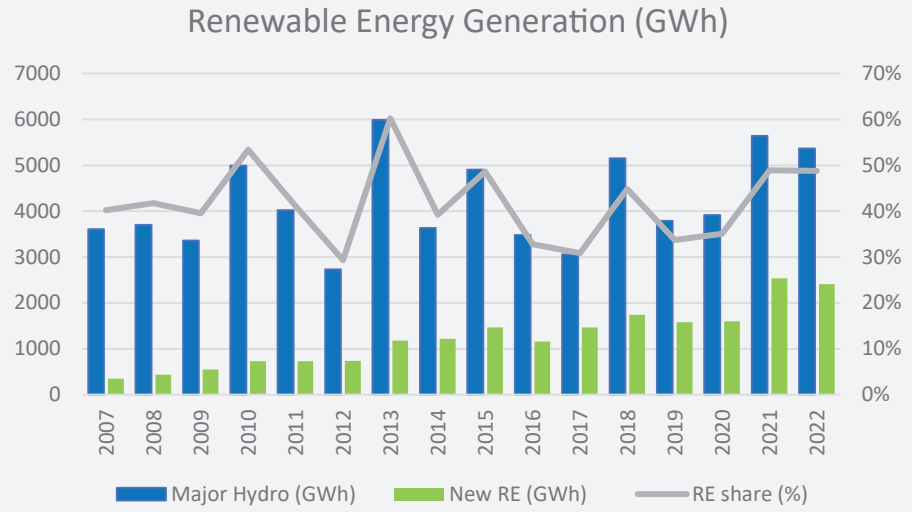
1,377 GWh → Cumulative generation from small hydro power projects

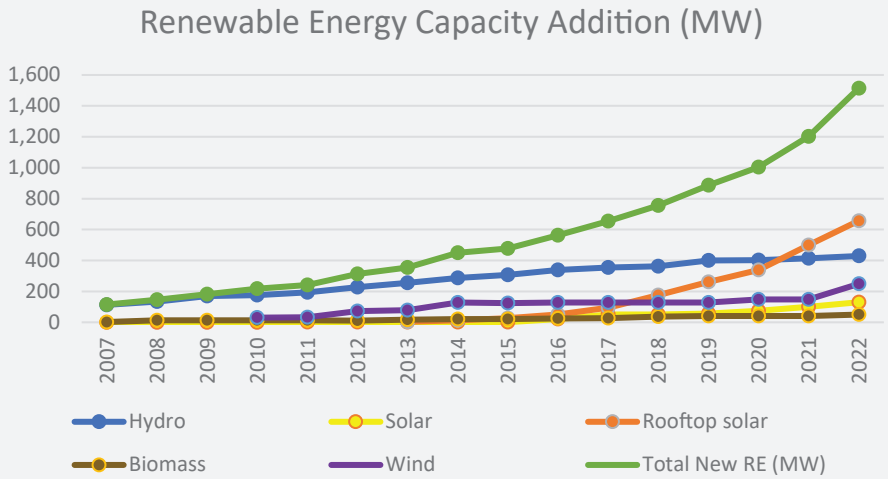
723 GWh → Cumulative generation from wind power projects

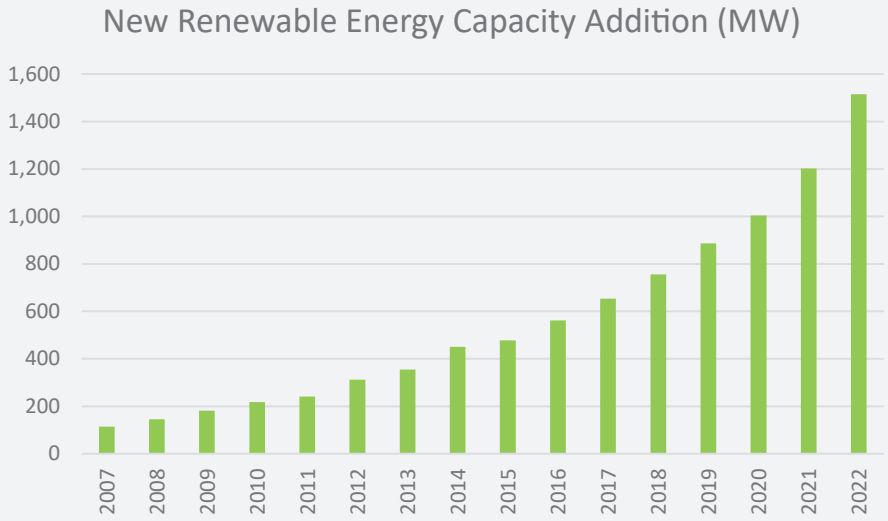
720 GWh → Cumulative generation from solar power projects

117 GWh → Cumulative generation from biomass projects

Achievements







Chairman Message

> Continuous dedication from the government to sustainable energy,

Sri Lanka has especially met difficulties in the recent past in meeting its energy needs, with the depletion of foreign exchange reserves in the country. Therefore, each step taken today to relieve the country of the particular burden, will make extensive contribution to its economic sustainability in a wide perspective. In this background, the significance of sustainable energy interventions is observed to be far more important than its presence in a general context. I would see the sustainable energy development programmes implemented in the year 2022, in this broad scope.

Continuous dedication from the government to sustainable energy, especially in the backdrop of the international treaties, supported to create a profound platform for the programmes being implemented in the subject. Especially the high sounding dialogue created, with the policy directive of the government towards 70% electricity generation from renewable energy sources by 2030, a wider understanding of many stakeholders on the importance of their contribution in streamlining the activities was observed, which has been a strength to us in our programmes. While appreciating the substantial progress in the activities in the areas of both supply side management and demand side management, I take this opportunity to thank all the stakeholders and my staff for the dedicated contribution towards these outputs. I would specifically mention the achievements in the project development activities implemented as Energy Park projects, where the initial project development activities are done by the government before the project implementation is carried out by the private sector.

The first project of this nature, Siyamballanduwa 100 MW solar power project was observed to reach a successful milestone in the year in focus, with a project developer getting selected and joined the project implementation activities. Further, in Mannar Phase II and Pooneryn wind power projects, the next Energy Parks projects being implemented, which were given high priority by the government, the involvement of SLSEA was noted to be important, especially in obtaining lands and the environmental impact assessment process. The support received from the stakeholder institutions in theses processes is to be highlighted herein, and the continuous support from the relevant agencies and the local communities for these projects will greatly support towards early implementation of these projects.

It would be opportune to understand the further increasing global trends in connection to the subject of sustainable energy, particularly in context of energy transition happening with a renewed interest at global level and the advancements in technology in a broader sense as well. So, in that respect, further commitments as a nation to go in par with these renowned global settings are observed to be a necessity. That process will need eventual support from further funding channels. So, the sound platform being created for sustainable energy, getting more and more strengthened, is our sole expectation, in order that the country will avail with a profound solution for its broad economic concerns, through a sustainably sourced secured supply of energy in the longer term.

Eng. Ranjith Sepala
Chairman
Sri Lanka Sustainable Energy Authority

Director General's Review

> Above all, the programme tremendously contributed towards the overall economy

In order for the country to have a strong renewable energy base, under the goal of carbon neutrality in 2050 as well as realizing 70% electricity generation from renewable energy sources by 2030, the platform that has been created is significant.

A wide profile of renewable energy programmes, ranging from solar rooftop systems to large-scale renewable energy parks could be implemented in 2022 to contribute towards this. Solar rooftop systems, apart from catered to a sizable energy share, contributed to the reduction in daytime electricity demand, creating more opportunity to conserve hydro power resources to meet the night- time peak.

Above all, the programme tremendously contributed towards the overall economy by way of creating job opportunities. In context of large-scale renewable energy projects, Siyambalanduwa 100 MW solar power project, Mannar Phase II wind power project and Pooneryn wind power project reached substantial progress creating opportunity to go for implementation in the next two years. As new technological interventions, off-shore wind, floating solar, etc.

received much attention. While, harnessing renewable energy was thus streamlined, we were of the fullest understanding that energy efficiency is the first fuel.

Our programmes in this end merged to creating a sound national system for conserving energy, where code of practice for energy efficient buildings, energy labeling programme, and energy consumption benchmarking and the related facilitation schemes were implemented as the focused areas. Continuous attention was made to inculcate the energy conservation culture into the social spectrum as well.

I'm extremely thankful to the stakeholder institutions, donor funding agencies, private sector and all those who made immense contributions in these programmes, who will be the part and parcel of the country's efforts towards 'A Sustainable and Energy Secure Sri Lanka'.

Eng. J. M. Athula
Director General
Sri Lanka Sustainable Energy Authority

Board of Management

Eng. Ranjith Sepala
Chairman
Sri Lanka Sustainable Energy Authority

Mr.Hemantha Samarakoon
Secretary
State Ministry of Solar, Wind and Hydro Power Development

Mrs. Nayana Nathavitharana
Additional Secretary
Ministry of Public Administration, Home Affairs, Provinical Councils & Local Government
(January - March 2022)

Ms. K.A.S.Maheshika
Additional Secretary
Ministry of Public Administration, Home Affairs, Provinical Councils & Local Government
(From Mach 2022)

Ms.P Naamagal
Director,
Minisrtry of Industries

Ms.E .A. R Renuka
Additional Secretary (Development)
Ministry of Lands and Land Development

Ms. Anjalika K Gunasekara
Director
Department of National Planning Ministry of Finance, Economy and Policy Development, Ministry of Finance
(January - February 2022)

Mr.N.M.S.P.Karunadasa
Assistant Director
Department of Public Enterprise, Ministry of Finance
(From February 2022)

Ms.Lathisha Liyanage
Additional Secretary (Admin. & Human Resources Development,
Ministry of Mahaweli, Agriculture, Irrigation and Rural Development

Mr.Damitha Kumarasinghe
Director General,
Public Utilities Commission

Mr.Chandrarathna Vithanage
Senior Assistant Secretary General
The Ceylon Chamber of Commerce

Mr.W.J.L.S.Fernando
Appointed Member

Mr.Ravindra Hewawitharana
secretary,
Ministry of Plantation Industries and Export Agriculture

Mrs.Kulani H W Karunarathna
Director (Investigation)
Ministry of Environement and Wildlife Resources

Mr. A.M.R.J.K.Jayasinghe
Secretary
Ministry of Transport
(From January - April 2022)

Mr. N.B.M. Ranathunga
Secretary
Ministry of Transport
(From April 2022)

Mr. Ravi Krishan Jayawardena
Appointed Member
(From January - October 2022)

Mr.Fahim Alawdeen
Appointed Member
(From January - October 2022)

Mr.Lakmal Thushara Fernando
Appointed Member
(From January - October 2022)

Mr.Dammika Pieris
Appointed Member
(From January - October 2022)

Eng. Kushan Jayasuriya
Appointed Member
(From October 2022)

Mr. Dilan Vidanapathirana
Appointed Member
(From October 2022)

Mr. Manil Madugalle
Appointed Member
(From October 2022)

Mr. Ajith Damunupola
Appointed Member
(From October 2022)

Mr. R.L. Molagoda
Director (Technical)
Ministry of Transport and Highways
(From August 2022)

Audit & Management Committee

Members

Mr.N.M.S.P.Karunadasa,
Assistant Director,
Department of Public Enterprise, Ministry of Finance

Ms.P.Namagal,
Director, Ministry of Industry

Mr. Fahim Alawdeen,
Board Member, SLSEA

Mr.Ajith Damunupola,
Board Member, SLSEA

Observers Present:

Mrs.N.W.Gunawardena,
Superintend of Audit,
National Audit Office

Mr.M.G.Kandeeban,
Chief Internal Auditor
Ministry of Power and Energy

Corporate Governance

The Board of Management of Sri Lanka Sustainable Energy Authority operates on the five principles of equity, fairness, impartiality, transparency and accountability. With these governing principals as the foundation, it endeavours to build strong relationship with all its stakeholders and nurture an environment conducive for sustainable energy development. The Authority's activities are conducted in line with ethical standards and in the best interest of the state and all Sri Lankans. This commitment is supported with the right roles, structures and information which are in alignment with the stated policies of the government.

Board of Management

The Board of Management is ultimately accountable and responsible for discharging the duties assigned to it by the Sri Lanka Sustainable Energy Authority act No. 35 of 2007. It is lead by a Chairman appointed by the Minister in charge of the subject.

Responsibility

The Board of Management also bears the ultimate responsibility of meeting the objects set out in the Act, exercising the powers vested in it by the Act, proper functioning of systems of internal controls and for the integrity of the financial information provided. The affairs of the Authority are carried out by the Director General of the Authority who is the Chief Executive Officer subject to the general direction and control of the Board.

The Board is supported by a sub-committee to oversee the financial aspects of the Authority name the Audit & Management Committee. Similarly, the Board is supported by external advisory committees when the need arises to make decisions on matters of great technical complexity, beyond the capacity of the Board.
All procurement activities of the Authority are carried out in strict compliance with the Government Procurement Guidelines.

These activities are undertaken by the officials of the Authority with the guidance of independent Technical Evaluation Committees and two Procurement Committees depending on the value of the procurement envisaged.

Composition

The Board comprised twenty one members with twelve ex-officio members and nine appointed members including the Chairman.

Board Meetings

Board Meetings are scheduled on a fixed calendar with at least one monthly sitting. At these meetings the Board sets out the strategic direction of the Authority, reviews the performance and progress of all activities, the recurrent and the capital expenditure programmes. These meetings also provide the forum for the officials of the Authority to submit proposals to meet the objects of the Authority for the consideration of the Board. The Board members are given appropriate documentation in advance of each Meeting. The level of participation of the Board of Management at these meetings during the year 2021 are as follows:

Meeting No.	Meeting Date	No. of Participants
1	20.01.2022	15
2	24.02.2022	15
3	07.04.2022	14
4	19.05.2022	08
5	30.06.2022	09
6	10.08.2022	14
7	27.10.2022	10
8	08.10.2022	10
9	28.12.2022	12

Compliance with Legal Requirements

The Board of Management makes every endeavour to ensure that the Authority complies with the Act and other applicable rules, regulations and guidelines published by the government from time to time. The Board ensures that the financial statements of the Authority are prepared in accordance with the Sri Lanka Public Sector Accounting Standards and comply with the requirement of the Finance Act No. 38 of 1971.

Risk Management

SLSEA has identified some common risks as well as additional risks which are specific to sustainable energy recognising risk management as an integral component of good management and governance. The specific risks are mainly in relation to the energy efficiency improvement and renewable energy development and the policy environment in which it operates. The Board of Management therefore places special attention on the risk management together with the senior management of SEA to ensure sound Financial and Operational Control Systems are put in place. Internal auditors and the management team from time to time review the systems' effectiveness in delivering the mandate of the Authority.

Risk culture

The Board of Management has identified its position and a clear uniform tone has been maintained in risk assignment. The management in reflecting on their commitment to ethical principles have taken into consideration the positions of all stakeholders when decision making. In adherence with the leadership, the staff has also recognised the importance of such ethical principles and have continued to follow the same.

Risk identification

The Authority is closely following the external environment identifying risks. The Authority further categorise these identified risks; some common to the global energy industry and some specific to the country, for effective control purposes. The Authority contributing to formulate the National Energy Policy & Strategies of Sri Lanka in 2019 identified programmes which are in agreement with the stated policy, minimising the policy risks affecting its programmes.

Risk management

The Authority considers renewable energy resources and reduction of energy waste as the primary thrust areas and foresee the main risks as low fossil fuel prices which can become a cheaper alternative to renewable energy and which also can cause end user indifference to energy costs, which will lead to energy waste at the end user point.

Accordingly, SLSEA has undertaken a risk management strategy of transforming the sustainable energy market to the least possible cost condition, so even under a low fossil fuel price condition, the demand for sustainable energy services will not diminish. Development of renewable energy through several approaches undertaken by the electricity utilities are thus supported by SLSEA, realising significant capacity additions.

The solar industry is nurtured by allowing a large number of start-up companies to become service providers to encourage competition in the solar rooftop industry, again bringing out solar electricity to become price competitive. Similarly, the energy services companies are nurtured and supported so these companies can continue to serve the industry and commerce delivering energy efficiency services, even at lower electricity and fossil fuel prices.

The stagnant customer tariffs and increased generation costs are causing substantial losses to the electricity industry, leading to a severe cashflow crisis. There is a strong likelihood that the renewable energy industry will be adversely affected by these developments, making the industry face significant risks than ever before.

Risk of losing resources

The valuable renewable energy resources of the country are adversely affected by change of land use patterns and human activities. Vast swathes of productive wind energy resource sites are lost due to expanding settlements. Similarly, good hydropower resources which exhibited excellent streamflow characteristics in the past have started to behave erratically, due to deforestation of catchment areas, again due to expansion of commercial plantations and also due to changing rainfall rhythms, a direct result of climate change. Further compounding these natural causes are the increased legal actions taken by the civil society organisations against renewable energy project development. Number of law suites brought against project developers in which SEA was made a respondent in four cases in 2022, causing severe loss of productive renewable energy resources.

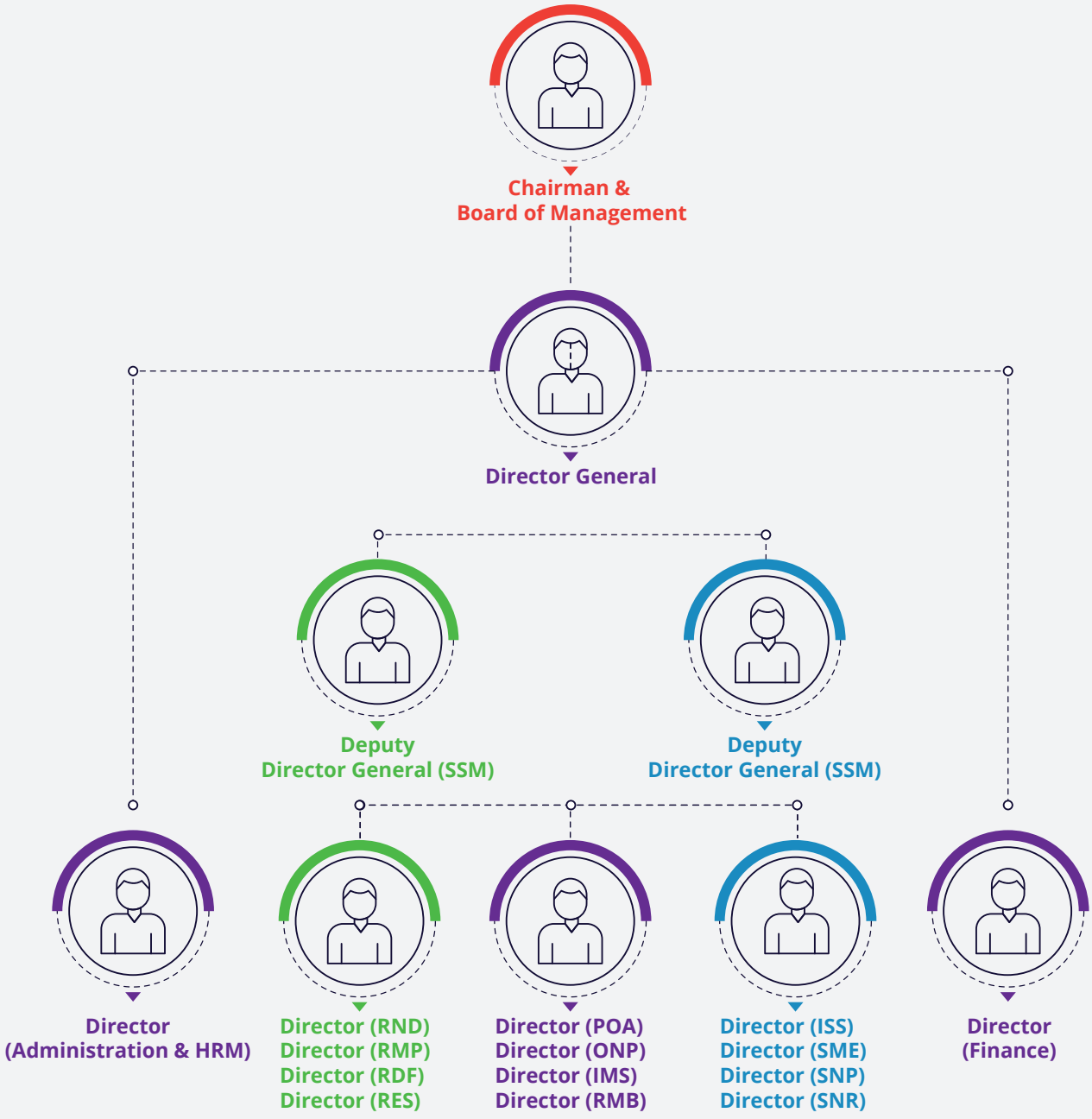
Risk of low prices of energy services

Electricity prices which underwent a 25% price reduction in 2014 continued to affect the energy services industry as the enthusiasm of institutional users remained diminished. Industrial sector continued to enjoy very low tariffs during day time, bringing down cost of production. This resulted in reduced interest in curtailing energy waste and caused significant market shrinkage in the energy efficiency services sector. Similarly, fossil fuels used in industrial thermal applications too remained low, compounding these effects. Nevertheless, a limited number of institutional users pursued their sustainability goals by engaging in large scale energy efficiency improvement projects, gaining substantial benefits in reduced carbon footprint and lower operating costs.

Risk monitoring and review

The presence and the functioning of Authority's risk management components are assessed over time with the purpose of identifying weaknesses in the controls thereby undertaking the required internal and external changes. While the senior management and the Audit and Management Committee hold the ultimate responsibility for ongoing monitoring activities or separate evaluations, the Internal Auditor carry out frequent system base audits by focusing of different service delivery arms of the Authority. Effectiveness of the risk management process is reviewed annually, and adjustments are made to the current process.

Organisation Structure



Main Divisions of SLSEA

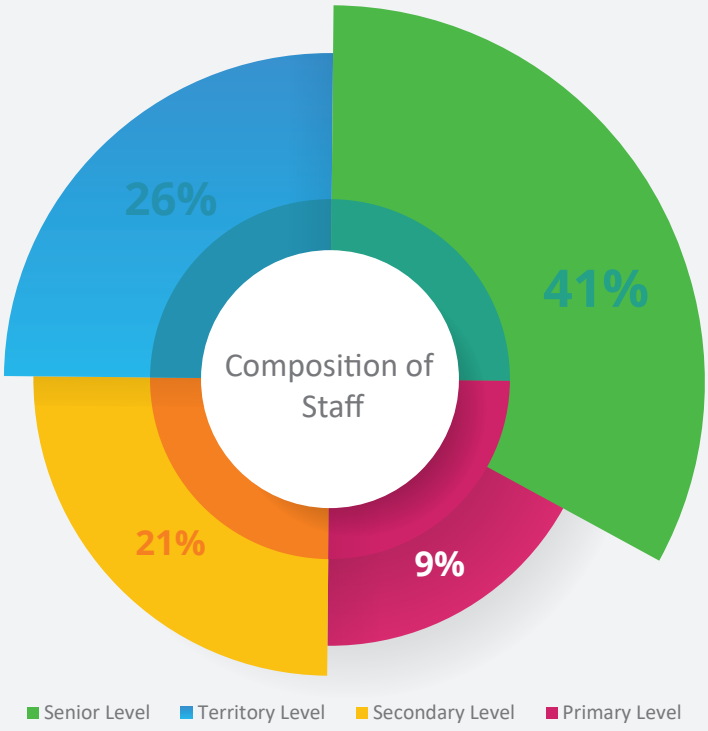
The programs are implemented under eleven directorates, supported by three other directorates: Finance, Information Management, and Admin & HR.

Division	Objective
Research & Development	Sustainable energy technology development, and implementation of national-scale renewable energy projects
Resource Mobilization	Attracting investment and debt capital for sustainable energy ventures through liaison with development partners and fund providers
Resource Mapping	Exploration, assessment, and site identification related to all renewable energy resources
Resource Development & Facilitation	Implementing renewable energy resource allocation process liaising with project developers and relevant statutory institutions
Renewable Energy Services	Engagement of entrepreneurs and service providers in a large number of small-scale power generation facilities
Surveys & Research	Carrying out field investigations and research activities related to sustainable energy development
Systems & Planning	Design and implementation of national-scale interventions and joint schemes to realize large-scale market transformations
Industrial and Services Sectors	Energy efficiency improvement and conservation programs in bulk energy user facilities
Households, Agriculture, and SME Sectors	Energy efficiency improvement and conservation programs in small-scale energy user front, including the appliance energy efficiency program
Policy Advocacy	Analysis and development of national energy policy & strategies and management of national energy information, including the compilation of the Sri Lanka Energy Balance
Outreach & Promotion	Engagement of all citizens and energy users in sustainable energy programs launched by the country
Administration Division	All administrative, Human Resource Management and supportive services
Financial Division	Exercise prudence and control all aspects of finance in the Authority

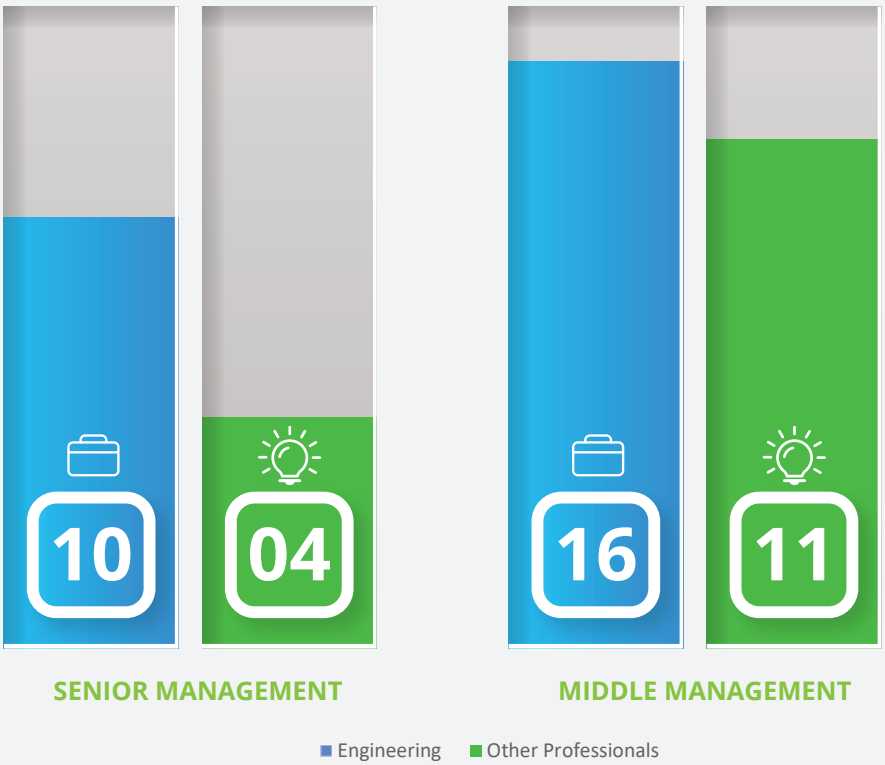
Cadre Information

Sri Lanka Sustainable Energy Authority
The Status of the Cadre & Positions - 2022.12.31

Designation /Post	Salary code	Level	Total No. of positions approved by DMS	Total No. of Exciting position	Total No. of vacant positions
Senior Managers					
Director General	HM2-3	Senior	01	01	-
Deputy Director General	HM2-1	Senior	02	02	-
Director	HM1-1	Senior	14	11	03
Middle Managers					
Deputy Director / Assistant Director	MM1-1	Senior	48	27	21
Junior Managers					
Audit Officer 01 /Statistical Officer 01/Procurement Officer 01 Administrative Officer 01/ Finance Officer 01/ Project Co-ordination Officer 01/ GIS Officer 02/ Land Acquisition Officer 01/ Media Officer 01/ Research & Mapping Officer 01	JM 1-2	Territary	11	09	02
Management Assistant - Technical	MA2-2	Secondary	17	03	14
Technical Assistants					
Management Assistants	MA1-2	Secondary	27	18	09
Management Assistants					
Primary Level - Skilled	PL-3	Primary	20	13	07
Field Assistants					
Primary Level- Unskilled	PL-1	primary	20	13	07
Office Aid / Labour					
Total			160	98	62



Composition of Senior Level



MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

1. INTRODUCTION

The energy sector plans of Sri Lanka place a strong emphasis on ensuring energy security from both national and individual perspectives. The government's goal is to provide reliable, affordable, and clean energy to all citizens at all times.

Currently, the power sector of Sri Lanka faces numerous challenges, particularly regarding the supply of uninterrupted electricity to the entire country at affordable prices, as well as the adverse effects on the economy resulting from heavy dependence on imported fossil fuels for thermal power generation. To address these issues, the government approved a new energy policy directive in November 2021. According to this directive, the aim is to meet 70% of the country's total electricity demand from renewable energy sources by 2030 and achieve carbon neutrality in electricity generation by 2050.

To fulfil these targets and ensure energy security, SLSEA has implemented several strategies, including:

- Increasing the utilization of all forms of renewable energy
- Enhancing energy efficiency & conservation across all energy value chains
- Formulating policies & strategies that facilitate the transition from a fossil fuel-based energy system to a sustainable energy-based system
- Creating a favourable environment for sustainable energy investments in the country
- Introducing and promoting new sustainable energy technologies
- Encouraging the public to adopt sustainable lifestyles, habitats, and neighbourhoods.

2.0 SUMMARY

The SLSEA managed to maintain the momentum created in 2021 as a post-Covid recovery effort well in to the late 2022. The SLSEA was active in both renewable energy and energy efficiency sectors.

Renewable Energy Development sector:
SLSEA, in collaboration with various stakeholders, has achieved a significant milestone in the development of the renewable energy in Sri Lanka. The total renewable energy capacity share reached 31.7%, including solar rooftop systems, out of a total installed capacity of 4,743 MW. This signifies a significant contribution to the new renewable energy generation share, accounting for 18.6% of the total generation.

In 2022, SLSEA successfully implemented most of its targeted projects and programs, attaining an overall key performance indicator of 67%. These initiatives mark a significant step forward for Sri Lanka in its efforts to reduce dependence on fossil fuels and transition towards a more sustainable energy future.

Noteworthy progress was made by SLSEA in the development of renewable energy in 2022. The three major renewable energy park projects - Siyambalanduwa, Pooneryn, and Mannar, showed significant advancements. The Siyambalanduwa project completed the tendering process, while the other two projects are approaching the final stages of approval.

The Sooryabala Sangramaya program made substantial contributions, with a cumulative capacity addition of 660 MW through the installation of over 45,845 solar rooftop systems. These catered to nearly 5% of the country's total annual electricity demand. In 2022, the program achieved a capacity addition of 145 MW, almost reaching the set target of 150 MW.

Additionally, SLSEA completed the Renewable Energy Resource Development Plan for the period 2023-2026 and continued the resource assessment program by installing wind masts in Pooneryn and Mannar.

Energy Efficiency Improvement & Conservation:
to promote energy efficiency and reduce energy consumption, SLSEA implemented several initiatives, including:

- Conducting energy audits in commercial and industrial facilities to identify areas for energy savings.
- Implementing a mandatory energy labelling scheme for various appliances, such as refrigerators, air conditioners, and water heaters.
- Enforcing stricter energy efficiency requirements through the implementation of building codes.
- Conducting awareness programs to educate the public on energy conservation practices.
- Providing inputs to the National Institute of Education to enhance the student-centric and interactive teaching of the Science subject.

These efforts by SLSEA aim to achieve a more sustainable and energy-efficient future for Sri Lanka.

3.0 RENEWABLE ENERGY DEVELOPMENT PROGRAMMES

The objective of the Supply Side Management Division is to identify, assess, and develop renewable energy resources with the aim of enhancing energy security and deriving economic and social benefits to the country. This chapter discusses the progress made in projects and programs conducted by the Resource Mapping, Research & Development, Renewable Energy Services, and Resource Development & Facilitation divisions.

3.1 Resource Mapping

3.1.1 Resource Development Planning

The Resource mapping division is responsible for identifying, conserving, and managing all renewable energy resources in the country. In 2021, an inventory of all renewable energy resources, including their potential capacity and project site locations, was published. Following this, the division initiated the compilation of the Renewable Energy Development Plan (REDP) in the same year. The REDP includes the identification of prioritized potential sites and land ownership.

In collaboration with the Ceylon Electricity Board (CEB), the REDP was revised in 2022 to identify potential sites for renewable energy resources that would contribute to the target of achieving 70% electricity generation from renewable energy sources by 2030. This study utilizes GeoSpatial Science applications, considering factors such as land use patterns, resource potential, land availability, and ground verifications in consultation with relevant line agencies.

As a result of these efforts, 500 MW of wind and solar project sites were identified.

3.1.2 Resource Assessment

Renewable energy resource assessment activities conducted in the past, focusing on solar power and wind power, have greatly contributed to the publication of the Renewable Energy Resource Development Plan, with a specific emphasis on resource types. Recognizing the significance of long-term resource data in enhancing project bankability, the collection of weather data has been continued through the following initiatives:

- Completion of wind mast installations in Pooneryn and Mannar
- Acquisition of wind data from the Nadukuda wind measuring mast
- Operation and maintenance of the Siyambalanduwa weather station
- Collection and analysis of weather data from 12 Automated Weather Stations (AWS) situated in Kurunegala, Anuradhapura, Vavuniya, Jaffna, Hambantota, Monaragala, Pothuvil, Mannar, Puttalam, Matale, Badulla, and Rathnapura, in collaboration with the Department of Meteorology
- Validation of existing solar and wind resource data with generation data from commissioned plants.

These activities contribute to the establishment of a comprehensive and up-to-date database of renewable energy resources in Sri Lanka, which is vital for the development of sustainable energy projects in the country.

3.2 Research and Development (RND)

To explore opportunities and address technical or other limitations related to the development of renewable energy, the Research and Development (RND) division focuses on implementing national renewable energy projects. One such initiative is the development of Energy Parks as "ready-to-invest projects." These projects involve conducting feasibility studies, environmental impact assessments, social impact assessments, and facilitating the land acquisition process.

3.2.1 Siyambalanduwa 100 MW Solar Power Project

The Siyambalanduwa solar project, which was initiated in 2018 with cabinet approval, has made significant progress. All necessary approval processes, including predevelopment activities, were completed in 2021, and the project was tendered by the Ceylon Electricity Board (CEB) in 2022.

Infrastructure development activities, such as the construction of access roads and a tree replantation program in collaboration with the Department of Forest Conservation, are currently underway. Additionally, a weather station has been established, and one-year bankable data for project development was obtained in 2022. The Siyambalanduwa solar project continues to move forward, making notable strides towards its implementation and achieving its renewable energy objectives.

The project generates an estimated annual power generation of 180 GWh (Gigawatt-hours). This substantial output not only provides clean and sustainable electricity but also contributes to an annual CO2 emission saving of approximately 131,364 metric tons. By harnessing the power of the sun, the project significantly reduces greenhouse gas emissions, making a positive impact on the environment. Additionally, the Siyambalanduwa solar project results in an annual fuel saving of approximately 45,000,000 liters of diesel.

These impressive results are achieved by assuming a grid factor of 0.7298 kg CO2/kWh and an annual saving of 4 liters of diesel per kWh of electricity generation. The Siyambalanduwa solar project exemplifies the potential of solar energy in driving the transition towards a greener and more sustainable future.

3.2.2 Pooneryn 234 MW Wind Power Project

The Pooneryn project, planned to be implemented in two phases, has made progress with certain approvals obtained from relevant line agencies. The process of land acquisition for private lands has been initiated. For the first phase of the project, a wind power capacity of 100 MW has been selected, and initial project development activities have been carried out.

The Environmental Social Impact Assessment (ESIA) study for the project is nearing completion, and the initial activities of the Bat study have been successfully completed. These steps signify significant progress towards the development of the Pooneryn project.

The Pooneryn wind power project is an important venture in the realm of renewable energy. With an installed power capacity of 234 MW, the project results in an estimated annual powergeneration of 807 GWh. This substantial output contributes to an annual CO2 emission saving of approximately 588,948 metric tons, playing a crucial role in reducing carbon dioxide emissions and mitigating climate change. Furthermore, the project results in an annual fuel saving of approximately 201,750,000 liters of diesel.

These impressive numbers are achieved through the utilization of wind resources and showcase the project's significant contribution to clean energy generation and reducing reliance on conventional fuel sources. The Pooneryn wind power project exemplifies the potential of wind energy in fostering sustainable development and addressing environmental concerns.

3.2.3 Mannar 286 MW Wind Power Project

The Mannar project has made significant progress with various activities being carried out. These include conducting a feasibility study, drone survey, birds & bats study, environmental study, and land acquisition. Approvals for the project have been obtained from several line agencies, including the Archaeological Department.

SLSEA is currently awaiting approval from the Department of Wildlife, which will be granted once the foreign consultant completes the analysis of the bird study. Once the pre-development activities are completed, construction approvals will be obtained.

The Mannar project is steadily moving forward, with necessary assessments and approvals being pursued to ensure its successful implementation. The project results in an estimated annual power generation of 1,048 GWh. This substantial production contributes to an annual CO2 emission saving of approximately 764,830 metric tons, making a positive impact on reducing greenhouse gas emissions. Additionally, the project contributes to an annual fuel saving of approximately 262,000,000 liters of diesel. The Mannar Phase II wind power project showcases the potential of wind energy in promoting sustainable power generation and reducing reliance on fossil fuels.

3.2.4 Recently introduced national projects

The Veravil Wind Power project, with a capacity of 210 MW, was initiated in 2022 and has made significant progress. The project has received the Terms of Reference (TOR) from the Central Environmental Authority for the environmental impact assessment (EIA) study. Additionally, a bird study has been initiated with the assistance of USAID as part of the EIA process. Discussions regarding the transmission line have been initiated with the Ceylon Electricity Board (CEB).

The bird study is expected to be completed by the end of May 2024, marking a crucial milestone in the project's development. The Veravil Wind Power project is progressing rapidly, with various assessments and discussions being undertaken to ensure its successful implementation.

3.2.5 Training Hub for Renewable Energy Technologies in Sri Lanka project

The "Training Hub for Renewable Energy Technologies in Sri Lanka" (THREE Lanka) project aims to address the skill gaps in the field of Renewable Energy Technologies in Sri Lanka. This collaborative project involves universities in Europe, universities in Sri Lanka, the SLSEA, and the Sri Lanka Energy Managers Association (SLEMA).

The primary objective of the THREE Lanka project is to enhance and develop the expertise and knowledge of individuals in the renewable energy sector through targeted training programs.

By bringing together academic institutions and industry associations, the project aims to bridge the existing skill gaps and promote the adoption of renewable energy technologies in Sri Lanka.

3.3 Renewable Energy Services (RES)

The Renewable Energy Services Division plays a crucial role in facilitating the development of off-grid renewable energy systems and implementing the solar rooftop program. The division's primary strategic objective is to achieve a cumulative capacity of 1000 MW of rooftop solar systems by 2025, in alignment with the SLSEA Corporate Plan for 2021-2025.

By focusing on off-grid systems and promoting the adoption of solar rooftop installations, the division aims to enhance renewable energy utilization and contribute to the overall sustainability goals of Sri Lanka. Through various initiatives and programs, the Renewable Energy Services Division actively supports the growth and implementation of renewable energy technologies in the country.

3.3.1 Sooriyabala Sangramaya

The "Sooriyabala Sangramaya" program is a flagship initiative aimed at promoting the widespread adoption of solar power in Sri Lanka. Launched in 2016, the program has made significant progress in increasing the capacity of solar rooftop systems across the country.

The Sooriyabala Sangramaya program has played a vital role in encouraging residential, commercial, and industrial consumers to adopt solar energy as a sustainable and cost-effective alternative. By promoting solar power generation, the program has not only reduced the country's dependence on conventional sources of energy but has also mitigated the environmental impact associated with traditional electricity generation methods.

Figure 01 demonstrates the exponential growth of rooftop solar systems in Sri Lanka, showcasing the significant progress and increasing popularity of solar energy adoption. The Sooriyabala Sangramaya program has played a crucial role in promoting renewable energy and empowering individuals to actively participate in the country's sustainable energy transition

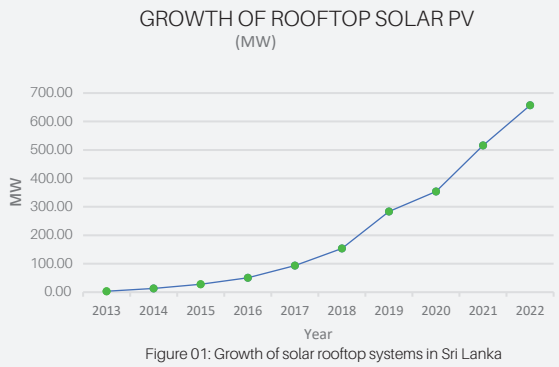


Figure 01: Growth of solar rooftop systems in Sri Lanka

The Sooriyabala Sangramaya rooftop solar program of SLSEA made a significant progress in 2022. Here are the key highlights:

- **Installed Capacity:** A total installed capacity of 660 MW was achieved through the installation of rooftop solar PV systems. This capacity was spread across 45,845 locations, indicating widespread adoption of solar energy.
- Service Providers: In 2022, 410 service providers were registered with the Sustainable Energy Authority (SEA). These providers played a crucial role in implementing the rooftop solar program and facilitating the installation of solar systems.

- **Employment Opportunities:** The solar industry created substantial employment opportunities, with a total of 10,100 jobs generated by end 2022. This included 1,250 engineers, 3,450 technicians, and 5,400 non-technical officers. The growth in employment reflects the expanding solar energy sector in Sri Lanka.

- **Technical Training:** To enhance technical expertise, five National Vocational Qualification (NVQ) level training programs were conducted in collaboration with the National Apprentice and Industrial Training Authority (NAITA). As a result, several trainees achieved NVQ 3 and 4 level competencies, indicating the development of skilled personnel within the industry.

- **Skill Development:** In partnership with the Public Utilities Commission of Sri Lanka, two-day skill development training programs were organized for 1,500 electricians across all districts. These programs aimed to enhance the capabilities of electricians and promote the adoption of solar technologies.

- **Solar Lighting Systems:** As part of the program, solar lighting systems were installed in temples and government institutions. This initiative aimed to provide clean and sustainable lighting solutions while reducing dependence on traditional energy sources.

Realizing the value of rooftop solar as an alternative source of electricity generation with the least environmental and social consequences SLSEA is looking at furthering the scope of solar rooftop programme, especially through energy storage.

3.3.2 Indian Line of Credit for 135 MW Solar Power Plants in Sri Lanka

The Government of India has extended a generous credit line of USD 100 million through the Indian Exim Bank to support the advancement of solar power development in Sri Lanka. This program, scheduled to be launched in 2023, will span over a period of three years and aims to accelerate the adoption of solar energy in the country.

The program comprises several key components, including:

- Installation of 120 MW of rooftop solar PV systems in Government buildings: This component focuses on harnessing solar energy potential by equipping government buildings with rooftop solar panels

- Deployment of 10 MW of rooftop solar PV systems with battery storage for low-income households: This initiative aims to improve the quality of life for rural communities, particularly low-income households. By providing solar PV systems with battery storage, these households can have access to reliable and affordable electricity, enhancing their living conditions. Additionally, solar systems for religious places and Reverse Osmosis (RO) plants will also be implemented.

- Establishment of 5 MW of floating solar PV projects: This component involves the implementation of floating solar PV systems, utilizing water bodies such as reservoirs or lakes. Floating solar panels not only optimize land use but also provide additional benefits such as reduced water evaporation and enhanced energy generation efficiency.

The program's multifaceted approach seeks to diversify the deployment of solar power across various sectors, fostering sustainable development and addressing energy needs in Sri Lanka.

3.4 Resource Allocation and Development Activities

Renewable energy resource allocation and development activities are integral to the efforts of the SLSEA in promoting and facilitating investments in renewable energy projects throughout the country. SLSEA plays a crucial role in issuing Energy Permits (EP) and Provisional Approvals (PA) for on-grid renewable energy projects, ensuring the necessary regulatory framework is in place to support their development.

The growth of new renewable energy (NRE) capacity in Sri Lanka has been remarkable, as depicted in Figure 2. The chart showcases the exponential increase in the capacity addition from 1996 to 2022, excluding solar rooftop systems. Currently, the total installed capacity of new renewable energy stands at 846 MW.

SLSEA's focus on resource allocation and development has been instrumental in driving this growth. By identifying suitable sites and providing necessary approvals, SLSEA has created an enabling environment for renewable energy investments. These efforts have contributed to the significant expansion of the renewable energy sector in Sri Lanka.

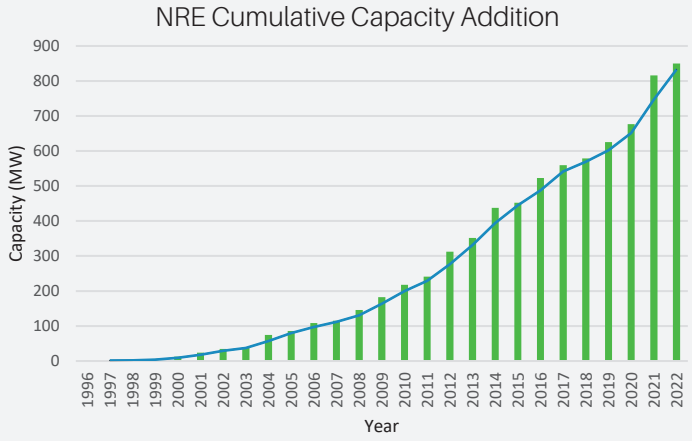


Figure 02: New renewable energy capacity

Source		Installed capacity by end 2022 (MW)	Capacity added in 2022	PPA signed projects in 2022	Energy permit issued projects in 2022
Mini Hydro	414.00	414.00	0.00	11.54	39.40
Wind	252.00	252.00	0.00	0.00	125.00
Solar	100.00	130.00	30.00	15.90	333.67
Other	50.00	50.00	0.00	5.00	25.75
Total	816.00	846.00	30.00	32.44	523.82
Solar rooftop	515.60	660.20	145.00	N/A	N/A
Total RE	1,331.60	1506. 20	175.00	32.44	523.82

175 MW of renewable energy was added during the specified period. This shortfall can be attributed to various challenges faced by renewable energy projects, including the depreciation of the rupee value, high inflation rates, high bank interest rates, and an increase in the dollar value of imported items.

To address these challenges and facilitate the progress of renewable energy projects with a capacity of up to 10 MW, a new feed-in tariff was introduced after receiving Cabinet approval on August 1, 2022. The implementation of a three-tier tariff system from September 1, 2022 aimed to incentivize and accelerate project development. However, despite these measures, many renewable energy projects still encountered difficulties in progressing as planned.

In response to the issues and grievances raised by renewable energy developers, several committees have been appointed to thoroughly examine the challenges and provide practical recommendations to expedite project implementation. These committees focus on identifying and addressing the specific obstacles faced by renewable energy projects, thereby facilitating their timely completion, and contributing to the overall renewable energy goals of the country.

4.0 STATUS OF ENERGY CONSERVATION SECTOR

In the area of energy conservation, programs have been implemented focusing on Commercial, Industrial, and Residential sectors under five main areas:

4.1 Establishment of Energy Management Systems

SLSEA plays a crucial role in promoting energy conservation in the commercial and industrial sectors through various long-term programs and initiatives. These efforts aim to improve energy efficiency and establish benchmarks for energy consumption. Here are the key activities and developments related to energy conservation facilitated by SLSEA:

Energy Manager Program and Energy Auditor Program: SLSEA has registered 236 Energy Managers and accredited 24 Energy Auditors. These professionals play a vital role in managing and auditing energy consumption in the industrial and commercial sectors, identifying areas for improvement, and implementing energy-saving measures.

Energy Service Companies (ESCOs): SLSEA works with 29 Energy Service Companies that offer specialized services in energy management and efficiency. These ESCOs provide expertise and support to organizations in implementing energy-saving measures and improving overall energy performance.

Online Awareness Programs: SLSEA conducts online awareness programs specifically targeting the government and SME sectors. These programs aim to raise awareness about energy efficiency improvements and educate participants on the benefits of adopting energy-saving practices in their operations.

Energy Consumption Benchmark Regulation: SLSEA is in the process of publishing the Energy Consumption Benchmark regulation. This regulation, initially focused on the retail and financial sectors, will establish mandatory energy efficiency improvement programs. By setting benchmarks, it aims to drive energy-saving initiatives and improve overall energy performance in these sectors.

Web Portal for Energy Consumption Data: SLSEA, with the assistance of the USAID's Sri Lanka Energy Program (SLEP), is developing a web portal for reporting and analyzing energy consumption data. This portal will provide a centralized platform for organizations to monitor and manage their energy consumption, enabling better decision-making and identification of energy-saving opportunities.

Awareness Campaigns: SLSEA has submitted a proposal to the Japan International Cooperation Agency (JICA) to conduct awareness campaigns funded by JICA. These campaigns will target the tea, retail, and financial sectors, aligning with the energy benchmark regulation and promoting energy conservation practices in these industries.

Overall, SLSEA's initiatives in energy conservation encompass capacity building, awareness programs, regulations, and technological advancements. By actively involving professionals, companies, and sectors, SLSEA aims to drive energy efficiency improvements and create a more sustainable energy landscape in Sri Lanka.

4.1.1 Energy Audits, Consultancy Services & Facilitation of Measurements

SLSEA assists industries, commercial, and state sector institutes to solve their energy-related issues by providing consulting services, answering queries, and conducting energy audits. Energy audits were completed for the sri lanka rupavahini corporation & Sri Dalada Maligawa, Kandy. Energy audits are in progress at the postal department & kurunegala Hospital.

4.2 Energy Labelling Programme

As far as ensuring energy utilization efficiency in end-use sectors is concerned, the use of energy-efficient appliances plays a pivotal role in realizing the same. The progress of the program is as follows:

Table 02 : Progress of Energy labelling programme

Description	Progress
Minimum Energy Performance Standards for LED lamps	MEPS labelling scheme is in full operation Media content on MEPS label developed
Minimum Energy Performance Standards for LED Panels	Preparation of the standards completed will be published soon.
Energy Labelling program for Water Pumps	Energy performance standards for water pumps have been performed and the initial work related to the procurement of a pump test facility was completed.
Energy Labelling program for Ceiling Fans	Test facility established at SLSI became fully functional and the labelling scheme is in full operation Media content on ceiling fan energy label developed and a limited campaign carried out.
Energy Labelling program for Computers	Regulations on mandatory labelling for computers were submitted for approval of the Cabinet and were declined, leading to the continuation of the voluntary program.
Energy Labelling program for refrigerators	Voluntary labelling program for refrigerators was launched, and 3 companies have joined the program.
Energy Labelling program for LED lamps	Mandatory MEPS label became operational.
Room air-conditioners	A grant for the establishment of an air-conditioner test facility was approved by the Korean Government and the establishment of the Test facility for testing the performance of room AC is in progress.
Televisions, rice cookers and table/pedestal fans	Preparation of energy performance standards for these appliances is in progress and tests have been performed to determine the respective benchmarks for the appliances. Preparation of standards for pedestal and wall fans is in progress.
Electric Motors	Revision of the draft standards for electric motors was completed.

SLSEA consulted importers, suppliers, and other stakeholder institutions in Sri Lanka and Korea on the future course of the labelling program for air conditioners. The consultation had the following objectives:

- To raise awareness among importers and suppliers of room air conditioners about the future labelling program and the application process for 100 participants.
- To educate importers and suppliers about the standard for room air conditioners and the relevant testing facilities.
- To raise awareness among stakeholder government organizations and obtain their cooperation for the planned labelling program for room air conditioners.

Figure 03: workshop on 08th December 2022 at Cinnamon Grand Hotel

4.2.1 Codes and Guidelines for Built Environment

The Building Code plays a vital role in ensuring the construction of energy-efficient and sustainable buildings in Sri Lanka. SLSEA is responsible for publishing and regularly updating the Building Code to align with technological advancements and enhanced compliance requirements. Here are the key developments related to the Building Code:

Revision and Public Review:
The Building Code underwent revisions to incorporate necessary updates. These revisions were presented for a second public review, allowing stakeholders and experts to provide feedback and suggestions for further improvement.

Finalization and Printing:
After incorporating the revisions based on the public review, the Building Code document was finalized. The finalized version serves as a comprehensive guideline for constructing energy-efficient buildings. Subsequently, the code was printed for dissemination to relevant stakeholders and industry professionals.

Regulatory and Implementation Framework:
Alongside the publication of the Building Code, SLSEA focused on developing a regulatory and implementation framework. This framework outlines the procedures, guidelines, and standards to ensure effective compliance with the Building Code during the construction process.

Training and Registration:
To enhance the capacity and expertise in building simulation and energy-efficient design, SLSEA conducted training programs for Building Services Engineers and SLSEA staff. This training included the use of building simulation software, enabling professionals to analyze and optimize the energy performance of buildings. Additionally, SLSEA established a registration process for service providers involved in building simulation, ensuring qualified professionals offer their expertise.

User Guidelines and Application Formats:
SLSEA developed user guidelines and application formats to assist stakeholders in understanding and implementing the Building Code effectively. These resources provide practical guidance and standardize the application process for complying with the code's requirements.

By continuously updating and improving the Building Code, SLSEA aims to promote energy efficiency, sustainable construction practices, and the development of environmentally friendly buildings in Sri Lanka. The code serves as a comprehensive reference for architects, engineers, contractors, and other professionals involved in the construction industry, helping them construct buildings that are energy-efficient and environmentally responsible.

4.3 Surveys & Research

In the field of survey and research, SLSEA is actively engaged in various investigations and studies to identify policy gaps, barriers, and obstacles in energy efficiency and renewable energy programs across all sectors. Here are some of the survey and research activities carried out in 2022:

Chiller Survey :
SLSEA procured consultancy services for conducting a chiller survey. The technical and financial evaluation process was completed, and the contract was awarded to ISB-Kurunagala. An MOU was signed with the National Ozone Unit-Environment to obtain the balance funds, and information sharing and board approval were obtained. The agreement with the consultancy service provider is currently being finalized, and implementation of the survey has commenced.

Solar Rooftop Customer Behavior and Satisfaction Survey:
A preliminary questionnaire was prepared and reviewed for a survey on the analysis of solar rooftop customer behavior and satisfaction. Discussions are underway with USAID for implementation assistance in conducting the survey.

Efficient Refrigerator Programme:
Activities related to the Efficient Refrigerator Programme are in progress, including the printing of leaflets and operation guidelines to raise awareness and provide guidance to stakeholders.

Study on Suitable Technologies for Street Lighting:
In collaboration with LECO (Lanka Electricity Company), a study on suitable technologies for street lighting, particularly in the Sri Jayawardenapura area, was initiated. As part of the study, LECO has started the replacement of street lights in the Nugegoda Super Market Area based on the proposed recommendations.

Improvement of TRI Withering Trough:
SLSEA visited TRI (Tea Research Institute) Talawakele to conduct measurements and assess the efficiency of the hot air supply system with a radiator for the withering trough. This study aims to improve the withering process in the tea industry.

These survey and research activities are essential for gathering data, identifying areas for improvement, and formulating effective policies and programs to enhance energy efficiency and promote renewable energy adoption in Sri Lanka. The findings and recommendations from these studies will contribute to the continuous improvement and development of sustainable energy initiatives in the country.

4.4 Energy Information Management

SLSEA plays a crucial role in the dissemination of energy data and information to enhance energy management and decision-making processes. The publication of annual energy information, including energy balance, is an important aspect of SLSEA's involvement. Here are some updates on the publication of energy data:Sri Lanka Energy Balance 2019 was published and 2020 book is at the last stage of printing and all data has been complied for 2021 energy balance booklet.

The publication of energy balance reports is vital for stakeholders, policymakers, and researchers to assess the energy situation, identify trends, and formulate strategies for sustainable energy management. It provides a valuable resource for understanding the energy sector's performance and making informed decisions related to energy planning, policy development, and investments in Sri Lanka.

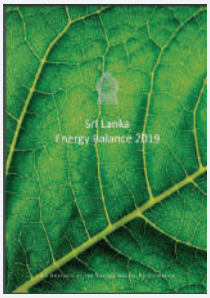


Figure 04: Published Energy Balance Book 2019

4.5 Outreach & Promotion

In 2022, despite the challenging circumstances posed by the pandemic, SLSEA undertook various outreach and promotional activities to engage the citizens and students of Sri Lanka. Here are some highlights of these initiatives:

Enhancing Science Teaching: SLSEA provided inputs to the National Institute of Education to make the teaching of the Science subject more student-centric and interactive. This effort aimed to promote a better understanding of energy-related concepts among students.

Cartoon on Wind Energy: SLSEA produced a cartoon on wind energy specifically targeting preschool children. This animated content aimed to introduce young minds to the concept of renewable energy in an engaging and accessible manner.

Video Presentation on Energy-Efficient Cooking: SLSEA produced and launched a video presentation focusing on energy-efficient cooking methods. This initiative aimed to raise awareness about the importance of energy conservation in daily cooking practices.

Quarterly Magazine "Sanraksha": SLSEA published four volumes of the quarterly magazine "Sanraksha." This publication covered various topics related to sustainable energy, providing valuable information and insights to the readers.

Videos on Sustainable Energy: SLSEA produced and released a video highlighting the tacit knowledge of sustainable energy. Additionally, a video documentary on solar energy was created with the intention of attracting school leavers to the solar industry, promoting career opportunities in the renewable energy sector.

Webinar on Wind Energy: SLSEA successfully conducted a webinar on wind energy, providing an interactive platform for participants to learn and engage with experts in the field. This webinar aimed to increase knowledge and awareness of wind energy technologies and their potential benefits.

Journalist Training Programme: SLSEA inaugurated a Journalist Training Programme on Energy and Environment. This initiative aimed to enhance the knowledge and reporting skills of journalists, enabling them to effectively cover energy and environmental topics.

Energy Conservation Awareness Programs: SLSEA conducted awareness programs on energy conservation for various institutes, spreading the importance of energy-saving practices and encouraging responsible energy consumption.

These outreach and promotional activities by SLSEA played a vital role in educating and engaging the citizens and students of Sri Lanka, fostering awareness and understanding of sustainable energy practices and technologies.

4.6 Resource Mobilisation

In addition to the financial support provided by the World Bank and the Green Climate Fund, SLSEA has undertaken various resource mobilization efforts to promote sustainable energy development in Sri Lanka. Here are some of the activities carried out in this regard:

Operating Guideline for the Sustainable Energy Fund:
SLSEA drafted the operating guideline for the Sustainable Energy Fund. This guideline serves as a framework for the effective management and utilization of the fund, ensuring that it is allocated to viable and impactful sustainable energy projects.

Cabinet Memorandum for CESS:
SLSEA submitted a Cabinet Memorandum in July 2022 regarding the implementation of a levy on fossil fuel imports (a CESS). This CESS aims to channel development finance to sustanable energy sector to promote the adoption of cleaner and more sustainable energy practices.

These efforts in resource mobilization, such as securing credit lines and establishing guidelines and policy frameworks, are crucial for supporting the implementation of sustainable energy projects and promoting the transition towards a greener and more energy-efficient future in Sri Lanka.

5.0 PROBLEMS, AND ISSUES

There are some problems and issues commonly faced in the development of renewable energy and energy conservation and management as follows:

Financial Barriers:
Lack of access to adequate financial resources and high upfront costs of renewable energy technologies can pose significant challenges. Financing renewable energy projects and implementing energy efficiency measures may require substantial investments, and the availability of affordable financing options is crucial to overcome this barrier.

Land resources:
The situation in land ownership has created a very difficult condition for any infrastructure project to be implanted. Major portion of the project implementation period is spent on land acquisition tasks resulting in major delays and cost over runs. If the present practice of allowing the investors to sort out land issues, nothing much can be expected from the renewable energy development programme.

Policy and Regulatory Framework:
Inadequate or inconsistent policies and regulations can hinder the development of renewable energy and energy conservation initiatives. Unclear guidelines, lengthy approval processes, and limited incentives for renewable energy projects can deter potential investors and developers.

Grid Integration and Infrastructure:
Integrating renewable energy sources into the existing power grid can be complex, especially with intermittent sources like solar and wind. Upgrading and expanding grid infrastructure to accommodate renewable energy generation and ensuring a stable and reliable supply of electricity are essential challenges that need to be addressed.

Public Awareness and Acceptance:
Lack of awareness and understanding among the general public about renewable energy and energy conservation can impede progress. Educating and raising awareness about the benefits and importance of renewable energy and energy conservation is crucial for fostering public support and participation.

Technical and Technological Challenges:
Developing and implementing renewable energy projects require advanced technologies and expertise. Keeping up with

the latest advancements, addressing technical constraints, and ensuring the availability of skilled professionals in the renewable energy sector are ongoing challenges.

Institutional Capacity: Strengthening the institutional capacity of relevant authorities and agencies responsible for renewable energy and energy conservation is essential. This includes adequate staffing, training, and resources to effectively plan, implement, and monitor energy programs and policies.

Environmental Considerations: Balancing renewable energy development with environmental considerations is crucial. Ensuring proper environmental impact assessments, addressing biodiversity concerns, and promoting sustainable practices throughout the project lifecycle are important aspects of sustainable energy development.

Addressing these challenges and issues requires a multi-faceted approach involving collaboration between government agencies, private sector entities, research institutions, and civil society organizations. Continuous efforts to improve policies, mobilize financing, enhance technical capabilities, and raise public awareness can contribute to the successful development and deployment of renewable energy and effective energy conservation and management practices.

Action Plan 2023

Renewable Energy Development Programmes

- Update the Renewable Energy Resource Development Plan
- Renewable energy resource assessments
- Implementation of Energy Parks
- Carrying out of feasibility studies, environmental impact assessment, social impact assessment, processing of obtaining lands, etc.
- Soorya Bala Sangramaya programme
- Monitoring pperformance of the service providers through an on-line system,
- Training programmes and other necessary capacity building interventions
- Resource allocation for renewable energy process by way of issuing the Energy Permits.
- EU-assisted THREE Lanka Project related for Capacity Building in RE

Energy Efficiency Improvement & Conservation Programmes

- Development of regulatory and implementation framework for Code of practice for Energy Efficient Buildings and Training of energy sector professionals
- Registration of service providers for building simulation & consultants
- Establishment of Energy Consumption Benchmarks
- Implementing Energy Management programme s in establishments through Energy Managers, Energy Auditors & ESCos.
- Report on Policy gaps, barriers and obstacles to energy efficiency improvement & renewable energy development programme.
- Implement Energy Performance Label for Refrigerator on mandatory basis and LED modules on voluntary basis.
- Chiller Survey, preparing inventory, and identify the energy saving potential of replacing of inefficient Chillers.
- Study on Suitable Technologies for Street Lighting
- Implementing Energy Education and promotional programmes

FINANCIAL STATEMENT

INCOME STATEMENT

INCOME STATEMENT *For the year ended 31st December*	Note	2022 Rs.	2021 Restated Rs.
INCOME			
Operational Income	3	375,890,133	415,320,237
Non Operational Income	4	309,293,525	61,360,718
TOTAL INCOME		**685,183,658**	**476,680,955**
EXPENDITURES			
PROJECT/ACTIVITY EXPENSES	5		
Renewable Energy	5.1	103,141,753	17,214,942
Knowledge Management	5.2	5,268,601	4,035,074
Strategic Activities	5.3	60,341,022	7,007,929
Resource Mapping	5.4	20,598,578	10,871,558
Research & Development	5.5	12,355,743	15,723,800
Resource Development & Facilitation	5.6	518,685	1,757,397
System & Planing	5.7	4,329,181	859,592
Industrial & Service Sector	5.8	2,225,510	473,243
House Hold & Agro Sector	5.9	1,866,874	1,577,808
Survey & Research	5.10	176,079	885,336
Policy & Advocacy	5.11	807,465	3,223,965
Information Management Technology	5.12	525,787	-
		212,155,278	**63,630,644**
RECURRENT EXPENSES	6		
Salaries And Allowances	6.1	121,023,862	104,993,727
Travelling And Subsistence	6.2	720,244	2,829,577
Supplies	6.3	8,421,344	8,290,995
Maintenance Expenses	6.4	21,125,019	11,290,862
Contract Service	6.5	30,925,519	45,578,404
Depreciation Expenses	6.6	54,136,931	48,332,862
Other Recurrent Expenses	6.7	10,802,421	9,926,155
		247,155,340	**231,242,582**
TOTAL EXPENDITURE		**459,310,618**	**294,873,226**
SURPLUS/(DEFICIT)		**225,873,040**	**181,807,729**

The Accounting policies on pages 35 to 42 and Notes on pages 43 to 62 form an integral part of these Financial Statements.
Certified as correct,

Director (Finance)

Director General

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Board Member

Chairman

STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION *For the year ended 31st December*	Note	2022 Rs.	2021 Restated Rs.
ASSETS			
NON CURRENT ASSETS			
Property, Plant and Equipment	10		
Free Hold	10.1	451,021,093	486,783,687
Lease Hold	10.2	34,392,340	35,920,888
Intangible Assets	11	2,466,077	3,092,770
Work in Progress	12	134,298,595	121,609,494
Investments	13	800,767,372	68,033,522
TOTAL NON CURRENT ASSETS		**1,422,945,477**	**715,440,361**
CURRENT ASSETS			
Receivables	14	47,386,145	18,571,091
Other Current Assets	15	104,539,836	50,502,303
Cash and Cash Equivalents	16	20,846,161	586,693,911
TOTAL CURRENT ASSETS		**172,772,142**	655,767,305
TOTAL ASSETS		**1,595,717,619**	**1,371,207,666**
EQUITY AND LIABILITIES			
EQUITY			
Accumulated Fund	17	22,100,336	22,100,336
Net Surplus/Deficit		563,713,058	389,404,156
Deferred Grant	18	268,709,286	303,534,570
Sri Lanka Sustainable Energy Fund	20	412,442,884	367,557,695
Sustainable Guarantee Fund		127,448,945	120,769,996
Revaluation Reserve		101,217,000	101,217,000
TOTAL EQUITY		**1,495,631,509**	**1,304,583,753**
NON CURRENT LIABILITIES			
Gratuity Provision		39,001,758	36,309,505
TOTAL NON CURRENT LIABILITIES		**39,001,758**	**36,309,505**
CURRENT LIABILITIES			
Other Payables	19	56,785,917	24,720,509
Net Deposit on Land Acquisition		4,298,435	5,593,899
TOTAL CURRENT LIABILITIES		**61,084,352**	**30,314,408**
TOTAL EQUITY AND LIABILITIES		**1,595,717,619**	**1,371,207,666**

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STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY *For the year ended 31st December*	Accumulated Fund Rs.	Net Surplus / Deficit	Deferred Grant	Revaluation Reserve	Sri Lanka Sustainable Energy Fund	Sustainable Guarantee Fund	Total
Balance as at 31.12.2019	**22,100,336**	**174,575,877**	**377,274,934**	**101,217,000**	**370,902,975**	**107,419,486**	**1,153,490,608**
Prior Year adjustment		(93,915)					(93,915)
Increase/ (Decrease) for the Year 2020		43,119,645	(38,418,410)				4,701,235
Transferred to Guarantee Fund		(8,476,059)				8,476,059	-
Transferred to Energy Fund- income		(19,817,444)			19,817,444		-
Transferred to Energy Fund-Project exp		5,658,846			(5,658,846)		-
Land Revaluation							
Balance as at 31.12.2020	**22,100,336**	**194,966,950**	**338,856,524**	**101,217,000**	**385,061,623**	**115,895,545**	**1,158,097,978**
Increase/ (Decrease) for the Year 2021		181,807,729	(35,321,954)				146,485,775
Transferred to Guarantee Fund		(4,874,451)				4,874,451	-
Transferred to Energy Fund- income		(43,855,379)			43,855,379		-
Transferred to Energy Fund-Project exp		61,359,307			(61,359,307)		-
Land Revaluation							-
Balance as at 31.12.2021	**22,100,336**	**389,404,156**	**303,534,570**	**101,217,000**	**367,557,695**	**120,769,996**	**1,304,583,753**
Increase/ (Decrease) for the Year 2022		225,873,040	(34,825,284)				191,047,756
Transferred to Guarantee Fund		(6,678,949)				6,678,949	-
Transferred to Energy Fund- income		(240,820,185)			240,820,185		-
Transferred to Energy Fund-Project exp		195,934,996			(195,934,996)		-
Land Revaluation							-
Balance as at 31.12.2022	**22,100,336**	**563,713,058**	**268,709,286**	**101,217,000**	**412,442,884**	**127,448,945**	**1,495,631,509**

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STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS *For the year ended 31st December*	Note	2022 Restated Rs.	2021 Restated Rs.
Cash Flows From Operating Activities			
Surplus/ (Deficit) for the Year		225,873,040	181,807,729
Adjustment For:			
Loss and Damage		-	-
Interest Income	4,9	(34,745,486)	(18,906,420)
Amortized Grant (for Funds Received)	8	(34,825,292)	(35,321,954)
Transfers From Energy Fund		-	-
Gratuity Provision		3,569,503	2,481,573
Donation - (Indurana Land)		(3,385,000)	-
Profit from Disposal of Fixed Assets		(4,375)	(2,658,970)
Depreciation	6.6	54,136,931	48,332,862
Operating Profit / (Loss) before Working Capital Changes		**210,619,321**	**175,734,820**
(Increase)/Decrease in Other Current Assets		(68,246,983)	(14,330,252)
Increase/ (Decrease) in Current Liabilities		30,769,944	29,583,416
Cash Flow generated Operating Activities		**173,142,282**	**190,987,984**
Gratuity Paid		(877,250)	(182,925)
Net Cash Flow generated from Operating Activities		**172,265,032**	**190,805,059**
Cash Flows from/(Used in) Investing Activities			
Purchase of Property, Plant and Equipment	10.1	(12,555,711)	(58,026,569)
Intangible Assets	11	(284,000)	(1,482,650)
Work in Progress	12	(12,689,101)	(48,211,897)
Investments in Fixed Depositss and Treasury Bills	13	(732,733,850)	(4,507,110)
Received from TB		-	50,732,494
Interest received		20,139,880	18,539,078
Disposal of Fixed Assets		10,000	2,658,970
		-	-
Net Cash Flow from/(Used in) Investing Activities		**(738,112,782)**	**(40,297,684)**
Cash Flows from/(Used in) Financing Activities			
Deferred Grant			-
Sri Lanka Sustainable Energy Fund		-	-
Accumulated Fund		-	-
Sustainable Guarantee Fund		-	-
Loans Repayable to Foreign Donors		-	-
Net Cash Flow from/(Used in) Financing Activities		-	-
Net Increase/(Decrease) in Cash and Cash Equivalents		**(565,847,750)**	**150,507,375**
Cash and Cash Equivalents at Beginning of the Year	16	**586,693,911**	**459,993,159**
Cash and Cash Equivalents at End of the Year		**20,846,161**	**586,693,911**

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STATEMENT OF COMPARISON FIGURES OF BUDGET AND THE ACTUAL AMOUNTS - 2022 *For the year ended 31st December*	Note	Actuals 2022 Rs.	Budget 2022 Rs.	Variance 2022 Rs.
Personal Emoluments				
Salaries & Wages		65,185,149	65,417,288	232,139
EPF 12%		9,559,415	9,707,274	147,859
E.T.F. 3 %		2,420,705	2,482,670	61,965
Overtime & Holiday Pay		6,560,968	6,774,718	213,750
Interim Allowance		5,612,249	5,623,833	11,584
Cost of Living		9,617,400	9,665,200	47,800
Other Allowance -		6,041,000	6,071,000	30,000
NAITA Salary		934,500	1,041,500	107,000
Transport Allowance		5,400,000	5,400,000	-
Fuel Allowance		7,658,928	8,008,428	349,500
Gratuity		1,182,370	1,400,000	217,630
		-	-	-
		120,172,684	**121,591,911**	
Travelling Expenses				
Domestic		588,600	800,000	211,401
Foreign		67,591	100,000	32,409
		656,190	**900,000**	
Supplies & Requisits				
Stationary & office requisites		1,118,311	1,850,000	731,689
Fuel & Lubricants	BA01	6,460,269	5,700,000	(760,269)
News Paper		123,870	250,000	126,130
Uniform		287,477	400,000	112,523
		7,989,926	**8,200,000**	
Repairs & Maintenance Expenditure				
Vehicle Maintenance & Insurance	BA02	12,950,329	11,000,000	(1,950,329)
Plant, Machinery & Equipment		1,653,537	2,000,000	346,463
Furniture & Fittings		-	500,000	500,000
Buildings & Structures		12,405	3,000,000	2,987,595
		14,616,271	**16,500,000**	

BA01 Due to the rapid increase in fuel prices over the year, the estimated budgetary limit was insuffient to perform the operation

BA02 The Budgetary ceiling for vehicle repair and maintenance has been exceeded because vehicle repair cost such as labour, spare parts & other materials like oil have increased over the year

STATEMENT OF COMPARISON FIGURES OF BUDGET AND THE ACTUAL AMOUNTS - 2022 *For the year ended 31st December*	Note	Actuals 2022 Rs.	Budget 2022 Rs.	Variance 2022 Rs.
Contractual Services				
Transportation		197,036	1,000,000	802,964
Telephone & Postal charges		4,778,065	5,276,160	498,095
Website & Software maintanance		1,507,682	2,000,000	492,318
Electricity		5,597,160	6,960,000	1,362,840
Water		854,739	974,432	119,693
Medical Insurance		3,799,821	4,000,000	200,179
Utility Expenses		289,747	1,900,000	1,610,253
Security		3,972,100	4,560,000	587,900
Rent		9,974,819	12,959,700	2,984,881
		-	-	
		30,971,169	**39,630,292**	
Other				
Board Expenses		1,369,050	2,000,000	630,950
Advertisement		848,508	2,500,000	1,651,492
Printing & Publication		767,891	6,500,000	5,732,109
Debit tax & Bank Charges		-	675,000	675,000
Office Expences		3,739,914	5,000,000	1,260,086
Refreshments		419,960	1,000,000	580,040
Audit Fees		-	1,000,000	1,000,000
Legal Fee		851,040	1,500,000	648,960
Ttranslation fees		64,715	300,000	**235,285**
		8,061,078	**20,475,000**	

STATEMENT OF COMPARISON FIGURES OF BUDGET AND THE ACTUAL AMOUNTS - 2022
CAPITAL BUDGET AND ACTUALS

Code	Activity	Actuals 2022 Rs.	Budget 2022 Rs.	Variance Rs.
	Admin Division			
	Rehabilitation & Improvement	1,412,535	1,500,000	87,465
	Acquition of Fixed Assets & Intangible Assets	906,930	6,150,000	5,243,070
	Staff Training	766,573	2,000,000	1,233,427
		3,086,038	**9,650,000**	**6,563,962**
	RMP Resource Mapping			
RMP01	Renewable Energy Development Plan	2,881,045	3,200,000	318,955
RMP02	Resource Assessment	3,192,234	62,100,000	58,907,766
		6,073,278	**65,300,000**	**59,226,722**
	RND Research & Development			
RND02	Pooneryn Wind-Solar Hybrid Energy Park	48,521,298	72,861,200	24,339,902
RND03	Siyambalanduwa 100 MW solar park	70,714,350	89,820,000	19,105,650
RND04	Mannar Phase II	11,608,241	38,000,000	26,391,759
RND05	Musali Wind Power Project	855,744	2,260,000	1,404,256
		131,699,633	**202,941,200**	**71,241,567**
	RES - Renewable Energy Services			
RES01	RE Services (Sooriya bala Sangramaya)	9,029,635	31,000,000	21,970,365
RES01	RE Services (CEB Augmentation)	50,000,000	50,000,000	-
RES02	Donor funded projects	-	1,000,000	1,000,000
RES03	Hambanthota Solar Energy Park	6,150,648	6,000,000	(150,648)
RES04	Indurana International training centre & Hydro power Site	242,622	5,000,000	4,757,379
		65,422,905	93,000,000	27,577,095
	RDF - Resource Development & Facilitation			
RDF01	Project Approving Committe Meetings	393,078	5,600,000	5,206,923
		393,078	**5,600,000**	**5,206,923**
SNP	SNP - System & Planing	1,778,553	2,700,000	921,447
	ISS - Industrial & Service Sector			
ISS01	Establishment of Energy Consumption Benchmarks for retail & financial institutions	199,956	800,000	600,044
ISS02	Energy Manager Scheme	3,412,734	3,700,000	287,266
		3,612,690	**4,500,000**	**887,310**
BA03	Due to the exchange rate variance over the year, the cost of equipment was higher than the originally expected equipment cost. Variance is only 2% of the budget.			

STATEMENT OF COMPARISON FIGURES OF BUDGET AND THE ACTUAL AMOUNTS - 2022 CAPITAL BUDGET AND ACTUALS

STATEMENT OF COMPARISON FIGURES OF BUDGET AND THE ACTUAL AMOUNTS - 2022 CAPITAL BUDGET AND ACTUALS

Code	Activity	Actuals 2022 Rs.	Budget 2022 Rs.	Variance Rs.
	SME - Household, Agro & SME Sector			
SME1	Appliance Labelling	1,544,874	4,110,000	2,565,126
SME2	Residential sector	2,242,000	2,420,000	178,000
SME3	Identification of the Sector status	-	200,000	
		3,786,874	**6,730,000**	**2,743,126**
	SNR - Surveys & Research			
SNR 02	Serveys and Research	-	1,700,000	1,700,000
SNR 03	New Technology and Energy Chains	398,553	1,000,000	601,448
SNR 04	Studies on Improvement of Existing Technology and Systems	40,051	200,000	159,949
		438,604	**2,900,000**	**2,461,396**
	POA - Policy & Advocacy			
POA01	Energy Information	334,660	750,000	415,340
POA02	Compilation of Energy Balance	459,780	1,000,000	540,220
		794,440	**1,750,000**	**955,560**
	ONP - Outreach & Promotion			
ONP01	Energy Education Programme	1,687,378	2,000,000	312,622
ONP02	Communication Programme	4,238,283	22,900,000	18,661,717
		5,925,661	**24,900,000**	**18,974,339**
	Employee Capacity Development	43,500	450,000	406,500
IMT	Information Management	525,787	500,000	(25,787)
	Resource Mobilization	-	100,000	100,000
	Grand Total	**223,581,041**	**421,021,200**	**197,240,159**

BA04 The price of IT equipment has escalated over the past year due to the foreign exchange crisis in the country.

Notes to the Financial Statements as at 31.12.2022

1. Corporate Information

1.1 General

Sri Lanka Sustainable Energy Authority (SLSEA) was established on 1st of October 2007. It is located at No 72, Ananda Coomaraswamy Mawatha in Colombo 07.
Energy Conservation Fund (ECF) Act No.02 of 1985 was repealed by Sri Lanka Sustainable Energy Authority Act No.35 of 2007. All the assets and liabilities of ECF as at 30th September 2007 were automatically transferred to the accounts of SLSEA from 1st of October 2007.

1.2 Principal Activities of Authority

The principal activities of SLSEA are developing renewable energy resources including declaring energy development areas, implementing energy efficiency and conservation measures, conducting programmes to promote energy security, reliability and cost effectiveness in energy delivery and carrying out information management of the energy supply and demand.

1.3 Funds of the Authority

As per the Sri Lanka Sustainable Energy Authority Act, the SLSEA is required to maintain and operate 3 funds. They are as follows:

1.3.1 Fund of the Authority

This fund is maintained to deposit initial capital, permit fees, loans, lease rentals and other receipts approved by Parliament. All sums of money to defray expenditure incurred by the authority in exercise, discharge & performance of its powers, functions and duties as per the Act, are paid out of this fund.

1.3.2 Sri Lanka Sustainable Energy Fund

This fund is maintained to deposit initial grant from consolidated fund, proceeds of cess, royalties, fees for professional services, money from lease rentals, application fees and fees for managing carbon assets.

Subsidies for renewable energy conversion plants, subsidies for promoting energy efficient appliances & technologies, subsidies for fuel switching, expenses of awareness programmes, incentives for encouraging energy conservation measures are payable out of this fund.

1.3.3 Sustainable Guarantee Fund

The purpose of this fund is to provide guarantees on behalf of investors who apply for loans to carry out projects relating to energy efficiency. As per the act there shall be credited to this fund an initial capital from the consolidated fund, an annual premium and interests for guarantees offered and funds received from the Fund of Authority.

1.4 Number of Employees

Number of employees as at 31st December 2022 – 98

2.1 Summary of Significant Accounting Policies

2.1.1 Basis of Preparation and Statement of Compliance

The Balance Sheet, Income Statement, Statement of changes in Equity and Cash flow statements of SLSEA as at 31st December 2022 together with accounting policies and notes have been prepared in compliance with the Sri Lanka Public Sector Accounting Standards.

The financial statements of the SLSEA are presented in Sri Lankan Rupees. The financial statements are prepared on accrual basis under the historical cost convention. Where appropriate the accounting policies are disclosed in succeeding notes.

2.1.2 Comparative Figures

Comparative figures have been adjusted to conform to the changes in presentation in the current Financial Year. The comparative figures for year 2021 have been restated.

2.2.1 Accounting for Government Grants and Disclosure of Government Assistance

Government Grants are divided into two categories as capital grant and recurrent grant. Recurrent grant is used to meet the reoccurring expenses such as salaries of the staff, building rent, etc. Capital grant is used to meet programme (activities) expenses and purchase of fixed assets. As the activity/programme expenses comprise recurrent and capital expenses, they are incurred from the capital grant.

Government Capital grant used in purchase of fixed assets are considered as income for the year.
Grants related to activities/programme expenditure are presented as a credit in the income statement, under the heading capital grant for programmes/activity expenses.

2.2.2 Accounting for Foreign Aid

The SLSEA carries out many foreign aid projects. Most of the assistance is received from the ADB and UNDP in the form of loans and grants. However, some of the payments to supplies and loans are made directly by the CBSL and the ADB on the recommendations made by SLSEA. They have been accounted for in separate project financial statements.

2.2.3 Accounting for Long-term Investments

Investments are made in Govt. Treasury bills and Fixed Deposits at National Savings Bank and stated on cost basis. Interest receivable from investments in fixed deposits and treasury bills at the end of the year is credited to the respective fund.

2.2.4 Revenue Recognition

Revenue represents Energy Permit fees, sale of electricity, training course fees, income from exhibitions, hiring of instruments and other income.

Revenue from project application fees and Energy Permit fees recognize as non-exchange transactions as there are no any annual transaction of services between the project developers and SLSEA, the income of the Application Fee and Permit Fee are recorded as non-exchange transaction incomes in the years of occurrence.

Part of the interest from Sustainable Guarantee Fund has been treated as income, while part of it has been re-invested. Part has been utilized to meet the cost of maintaining/earning the income to the fund.

2.2.5 Contingent Assets

Further, SLSEA sells the electricity generated from the Hambantota solar power plant to the CEB on monthly basis. However, the payment for the production sold during the last few months of 2021 was paid only in 2022.

2.3 Property, Plant and Equipment

2.3.1 Cost and Valuation

Fixed Assets is stated at cost less accumulated depreciation. The provision of depreciation for fixed assets is calculated by using straight line method. Hambanthota solar power park fixed assets revalued on 2018. Power purchase agreement with CEB for Hambantota solar power plant will be expired in 2031. Therefore, revalued fixed assets in Hambantota solar power plant will be depreciated within the remaining 12 years.

Hambantota solar power plant was revalued in 2018.

Recorded asset values of the financial statements are shown in the Asset Ledger of 2022, as revaluation could not be done due to unavailability of lack of information. However, it is carried out this year and accordingly the Asset Value Registry with revaluation information will be available for the 2023.

2.3.2 Depreciation

Depreciation rates of fixed assets are based on the estimated life span of the assets and could be subject to revision. The current rates are given below.

Item	Rate of Depreciation
Furniture & office equipment	25%
Motor vehicles	20%
Photocopiers	25%
Computers	33.33%
Electrical goods	25%
Library books	20%
Energy instruments	33.33%
Exhibition equipment	25%
Wind towers	20%
Building & structures	5%
Refrigerator testing laboratory	20%

Solar Power / Mini Hydro Projects		
A.	Solar panels	8.33%
B.	Steel structures	8.33%
C.	Buildings	5%
D.	Switch gears	8.33%
E.	Inverters	8.33%
F.	Transformers	8.33%
G.	Power electronics	8.33%
H.	Sanitary & plumbing	8.33%
I.	Cables	8.33%
J.	Furniture fittings & office equipment	25%
K.	Tools	8.33%
L.	Machinery	20%
M.	Other	20%

2.3.3 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, these assets are stated in the Statement of Financial Position at cost, less accumulated amortization and accumulated impairment losses, if any.
Intangible assets are amortized on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any.

Software	5 Years

2.3.4 Fully Depreciated assets still in use as at 31st December 2022

Furniture & Fittings	19,251,786/-
Motor Vehicles	45,136,495/-
Photocopy Machines	4,367,941/-
Computer	35,707,660/-
Electrical	446,964/-
Library Books	1,438,352/-
Energy Instrument	91,583,387/-
Wind Towers	47,238,802/-
Refrigerator Testing Lab	42,165,337/-
Solar Power Mini Hydro Projects	
Furniture & Fittings	3,014,514/-
Machinery	4,047,375/-
Other	60,039,664/-
Exhibition Equipment	354,853/-
UNDP Project Equipment	524,300/-

2.3.5 Indurana Land

The title deed for the Indurana land (2 rood & 32.32 perches) donated by M.P. Harshana Rajakaruna for the Sarathchandra Rajakaruna Memorial International Centre for Hydropower Promotion has been valued for Rs. 3,385,000/

2.4 Liabilities and Provisions

2.4.1 Gratuity

An amount equal to a half-month's salary for each year of employment based in the salary of the last month of the financial year is allocated for gratuity for all entitled employees.

2.4.2 EPF& ETF

Employees are entitled to contribute to EPF & ETF according to the respective rules & regulations. Contributions by SL SEA are made to EPF & ETF as 12% and 3% respectively.

2.4.3 Legal

Sri Lanka Sustainable Energy Authority currently facing 18 number of legal cases. The said cases are not claiming any financial damage against SLSEA and have been filed praying Writ of Mandamus/ Certiorari of Fundamental Rights Applications. Therefore, it has not been recognized any financial value prayed as damages against SLSEA

2.4.4 Approval of the Board

The financial statements for the year ended 31st December 2022 were authorized by the Board of Management of the Authority on 27th July 2023.

NOTES TO THE FINANCIAL STATEMENTS *For the year ended 31st December*	Note	2022 Rs.	2021 Restated Rs.
NOTE 03 - OPERATIONAL INCOME			
Treasury Income (Capital)	7	9,333,795	106,870,000
Amortized Differed Grant	8	34,825,284	35,321,954
Treasury Income (Recurrent)		108,467,000	131,697,000
Power Generation - Hambantota		24,498,267	26,682,776
Power Generation - Indurana		200,627	1,369,959
Energy Manager Training Programme - Income		10,000	84,000
Expression of Interest for RE Projects		-	52,142,062
Solar Atlas Income		12,500	32,000
Wind Data Income		-	937,500
Energy Permit Income		191,329,060	51,298,245
Solar Registration Fee		7,168,600	8,884,741
Solar Equipment Registration Fee		45,000	-
Total		**375,890,133**	**415,320,237**
NOTE 04 - NON OPERATIONAL INCOME			
Tender Fee		1,000	10,500
Supplier's Registration fee		145,000	6,000
Distress Loan Interest		609,947	657,307
Other Income 4.1	4.1	5,180,977	366,550
Special Advance Interest		2,481	1,674
Income - Funded Project		52,435,474	8,929,887
Income from Energy Fund 9	9	240,820,185	43,855,379
Interest Income		6,709,086	4,874,451
Disposal of Fixed Assets		4,375	2,658,970
Grant/Donation Land		3,385,000	-
Total		**309,293,525**	**61,360,718**
NOTE 04.1 - Other Income			
Leave Encashments		166,560	-
Vehicle Utilities		21,000	-
Scrap (Wind tower metal) & Other Sales		414,550	366,550
Bond Settlement (U.C.E. Kumari)		354,700	-
Unpresented Cheque (before 2015)		1,260,442	-
Other payables (before 2015)		2,963,725	-
		5,180,977	**366,550**

NOTES TO THE FINANCIAL STATEMENTS *For the year ended 31st December*	Note	2022 Rs.	2021 Restated Rs.
NOTE 05 - PROJECT EXPENSES			
NOTE 05 -1 RENEWABLE ENERGY			
Bio Mass Energy Technologies		180,000	60,000
Donor Funded Project - THREE Lanka Project		2,103,672	-
Operation of Hambanthota Renewable Energy Site		2,288,710	10,558,031
Operation of Indurana Site		344,936	1,363,337
Sooriya Bala Sangramaya		98,224,435	5,233,574
Total		**103,141,753**	**17,214,942**
NOTE 05 - 2 KNOWLEDGE MANAGEMENT			
Energy Education Programs		1,970,223	1,321,947
Promotion Programs		3,298,378	2,713,127
Total		**5,268,601**	**4,035,074**
NOTE 05 - 3 STRATERGIC ACTIVITIES			
Pooneryn Energy Park		51,164,246	889,783
Solar Energy Park		9,176,776	5,918,041
Wind Power Development		-	200,105
Total		**60,341,022**	**7,007,929**
NOTE 05 - 4 RESOURCE MAPPING			
Renewable Energy Development Plan		420,542	5,527,332
Resource Assessment		20,178,036	5,344,226
Total		**20,598,578**	**10,871,558**
NOTE 05 - 5 RESEARCH & DEVELOPMENT			
Weravil Project		855,744	-
Siyambalanduwa 100 MW solar park		-	-
Mannar Phase II		11,499,999	15,723,800
Total		**12,355,743**	**15,723,800**
NOTE 05 - 6 RESOURCE DEVELOPMENT & FACILITATION			
Resource Development & Facilitation		518,685	1,757,397
Total		**518,685**	**1,757,397**
NOTE 05 - 7 SYSTEM & PLANING			
System & Planing		4,329,181	859,592
Total		**4,329,181**	**859,592**
NOTE 05 - 8 INDUSTRIAL & SERVICE SECTOR			
Establishment of Energy Consumption Benchmarks for retail & financial institutions		2,225,510	473,243
Total		**2,225,510**	**473,243**

NOTES TO THE FINANCIAL STATEMENTS *For the year ended 31st December*	Note	2022 Rs.	2021 Restated Rs.
NOTE 05 - 9 HOUSE HOLD & AGRO SECTOR			
Energy Labelling Programme for Refrigerators		1,544,874	1,515,483
Residential sector		322,000	62,325
Total		**1,866,874**	**1,577,808**
NOTE 05 - 10 SURVEY & RESEARCH			
Serveys and Research		176,079	885,336
Total		**176,079**	**885,336**
NOTE 05 - 11 POLICY & ADVOCACY			
Policy & Advocacy		807,465	3,223,965
Total		**807,465**	**3,223,965**
NOTE 05 - 12 INFORMATION MANAGEMENT TECHNOLOGY			
Information Management		525,787	-
Total		**525,787**	-
NOTE 06- RECURRENT EXPENSES			
NOTE 06- 1 SALARIES AND ALLOWANCESS			
Salaries for Staff		64,108,044	60,977,222
Cost of Living Allowance		9,586,200	8,866,839
Interim Allowance (Rs.5,000/- Allowance)		5,592,250	-
E.P.F. 12%		9,493,806	8,938,528
E.T.F. 3 %		2,404,282	2,234,633
Overtime and Holiday Pay		6,563,189	6,887,114
Own Vehicle Utilization		5,400,000	5,625,000
Fuel Allowance		7,593,588	3,399,576
Professional Allowance		6,001,000	4,753,242
NAITA Salary		712,000	830,000
Gratuity Expence		3,569,503	2,481,573
Total		**121,023,862**	**104,993,727**
NOTE 06 - 2 TRAVELLING AND SUBSISTANCE			
Travelling - Domestic		673,046	760,486
Travelling - Foreign		47,198	2,069,091
Total		**720,244**	**2,829,577**
NOTE 06 - 3 SUPPLIES			
Printing, Stationery and Office Requisites		1,628,112	3,971,521
Fuel and Lubricants		6,480,135	4,232,174
Uniform		175,477	
Other - News Papers and Miscellaneous Service		137,620	87,300
Total		**8,421,344**	**8,290,995**

NOTES TO THE FINANCIAL STATEMENTS *For the year ended 31st December*	Note	2022 Rs.	2021 Restated Rs.
NOTE 06 - 4 MAINTENANCE			
Vehicles, Insurance and License Fees		14,073,649	9,165,129
Plant Machinery		1,502,954	1,887,274
Office Equipment		-	69,601
Building and Structure		4,950,184	168,858
Website & Software Maintenance		598,232	
Total		**21,125,019**	**11,290,862**
NOTE 06 - 5 CONTRACT SERVISES			
Office Rents and Hire Charges		14,629,735	33,921,531
SEA Web Hosting		685,100	-
Electricity & Water		4,970,457	2,659,077
Security Expenses		3,972,100	3,516,300
Janitorial Services		1,906,725	
Postal and Telecommunication Charges		3,136,507	5,007,861
Transport		223,295	380,201
Audit Fees		1,401,600	93,434
Total		**30,925,519**	**45,578,404**
NOTE 06 - 6 DEPRECIATION, IMPAIRMENT AND AMORTISATION			
Furniture and Office Equipment		2,515,691	1,143,009
Motor Vehicles		1,560,000	1,560,000
Photocopier		81,362	208,427
Computers		2,140,281	1,896,674
Electrical Goods		-	4,442
Energy Instruments		1,840,324	3,128,457
Wind Towers and Instruments		916,889	1,181,145
Refrigerator Testing Laboratory		577,609	-
Hambantota and Indurana Energy Park		37,198,790	35,722,450
Fixes Assets for UNDP Projects		-	75,513
Fan Testing Lab		1,036,539	1,021,404
Amortisation of Lease Hold Land		1,528,548	1,528,548
Name Board		616,558	-
Weather station		2,080,855	-
Solar instrumenrt		1,132,792	-
Intangible Assets Amortisation		910,693	862,793
Total		**54,136,931**	**48,332,862**

NOTES TO THE FINANCIAL STATEMENTS *For the year ended 31st December*	Note	2022 Restated Rs.	2021 Restated Rs.
NOTE 06 - 6.1 - Hambantota & Indurana Power plant Depreciation			
a- Solar panels		6,610,793	6,610,793
b- Steel Structure		4,804,167	4,804,167
c- Building		7,894,958	6,550,881
d-Switch Gear		833,983	833,984
e- Invertes		5,087,885	5,087,886
f- Transformers		391,667	391,667
i- Sanitary & Plumbing		6,906,818	6,906,818
k- Furniture Fittings & Office		544,893	499,201
l- Tools		549,815	475,000
J- Cable		2,500,000	2,500,000
m-Machinery & Equipment		1,061,071	1,049,313
h-other		12,740	12,740
		37,198,790	**35,722,450**
NOTE 06 - 7 OTHER RECURRENT EXPENSES			
Office and Miscellaneous Expenses		2,411,113	3,614,546
Paper Advertisements		787,678	943,367
Insurance		3,799,792	2,082,257
Translation Fees		51,810	49,208
Allowances for Board Members		1,235,760	1,155,300
Refreshment Charges		511,145	737,745
Local/Foreign Training Programmes		1,106,558	751,435
Bank Charges		50,525	31,805
Legal Fee		848,040	560,492
Total		**10,802,421**	**9,926,155**
NOTE 07 - TREASURY INCOME (CAPITAL)			
Capital Grant Received from Treasury		9,333,795	106,870,000
Total		**9,333,795**	**106,870,000**
NOTE 08 - AMORTISED DEFERRED GRANT			
Amortisation for Current Year		34,825,284	35,321,954
Total		**34,825,284**	**35,321,954**
NOTE 09 - INCOME FROM ENERGY FUND			
Energy Management Income		974,100	685,375
Income from Renewable Energy		211,420,500	29,138,035
Net Interest - Fixed Deposits		11,398,247	-
Net Interest - Savings Accounts		16,638,153	14,031,969
Other Income - Energy Fund		389,185	-
Total		**240,820,185**	**43,855,379**

NOTES TO THE FINANCIAL STATEMENTS *For the year ended 31st December*	Restated Balance as at 01.01.2022	Acquisition	Revaluation	Disposal	Balance as at 31.12.2022
Land - Hambanthota & Indurana	101,217,000	3,385,000		-	104,602,000
Furniture and Office Equipment	27,385,105	2,558,150		11,250	29,932,005
Motor Vehicles	52,936,495	-		-	52,936,495
Photocopier	5,150,141	-		-	5,150,141
Computers	43,234,259	33,950		-	43,268,209
Electrical Goods	446,964	-		-	446,964
Library Book	1,438,352	-		-	1,438,352
Energy Instruments	102,237,427	262,675		-	102,500,102
Wind Towers and Instruments	65,961,090	(1)		-	65,961,089
Refrigerator Testing Laboratory	42,165,337	-		-	42,165,337
Fan Testing Lab	5,182,693	-		-	5,182,693
Name Board	1,661,250	258,800		-	1,920,050
Weather Station and solar meas	10,404,275	(1)		-	10,404,274
Solar Instrument	5,623,000	2,990,000		-	8,613,000
Solar and Mini Hydro Projects					
A. Solar Panels	79,329,510	-		-	79,329,510
B. Steel Structure	57,650,000	-		-	57,650,000
C. Building	155,708,658	5,684,300		-	161,392,958
D. Switch Gear	10,007,800	-		-	10,007,800
E. Inverters	61,054,625	-		-	61,054,625
F. Transformers	4,700,000	-		-	4,700,000
G. Power Electronics	31,619,040	-		-	31,619,040
I. Sanitary and Plumbing	82,881,814	-		-	82,881,814
J. Cables	30,000,000	-		-	30,000,000
K. Furniture Fittings and Office Equip.	5,739,048	586,983		-	6,326,031
L. Tools	6,189,087	-		-	6,189,087
M. Machinery	9,284,158	180,855		-	9,465,013
H. Other	60,103,364	-		-	60,103,364
Exhibition Equipments	354,853	-		-	354,853
Fixes Assets for UNDP Projects	524,300	-		-	524,300
Total	**1,060,189,645**	**12,555,711**		**11,250**	**1,076,119,106**

NOTES TO THE FINANCIAL STATEMENTS *For the year ended 31st December*	Restated Balance as at 01.01.2022	Depreciations	Disposal	Accumulated Depreciation As at 31.12.2022	Net Book Value As at 31.12.2022
Land - Hambanthota & Indurana	-	-	-	-	104,602,000
Furniture and Office Equipment	21,261,289	2,515,691	5,625	23,771,355	6,160,650
Motor Vehicles	47,294,852	1,560,000		48,854,852	4,081,643
Photocopier	4,841,591	81,362		4,922,953	227,188
Computers	38,785,706	2,140,280		40,925,986	2,342,223
Electrical Goods	446,965	-		446,965	(1)
Library Book	1,438,352	-		1,438,352	-
Energy Instruments	98,163,482	1,840,324		100,003,806	2,496,296
Wind Towers and Instruments	63,738,396	916,888		64,655,284	1,305,805
Refrigerator Testing Laboratory	41,587,728	577,609		42,165,337	-
Fan Testing Lab	3,470,944	1,036,538		4,507,482	675,211
Name Board		616,558		616,558	1,303,492
Weather Station and solar meas		2,080,855		2,080,855	8,323,419
Solar Instrument		1,132,792		1,132,792	7,480,208
Solar & Mini Hydro projects		-		-	
A. Solar Panels	19,832,378	6,610,792		26,443,170	52,886,340
B. Steel Structure	14,412,501	4,804,166		19,216,667	38,433,333
C. Building	67,213,859	7,894,957		75,108,816	86,284,142
D. Switch Gear	2,501,980	833,983		3,335,963	6,671,837
E. Inverters	15,263,657	5,087,885		20,351,542	40,703,083
F. Transformers	1,175,001	391,666		1,566,667	3,133,333
G. Power Electronics	31,619,040	-		31,619,040	-
I. Sanitary and Plumbing	20,720,454	6,906,817		27,627,271	55,254,543
J. Cables	7,500,000	2,500,000		10,000,000	20,000,000
K. Furniture Fittings and Office Equip.	3,557,154	544,892		4,102,046	2,223,985
L. Tools	950,000	549,815		1,499,815	4,689,272
M. Machinery	6,693,719	1,061,071		7,754,790	1,710,223
H. Other	60,057,756	12,740		60,070,496	32,868
Exhibition Equipments	354,853	-		354,853	-
Fixes Assets for UNDP Projects	524,301	(1)		524,300	-
Total	**573,405,958**	**51,697,680**	**5,625**	**625,098,013**	**451,021,093**

NOTE 10 - 2 LEASE HOLD ASSETS

NOTES TO THE FINANCIAL STATEMENTS *For the year ended 31st December*	Balance as at 01.01.2022	Acquisition	Amortization	Balance as at 31.12.2022
Land - Battaramulla	35,920,888	-	1,528,548	34,392,340
Total	**35,920,888**	-	**1,528,548**	**34,392,340**

NOTE 11 - INTANGIBLE ASSETS

NOTES TO THE FINANCIAL STATEMENTS *For the year ended 31st December*	Balance as at 01.01.2022	Acquisition	Amortization	Balance as at 31.12.2022
Computer Software	3,092,770	284,000	910,693	2,466,077
Data and Information	-	-	-	-
Total	**3,092,770**	**284,000**	**910,693**	**2,466,077**

NOTES TO THE FINANCIAL STATEMENTS *For the year ended 31st December*	Note	2022 Rs.	2021 Restated Rs.
Centre of Excellence in Sustainable Energy (SLSEA)		23,290,653	23,290,653
Electric Prototype Vehicle		7,956,800	7,956,800
Pooneryn Project		23,726,193	23,726,194
WIP - CWC Building Partition		-	3,878,959
WIP - Storlion-Indurana battery		-	1,591,000
WIP - Hambantota -Nimashi Constr		5,870,000	11,554,300
WIP - Inova-weather sta .inst		1,044,664	-
WIP - DARE-com-wind mea-Nor.Pro		57,965,944	47,980,788
WIP - DARE-com-pooneryn mast ins		-	1,630,800
WIP - Kotiyagala solar park		1,657,400	
WIP - Siyambalanduwa Project		12,786,941	-
Total		134,298,595	121,609,494

Deposit Reg. No.	Date of Maturity	Rate of investment	Net Interest for 2022	Deposit as at 31.12.2022	Deposit as at 01.01.2022
2/0061/11/33829	9/21/2023	12.00%	139,141	1,962,154	1,859,862
2/0061/11/33861	9/21/2023	12.00%	139,141	1,962,154	1,859,862
2/0061/11/33853	9/21/2023	12.00%	139,141	1,962,154	1,859,862
2/0061/11/33888	9/21/2023	12.00%	139,141	1,962,154	1,859,862
2/0061/11/33772	9/21/2023	12.00%	139,141	1,962,154	1,859,862
2/0061/11/33837	9/21/2023	12.00%	139,141	1,962,154	1,859,862
2/0061/11/33845	9/21/2023	12.00%	139,141	1,962,154	1,859,862
2/0061/11/33756	9/21/2023	12.00%	139,141	1,962,154	1,859,861
2/0061/11/33764	9/21/2023	12.00%	139,141	1,962,154	1,859,861
2/0061/11/33802	9/21/2023	12.00%	139,141	1,962,154	1,859,861
2/0061/11/33713	9/21/2023	12.00%	139,141	1,962,154	1,859,861
2/0061/11/33896	9/21/2023	12.00%	139,141	1,962,154	1,859,861
2/0061/11/33799	9/21/2023	12.00%	139,141	1,962,154	1,859,861
2/0061/11/33870	9/25/2023	12.00%	51,631	735,808	697,448
2/0061/09/60845	10/20/2023	12.00%	47,918	731,350	693,222
2/0061/11/34051	9/30/2023	12.00%	327,694	4,732,802	4,486,068
2/0061/09/49981	5/2/2023	12.00%	1,673,270	14,880,029	14,171,456
2/0061/13/36533	12/15/2023	26.00%	2,262,356	198,500,000	-
2211318	11/29/2023	26.00%	4,558,904	200,000,000	-
2211322	5/29/2023	26.00%	1,139,726	50,000,000	-
2211321	5/29/2023	26.00%	1,139,726	50,000,000	-
2211320	2/28/2023	26.00%	1,139,726	50,000,000	-
2211319	2/28/2023	26.00%	1,139,726	50,000,000	-
2211772	1/30/2023	22.00%	18,082	30,000,000	-
2211771	1/30/2023	22.00%	30,137	50,000,000	-
Total			**15,337,731**	**725,087,987**	**44,226,394**

TREASURY BILLS-(In People's Bank, Head Quarters_)

NOTES TO THE FINANCIAL STATEMENTS *For the year ended 31st December*	Date of Maturity	Rate of Investment	Net Interest for 2022	Deposit as at 31.12.2022	Deposit as at 01.01.2022
LKB01027G212	17/01/2023	7.70%	1,159,780	24,947,261	23,807,128
LKB00425F013		17.0%	-	50,732,494	-
Total			1,159,780	75,679,385	23,807,128
TOTAL INVESTMENT				**800,767,372**	**68,033,522**

		2022 Restated Rs.	2021 Restated Rs.
NOTE 14 - RECEIVABLES			
Interest Receivable on Fixed Deposits		13,895,749	919,613
Interest Receivable on Treasury Bills		2,713,834	1,084,366
Power Generation - Hambanthota/Indurana		28,178,986	13,840,156
Receivable from Employees		741,841	547,483
Recivable - LECO		822,560	565,681
Recivable - CWC -Areears water&		271,963	502,963
Recivable - State Ministry		-	1,100,000
Employee Receivable - Telephone		11,212	4,520
Trade - Recivable (EF)		750,000	-
Trade - Recivable (FOA)		-	-
Aitkenspence Travel		-	6,309
Heritance Ahungalla		-	-
Total		**47,386,145**	**18,571,091**

NOTES TO THE FINANCIAL STATEMENTS *For the year ended 31st December*	Note	2022 Rs.	2021 Restated Rs.
Water Board		2,500	2,500
Medical Insurance		-	500
Fuel, Etc.		566,500	186,500
Hambantota - CEB		52,000	52,000
Indurana- CEB		62,500	62,500
Sooriyawewa - CEB		1,500	1,500
Telephone		8,776	8,776
Spring Water Pvt Ltd		3,500	3,500
American Premium Water		36,000	23,000
Mobitel		2,000	2,000
Refundable Dep- C W C		3,989,928	3,989,928
Refundable deposit- siyabaland		280,000	280,000
BMICH		789,902	479,902
Vidulka Exhibition		25,000	25,000
ADVANCE			
Advances for Programs, etc.		1,439,607	717,273
Divisional Secretariat -Ruwanwella		6,233,678	6,233,678
Advance- C W C		1,662,470	5,319,904
Adv-Dis.Secre-Monaragala Distr		61,709,140	1,425,000
Adv. Divisional Secre- Siyabal		3,027,120	3,027,120
Advance - Sadew Printers		96,000	96,000
Advance - New Kandy Electronic		-	60,296
Advance - Singer Lanka Plc		-	586,983
Advance- Industrial Tech.Inst		688,500	-
Advance- Dep.of.archacology		15,000	-
Advance-Lanka Electricity Com		3,840,000	-
Advance - Project		1,189,405	4,170,540
Cheif Secretary Southern / Eastern pro.-NAMA		2,854,800	2,854,800
Advance - General		291,996	-
Other		744,632	6,212,739
Total		**89,612,454**	**35,821,939**
REVOLVING FUND			
Distress Loan		14,885,008	14,582,490
Special Advance		1,585	73,385
Festival Advance		40,789	24,489
Flood Loan		-	-
		14,927,382	**14,680,364**
TOTAL OTHER CURRENT ASSETS		**104,539,836**	**50,502,303**

NOTES TO THE FINANCIAL STATEMENTS *For the year ended 31st December*	Note	2022 Rs.	2021 Restated Rs.
NOTE 16 - CASH AND CASH EQUIVALENT			
NSB Savings Account - 100610493406		1,254,554	193,716,488
Peoples Current Account - 078100188503576		10,472,270	61,372,065
Peoples Current Account - 078100278503576		3,102,109	4,620,072
BOC Current Account - 8002630		2,393,286	2,322,191
BOC Current Account - 74944408		(17,328,844)	43,454,670
Call Deposits		20,000,000	-
BOC Savings Account - 75803419		689,141	280,943,280
BOC Current Account - 80595356		263,645	265,145
Total		**20,846,161**	**586,693,911**
NOTE 17 - ACCUMULATED FUND			
Accumulated Fund of Energy Conservation Fund (ECF) as at 30 September 2007 transferred to Sri Lanka Sustainable Energy Authority (SLSEA) on 1 October 2007. It consists the following :			
Accumulated Fund as at 30 September 2007		7,076,392	7,076,392
Initial Capital		5,000,000	5,000,000
Capital Grant - Ministry of Power and Energy		5,761,145	5,761,145
Capital Grant from UNDP		3,612,560	3,612,560
Donor Grant from Food and Agriculture Organization		650,239	650,239
Total		**22,100,336**	**22,100,336**
NOTE 18 - DEFERRED GRANT			
Capital Grant 2008		33,770,435	33,770,435
Capital Grant 2009		11,955,533	11,955,533
Foreign Grant 2009 - Japanese		24,165,380	24,165,380
Capital Grant 2010 - Hambantota Solar Park		46,693,991	46,693,991
- Capital Grant		10,646,819	10,646,819
Foreign Grant 2010 - Japanese		11,419,569	11,419,569
Capital Grant 2011 - Indurana Mini Hydro Project		15,523,945	15,523,945
- Capital Grant		68,798,341	68,798,341
Foreign Grant 2011 - Japanese		1,155,016,402	1,155,016,402
- Korean		191,097,075	191,097,075
Differed grant 2012 - ADB		15,082,346	15,082,346
Capital Grant 2012		23,581,236	23,581,236
Differed grant 2013 - ADB		43,416,071	43,416,071
Differed Grant 2013 - KOICA		35,662	35,662
Capital Grant 2013 - FARDF		41,873,961	41,873,961
Capital Grant 2014		20,487,827	20,487,827
Capital Grant 2015		14,655,015	14,655,015
Capital Grant 2016		17,855,251	17,855,251
Capital Grant 2017		19,806,619	19,806,619
Less:			
- Deferred Revenue Previous Years		(1,462,346,908)	(1,427,024,954)
- Deferred Revenue for The Year		(34,825,284)	(35,321,954)
Total		**268,709,286**	**303,534,570**

NOTES TO THE FINANCIAL STATEMENTS *For the year ended 31st December*	Note	2022 Rs.	2021 Restated Rs.
NOTE 19 - OTHER PAYABLE			
Payable to Fund of The Authority from Energy Fund			-
Switch Asia Control Account		3,030,214	4,548,176
Ministry of Power and Energy		-	500
Accrued Expenses		22,939,960	8,920,013
Unpresented Cheques		10,512,883	1,260,442
Renewable Energy Solar Registration Fees		-	295,860
Ministry of Mahaweli Development and Environment		470,000	470,000
Audit Fees		2,455,200	1,053,600
PAYEE tax Payable		-	382
Jeewa Shakthi Associates - Survey Fee		-	252,875
Bid document		-	60,000
Others		128,128	370
Other Deduction Payable		130,722	43,839
Telephone Deduction Control AC		133,546	-
Payable-DAR E-com pvt Ltd		-	1,040,428
Online Deposit account		5,422,599	29,760
CREDITORS			
Renewable Energy-E Net Solutions (Private) Ltd.		-	1,667,500
Acquisition of Energy Instruments		-	326,025
Retention		11,220,409	3,987,888
Narahenpita Jathika Pola		-	99,405
SUNDRY CREDITORS			
Sri Lanka Custom		-	310,748
Welfare Society SEA		-	442
REFUNDABLE DEPOSIT		-	10,000
E-Net solutions (Pvt) Ltd		150,000	150,000
ENL Consultant		10,000	10,000
Zigma Technologies		30,000	30,000
Rainco Renewable Energy Co. (Pvt.) Ltd		9,256	9,256
Vidulka Exhibition		54,000	54,000
Ceylon Petroleum Corp		14,000	14,000
Refundable Deposit - Vehicle		50,000	50,000
ATA International		25,000	25,000
Vidulka symposium - Entertainment Ltd			-
Total		**56,785,917**	**24,720,509**

NOTES TO THE FINANCIAL STATEMENTS *For the year ended 31st December*	Note	2022 Rs.	2021 Restated Rs.
NOTE 20 - Sri Lanka Energy Fund			-
Non currentt Assets			
Investment		628,500,000	-
Current Assets			
SEA Current Account (FOA) - Energy plus Building		1,678,878	1,678,878
Receivable on Energy Permit		750,000	-
Receivable on interest		11,398,248	-
Cash & Cash Equivalent			
NSB Savings Account		1,254,554	193,716,488
BOC Savings Account		689,141	280,943,280
		644,270,821	476,338,646
Accumulated Fund		367,557,645	385,061,573
Surplus / Deficit for the year		44,885,189	(17,503,928)
Total Accumulated Fund		412,442,834	367,557,645
Current Liabilities			
SEA Current Account (FOA)		231,827,987	108,751,241
Online Deposit Control Account		-	29,760
Total		**644,270,821**	**476,338,646**

NOTES TO THE FINANCIAL STATEMENTS *For the year ended 31st December*	Note	2022 Rs.	2021 Restated Rs.
NOTE 20 - Sri Lanka Energy Fund			
Income Statement for the year ended 31st December 2020			
Income			
Income - Energy Fund		240,820,185	43,855,379
Expenses			
Resource Assesment		1,143,793	-
Pooneryn Wind-Solar Hybrid Energy Park		47,923,834	2,592,154
Siyambalanduwa 100 MW solar park		69,490,776	19,616,154
Mannar Phase II		10,635,538	5,979,462
Renewable Energy Service Programme		57,777,316	9,790,421
Indurana SRM Training Centre		-	2,934,768
Solar Trainig Centre (Hambanthota)		3,180,482	9,456,874
Establishment of Energy Consumption Benchmarks for retail & financial		-	252,150
Energy Manager Scheme		-	1,610,838
Instrument bank		-	2,060,000
Energy audits		-	24,260
Energy Labelling Programme		1,544,874	2,765,417
Residential Sector		-	56,000
Energy Education Programme		-	601,325
Promotion Programme		4,238,283	3,619,359
Bank Charges		100	125
		195,934,996	61,359,307
Surplus/Deficit		**44,885,189**	**(17,503,928)**
NOTE 21 - SRI LANKA SUSTAINABLE GUARANTEE FUND			
Income Statement for the Year Ended 31st December 2022			
Income			
Interest Income - Fixed Deposit		3,909,347	2,433,012
Interest Income - Treasury Bills		2,769,602	2,441,439
Total Income		**6,678,949**	**4,874,451**
Less:			
Expenses		-	-
Total Expenses		-	-
Net Surplus/Defecit		**6,678,949**	**4,874,451**
NOTE 21 - SRI LANKA SUSTAINABLE GUARANTEE FUND			
Statement of Financial Position as at 31.12.2022			
Assets			
Non Current Assets		**122,267,744**	
Investments	Note 13	122,267,744	68,033,523
Current Assets			
Interest Receivable on Fixed Deposits		2,467,366	919,613
Interest Receivable on Treasury Bills		2,713,835	1,084,366
Cash & Cash Equivalent			
Peoples Current Account - 078100188503576		-	50,732,494
		127,448,945	**120,769,996**
Accumulated Fund		120,769,996	115,895,545
Surplus / Deficit for the year		6,678,949	4,874,451
Total Accumulated Fund		127,448,945	120,769,996
Current Liabilities			
Total		**127,448,945**	**120,769,996**

NOTES TO THE FINANCIAL STATEMENTS *For the year ended 31st December*	Note	2022 Rs.	2021 Rs.
Advance-Co-Energy (pvt) Ltd		-	2,128,894
Advance-Dis Sec Hambantota		23,992	23,993
Advance-Depa of Animal Hus		-	26,777
Advance-Co-Energy (pvt) Ltd		-	521,735
Advance-The University of Colombo		-	2,790,700
Advance-ISB North Western Province		390,150	390,150
Advance -Indi creation		222,500	222,500
Advance-Sri Lanka Standard Ins		68,990	68,990
ADB - Exterm WEB		39,000	39,000
		744,632	**6,212,739**

NOTE 23 - PRIOR YEAR ADJUSTMENTS

23.1 - Unidentified Online Transfers

Unidentified onlne transfer received during the year 2021 for EOI & other services of Rs. 23,842,061.35 was recorded under the current liabilities in the financial statements of 2021. The Financial Statements of 2021 have been restated to correct this error. The effect of the restatement on those financial statements is summarized below. There is no effect in 2022.

	Effect on 2021
Increase in Revenue	
Increase in Surplus	23,842,061
	23,842,061
Decrease in Other current liabilities	
Increase in Net Assets/Equity	23,842,061
	23,842,061

23.2 - Advances Given to Uwa Provincial council for NAMA Project

Expenses of NAMA Project of Rs. 869,500/- was not recognized as expenses and recorded as advances in the financial statements of 2018 and onward. This was due to the relevent proof of documents confirming the expenditure had not been received by the SLSEA. The financial statement of 2018 have been restated to correct this error. The effect of the restatement on those financial statement is summarized below. There is no effect in 2022.

NOTES TO THE FINANCIAL STATEMENTS *For the year ended 31st December*	Effect on 2021	Effect on 2020	Effect on 2019	Effect on 2018
Increase Expenses- NAMA Project	-	-	-	869,500
Decrease in Surplus	-	-	-	869,500
Decrease in Other Current Assets	869,500	869,500	869,500	869,500
Decrease in Net Assets/Equity	869,500	869,500	869,500	869,500

23.3 - Receivable from Heritance Ahungalla

Invoice for service rendered to Heritance Ahungalla of Rs 35,658.75 had been duplicated in 2016 and recorded as a current asset in the financial statement of 2016 and onwards. The financial statement of 2016 have been restated to correct this error. The effect of the restatements on those financial statements is summarized below. There is no effect in 2022.

	Effect on 2021	Effect on 2019	Effect on 2018	Effect on 2017	Effect on 2016
Decrease Revenue					35,659
Decrease in Surplus					35,659
Decrease in Other Current Assets	35,659	35,659	35,659	35,659	35,659
Decrease in Net Assets/Equity	35,659	35,659	35,659	35,659	35,659

23.4 - PAYEE tax payable

PAYE tax deducted from the employee erronously in 2020 and the next month it had been added to the emplyees salary and correctly paid to the employee, however first month dedcuted PAYE tax payable amount not adjusted acordingly. Therefor it was incorrectly recorded as a liability in the financial statements of 2020. The Financial Statements of 2020 have been restated to correct this error. The effect of the restatement on those financial statements is summarized below. There is no effect in 2022.

	Effect on 2021	Effect on 2020
Decrease Expenses- Salary		220
Increase in Surplus		220
Decrease in Curren Liabilities	220	220
Increase in Net Assets/Equity	220	220

Auditor General Report

ENR/B/SLSEA/1/22/22

30th November 2023

Chairman

Sri Lanka Sustainable Energy Authority

The financial statements of the Sri Lanka Sustainable Energy Authority for the year ended 31st December 2022 and the Auditor General's Report in terms of Section 12 of the National Audit Act No. 19 of 2018 on the other legal and regulatory requirements

1. Financial Statements

1.1. Basis for audit opinion

The audit on the financial statements of the Sri Lanka Sustainable Authority for the year ended 31st December 2022 consisting of the statement of financial position as at 31st December 2022 and the statement of financial performance and the cash flow statement for the year then ended was carried out under my direction in pursuance of the provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read with the National Audit Act No.19 of 2018 and the Financial Act No.38 of 1971. My report to be submitted in terms of the Article 156 (6) of the Constitution will be tabled in the Parliament, in due course.

I am of the opinion, except for the effects of the matters described in the section for the basis of my audit opinion of this report, in accordance with the Sri Lanka State Sector Accounting Policies, that the financial statements give a true and fair view of the financial position of the Authority as at 31st December 2022 and of its financial performance and cash flows for the year then ended.

1.2 Basis for Qualified Opinion

(a) An amount of 46.75 million rupees that was deposited in the Office of Punareen Divisional Secretary for the compensation required in respect of acquisition of land for the Punareen Solar and Wind Energy Projects was accounted for as project expenses and therefore the profit of the year under review had been understated by that of amount.

(b) 23.7 million rupees of survey fees and project feasibility study cost spent by the Authority in previous years for the Punareen Project had not been accounted as project costs but as work in progress. As a result of that, earning retained at the end of the year under review had been overstated by that of amount.

(c) In the year 2009, the electric fence built around the land of the Hambantota Solar Park had not been valued and accounted for as fixed assets.

(d) 780,000 rupees of tax due for a state land leased by the Authority in the year 2020 for a small power plant had not been accounted for.

(e) According to para 76 of the Sri Lanka Public Sector Accounting Standard No.1, the non-current assets had been overstated as 3 fixed deposits of 150 million rupees remained for 6 months and 8 months which should be accounted as a current asset.

(f) According to para 9 of the Sri Lanka Public Sector Accounting the Standard No.2, 130 million rupees of 3 fixed deposits remained for 3 months which should be accounted as

cash and cash equivalents was accounted as an investment and thereby the non-current assets had been overstated by that of amount.

(g) The energy license fee income of 191.32 million rupees received by the Authority for the renewable energy project in the year under review had not been recognized over the license period as income in the year under review in accordance with the Sri Lanka Public Sector Accounting Standard No.10.

(h) As at 31st December 2022, Rs.355 millions of the fixed assets whose book value is nil, are still in use, and as per the para 65 of the Sri Lanka Public Sector Accounting Standard No. 7, no action had been taken to review annually the useful life period of such assets according to the Sri Lanka Public Sector Accounting Standard No.3.

(i) As at 31 December 2022, 263 items of inactive equipment were not disclosed according to the Sri Lanka Public Sector Accounting Standard No.7.

(j) For the 700 MW renewable energy project that had been applied for, the Authority had charged 30 million rupees less registration fees for 100 MW. Due to the lack of confirmation by the Ceylon Electricity Board regarding the required capacity that can be connected to the national grid, the fees were charged less. Further, no disclosures had been made in the financial statements regarding the remaining registration fees to be charged.

(k) Even though the Authority submitted a letter on 8th November 2022 to an Indian Company which is the project developer, asking such company to reimburse 261.7 million rupees of the expenditure incurred from the year 2017 by the Authority for Punareen Solar Energy Project and Mannar Wind Energy Project (Second Phase), the said amount had not been reimbursed till the end of the year under review. Further, no formal agreement had been entered into with the company concerned regarding the reimbursement of such expenses. Moreover, the Authority had not made disclosure on the expenditure and the receivables in the financial statements for the said projects.

I have carried out my audit in accordance with the Sri Lanka Auditing Standards (SAAS). My responsibility under these auditing standards is described further in the section of Auditor's Responsibility for the Audit of Financial Statements of this report. I believe that the evidence obtained by me is sufficient and appropriate to provide a basis for my adverse opinion.

Other information included in the Annual Report 2022 of the Authority

Other information means the information that has been included in the Annual Report of 2022 of the Authority which is expected to be provided to me after the date of this audit report but not included in the financial statements and in my audit report on such financial statements. The management should be accountable to the other information.

My opinion on the financial statements does not cover other information and I do not provide any opinion or confirmation in any manner in that regard.

My responsibility with regard to my audit on the financial statements is to consider whether the above identified other information substantially appears in contradiction to the financial statements or my knowledge gained in audit or in any other manner, when such information is read and done so where such things could be able to obtain.

When the Annual Report of 2022 of the Authority is read, if I observe that sufficient errors are found in that report, such items should be communicated to the parties who take control over, for rectification. If such errors are found further without correcting, such things will be included in my report to be tabled in Parliament in due course by me according to the provision in the Article 154 (6) of the Constitution.

1.3. Responsibilities of the Parties having control over Financial Statement

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the generally accepted Accounting Principles and for such internal control as the Management determines it is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

In preparation of financial statements, it is the responsibility of the Authority to decide its ability on maintaining its continuity. Except if the Management intends to liquidate its Authority and stop its operation where there are no other alternatives, it is the responsibility of it to disclose the facts relevant to its continuity and accounting, based on sustainability of the Authority.

The parties having control over have to take the responsibilities on the financial reporting process of the Authority.

Proper maintenance of books and records on all income, expenditure, assets and liabilities where that enable to prepare annual report and financial statements of the Authority, in terms of sub-section 16 (1) of the National Audit Act No.19 of 2019.

1.4 Auditor's Responsibility on the Audit of the Financial Statement

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from the 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; however is not a guarantee that an audit conducted in accordance with the Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise due to fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to make influence on the economic decisions of users taken based on these financial statements.

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

- Identified and assessed the risks of material misstatement from the financial statement, whether due to fraud or error, design and perform audit procedures to 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 an error, as the fraud may involve collusion, fake, deliberate omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the internal control.
- Assessed the suitability of the accounting polices applied, justification of accounting and estimates and the relevant disclosure made by the Authority.

- Decided the suitability of the application based on the continuation of the Authority for accounting based on the audit evidence obtained on whether a material uncertainty appears on the continuation of the Authority due to events and conditions. If I observe any material uncertainty, I have to pay my attention in my audit report with regard to such disclosures in the financial statements and if such disclosures are inadequate then I have to change my opinion. I made my observations based on the evidence obtained up to the date of this audit report. However, continuation of the Authority may come into cease on the future events and conditions.
- Evaluated the over-all 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 achieve fair presentation.

I brought the important audit findings, major weakness of internal control and other matters being identified during my audit into the notice of the parties having control over.

2. Report on the other legal and regulatory requirements

2.1 The National Audit Act No. 19 of 2018 includes special provisions regarding the following matters.

2.1.1 I obtained the information and explanations required for the audits as per the requirements mentioned in section 12 (a) of the National Audit Act No. 19 of 2018, and the Authority had maintained the proper financial report as shown by my examinations.

2.1.2 The Authority's financial statements are consistent with the previous year as per the requirements mentioned in section 6 (1) (d) (iii) of the National Audit Act No. 19 of 2018.

2.1.3 In accordance with the requirements mentioned in section 6 (1) (d) (iv) of the National Audit Act No 19 of 2018, the recommendations other than such recommendations mentioned in 1.2 (g), (h) and (i) of this report have been included in the financial statements.

2.2 In keeping the proceedings adopted and the evidence obtained to the material facts, nothing has come to my notice so as to make the following remarks.

2.2.1 According to the requirements mentioned in section 12 (d) of the National Audit Act No. 19 of 2018, a member of the governing body of the Authority has a conflict of interest, directly or indirectly, outside the ordinary course of business in relation to any agreement involving the Authority.

2.2.2 According to the requirements mentioned in Section 12 (f) of the National Audit Act No. 19 of 2018, except for the following observations, there are practices that do not comply with any relevant written law or other general or special directives issued by the governing body of the Authority.

Reference to Rules/Directives	Details
(a) Section 5 (l) of the Sri Lanka Sustainable Energy Authority Act No.35 of 2007	Energy Permits had been issued by the Authority in its name for 5 power plants with 21.3 MW in the manner where conflict of interest is created. Further, application fee of 1.6 million rupees for 03 projects and permit fee of 5.75 million rupees for one

	project with 10 MW had not been recovered.
(b) Establishment Code of the Democratic Socialist Republic of Sri Lanka	
(i) Section 1.2 of the Chapter II	Without the approval from the Department of Management Services, an employee was recruited on a contract basis through a private company to the Post of Bungalow Keeper which is not a post in the approved cadre of the Authority. 913,239 rupees of salary had been paid to the said employee as salary and over time payment.
(ii) Section 1.4 of the Chapter XXXIII	A statement with the terms and conditions approved by the Minister along with the request made to the Attorney General for the preparation of the draft of the lease for leasing a land by the Authority had not been submitted. In the meantime, the Authority had revised the period of lease as 20 years without a proper approval from the Department of Attorney General where it approved the said period of lease as two years in the lease agreement which was prepared by it.
(c) Financial Regulations No.751 and 753 of the Financial Regulation of the Democratic Socialist Republic of Sri Lanka	It had been mentioned that the Authority purchased 20,000 LED bulbs during the months of February and March 2022 spending 3.84 million rupees by the Authority with a view of distributing them to the people of Siyambalanduwa including some other areas. However, such bulbs had not been formally issued to the responsible officers without recording them in the stock books. In the meantime, no document verifying the receipt of such bulbs by the people had been submitted for audit.
(d) The guidelines which have been issued by the Assets Management Circular No.04/2018 dated 31st December 2018	The Authority had not carried out fair valuation for fixed assets once in 5 years and accounted.
(e) Assets Management Circular No.05/2020 dated 02nd October 2020	The Authority had not credited 3.82 million rupees generated in the years of 2019 and 2021 by way of disposal of the vehicles, to the Consolidated Fund.

2.2.3 According to the requirement mentioned in Section 12 (g) of the National Audit Act No. 19 of 2018, except for the following observations, there is an instance where the Authority has acted against its powers, functions and duties.

(a) The Sri Lanka Sustainable Energy Authority Act No.35 of 2007.

(i) As per the section 5 (c) of the said Act, encouragement and promotion of the off-grid renewable energy projects should be carried out as a solution to the problem of lack in the available grid capacity of the Ceylon Electricity Board. However, the

Authority had not taken necessary action for it. As a result of this, according to the section 25 (a) of the said Act, it had not been able to issue energy permits even by September 2023, for a single off-grid renewable energy project.

(ii) 280 million rupees of registration fee had been charged for 1,268 renewable energy projects with 6,128 MW from year 2007 to 2022 for the issuance of energy permits for the renewable energy projects by the Authority. However, even by August 2023, relevant permits had not been issued to the relevant applicants. Moreover, as per the section 3.5 of the Extra-Ordinary Gazette No.18/2261 dated 04th January 2022, the Authority had not identified the applicants whose documents are in incompletion and reject their temporary registration and also had not taken action to issue the energy permits speedily to the applicants whose applications are completed.

(iii) As per the section 8 of the said Act, a renewable energy resource development plan has to be prepared according to the potential renewable energy resources in every area and published in the gazette based on the approval of the Cabinet of Ministers. However, even though the establishment of the Authority has passed over 16 years of time, such a plan had not been gazetted even by September 2023.

(iv) As per the section 19 (1) of the said Act, a government royalty should be charged annually for the renewable energy projects within the national grid. However, no action had been taken to prepare necessary regulations and charge the relevant royalty.

(v) A land of hectare of 11.4 was obtained under the Land Acquisition Act by the Authority during the period of 2011-2022 under the section 30 of the said Act for 13 small hydro power projects. According to the section 32 of the said Act, the Authority had not earn money annually from lease either by way of giving such land for lease or handing over its possession.

(b) The target and the milestone and the institutional accountability mentioned under time frame in the item No.4 of the Sri Lanka National Energy Policy and Strategy declared by the Extra-Ordinary Gazette No.2135/61 dated 09th August 2019 should be reviewed once in two years by the institution for which the relevant responsibility was assigned. But, action had not been taken in respect of the 10 accountable tasks lawfully assigned to the Authority.

2.2.4. Except for the following observations according to the requirement mentioned in Section 12 (h) of the National Audit Act No. 19 of 2018, the Authority's resources have not been procured and used in a timely, efficient and effective manner in accordance with the relevant laws and rules.

(a) The authority had not prepared a total cost estimate for the construction of an energy efficiency accredited building for the Head Office as per the Government Procurement Guidelines 4.3 and had not obtained the approval from a authorized Procurement Committee for the same. 23.3 million rupees had been spent for the design of the said building during the year 2020. Moreover, the approval of the Cabinet of Ministers was not received till September 2023 for the construction of this building. As a result, the construction work could not be started. Accordingly, by now, the said expenditure had become an uneconomical cost. For this, a land in Battaramulla area had been obtained from the Urban Development Authority on a 30-year lease basis in 2015 by spending

41 million rupees. As per condition number 1.8 of the relevant lease agreement, the possession of the leased property had been given to the Urban Development Authority as failure in starting the construction within 3 months from the date of the agreement and completion of the construction within 2 years.

(b) Out of 20.23 hectares of Hambantota Solar Park, about 4 hectares were being used for two Gonnoruwa I and II power plants which have a capacity of 1,237 kilowatts. The rest of the land remained idle without being used for solar power generation projects.

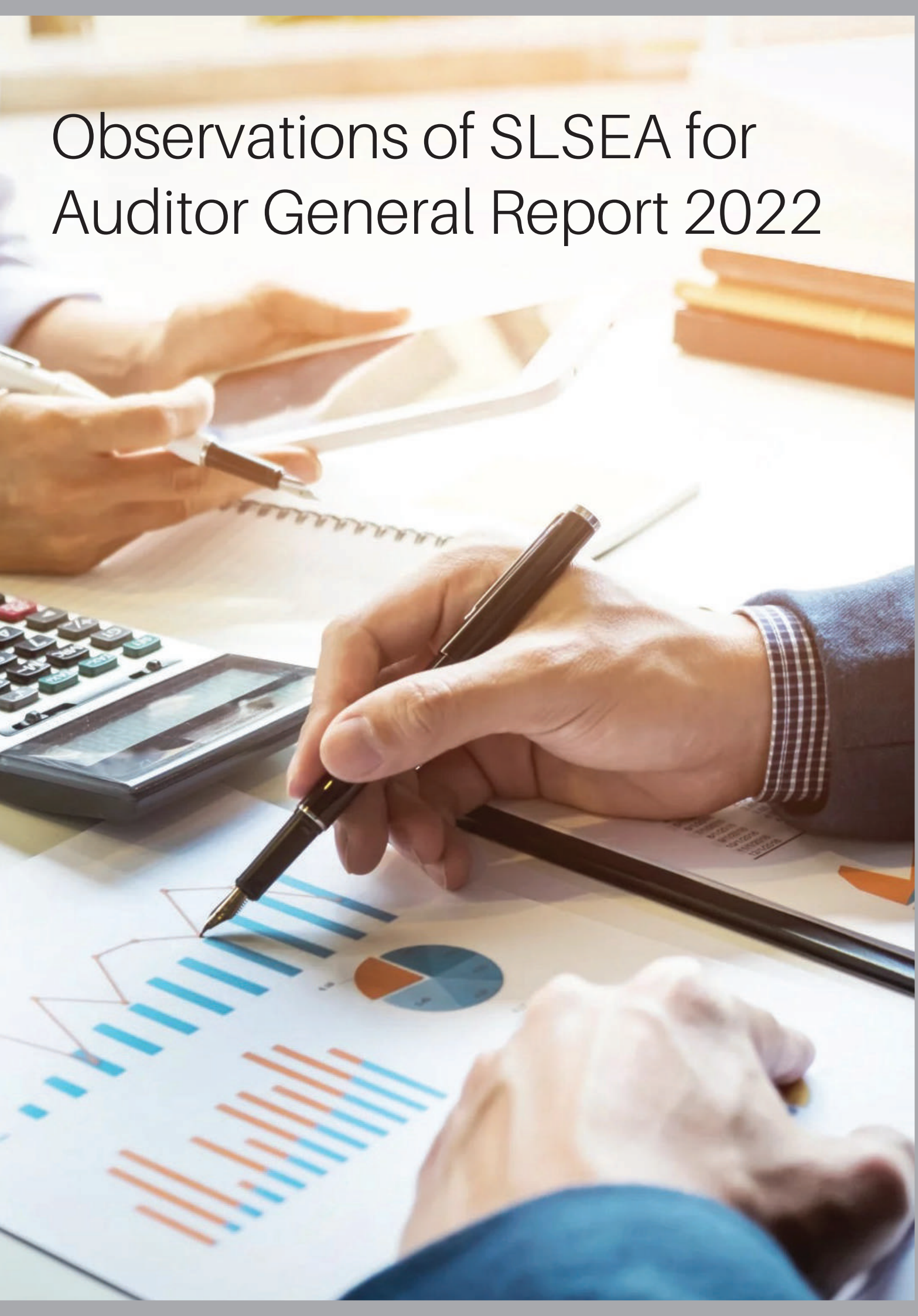
2.3. Other matters

(a) The Chairman of the Authority was informed by the letter No. PF/IA/22/VOL.II dated 03rd December 2012 of the Secretary of the Ministry of Power and Energy that the professional allowance of 3.1 million rupees that was paid in the years 2010 and 2011 in contradiction to the Public Enterprises Circular No.95 dated 04th June 1994 and the Public Finance Circular No. PF/PE/5 dated 11th January 2000, to the employees of the Authority from the funds received by it under a foreign project shall be recovered. However, even by September 2023, the relevant amount had not been recovered.

(b) In the years 2007-2009, the Authority had given an amount of 7.8 million rupees to a private company for designing and manufacturing 3 electric vehicles. In this regard, the Authority had given incorrect information to the Committee on Public Enterprises held on the 07th September 2012. Further, it had been decided in the committee meeting which was held on 04th January 2013, under the chairmanship of the Auditor General, to take disciplinary action against the officers involved in this matter and to inform the Committee on Public Enterprises through the Chief Accounting Officer. However, no disciplinary action had been taken against the officers who involved in the said matter. Furthermore, the relevant work had not been completed even by September 2023.

W.P.C. Wickramaratne
Auditor General

Observations of SLSEA for Auditor General Report 2022



20.12.2023
Auditor General
National Audit Office,
306/72, Polduwa Road,
Battaramulla.

The financial statements of the Sri Lanka Sustainable Energy Authority for the year ended 31 December 2022 and the Auditor General's Report in terms of Section 12 of the National Audit Act No. 19 of 2018 on the other Legal and regulatory Requirements

The replies to the Auditor General's Report sent by you on 30.11.2023 regarding the above matter are submitted herewith.

1.2. Basis for qualified opinion

(a) Rs. 46,750,000/- allocated for the compensation required to acquire land for Punareen project was accounted as an expenditure incurred for such project in the year 2022 as an expenditure against the income of that year.

The total estimated expenditure is Rs.187,000,000/-. Such total expenditure incurred in one year. As a result of that a large amount of loss is recorded in the financial statements of the Authority. Therefore it was recorded as an expenditure against the income in the year in which the payment was made.

(b) The survey charges and the project feasibility study costs incurred for the successful completion of the Punareen project were accounted for as work in progress for the purpose of capitalizing the project at the end of it under the name Punareen Wind Power Project. We are of the view that if these survey charges and feasibility study costs are accounted as project costs, the total amount disbursed by the Authority on the Punareen project will not reflect the assets ultimately created by incurring these costs.

(c) The Energy Conservation Fund was established around in 1984, and in 2007 it was changed as Sustainable Energy Authority. Therefore, even though Sustainable Energy Authority's fixed asset ledger which includes balances going forward since 1984, it has become difficult to identify the cost of each item due to the fact that a fixed asset register has not been properly updated. Several attempts have been made to update this fixed asset register. Moreover, due to the Covid-19 which prevailed and affected Sri Lanka in the years of 2020 and 2021, it was unable to identify the physical fixed assets of the Authority.

This was built in 2009 or 2010 and the fixed asset register was completed in the year 2022. However, in the year 2023, revaluation for the electric fence has been carried out and necessary arrangements have been made to present it in the financial statements.

(d) This has been adjusted in the 2023 financial statements

(e) The money remained under low interest income under the Sustainable Energy Fund's Savings Deposits was invested in the fixed deposits in the year 2022 in order to receive higher interest rate. This money was directed to the General Treasury in order to receive its approval to invest in the fixed deposits and as at 31/12/2022, the amount invested in the said fixed deposits was Rs. 678.5 million. Approval of the General Treasury for this investment was received.

Here, some investments were made in the deposits with maturity of less than one year. However, such investments were made on reinvestment basis. Therefore arrangements were made under investments to reflect all the investments.

(f) The money remained under low interest income under the Sustainable Energy Fund's Savings Deposits was invested in the fixed deposits in the year 2022 in order to receive higher interest rate. This money was directed to the General Treasury in order to receive its approval to invest in the fixed deposits and as at 31/12/2022, the amount invested in the said fixed deposits was Rs. 678.5 million. Approval of the General Treasury for this investment was received.

Here, some investments were made in the deposits with maturity of less than three months for each year. However, such investments were made on reinvestment basis. Therefore arrangements were made under investments to reflect all the investments.

(g) The license fee charged by the Sri Lanka Sustainable Energy Authority is a one-time payment. This license fee is not a transaction which can be exchanged. Hence, it cannot be accounted for in accordance with Sri Lanka Public Sector Accounting Standard No.10, but which should be accounted for in accordance with Sri Lanka Public Sector Accounting Standard No.11. Hence the amount was accounted as an income in the year in which it is charged. Moreover, as the registration fee (application fee) charged for the application for energy projects is also not a transaction which can be exchanged, and for that reason the registration fee charged for the application was also accounted as an income in the year in which it is charged.

(h) The Energy Conservation Fund was established around in 1984, and in 2007 it was changed as Sustainable Energy Authority. Therefore, even though Sustainable Energy Authority's fixed asset ledger which includes balances going forward since 1984, it has become difficult to identify the cost of each item due to the fact that a fixed asset register has not been properly updated. Several attempts have been made to update this fixed asset register. Moreover, due to the Covid-19 which prevailed and affected Sri Lanka in the years of 2020 and 2021, it was unable to identify the physical fixed assets of the Authority.

This task was completed in the year 2022. The said year 2022 was over when this task was completed as remote control units like Hambantota and Indurana had also been located. Therefore, in the year 2023, arrangements have been made to update the fixed asset register by measuring all the assets. Then from the year 2023, our Authority would be able to provide information related to the Sri Lanka Accounting Standard No. 03. Furthermore, since there is no accurate information under note number 2.3.1 of the financial statements, such information has been disclosed in the financial statements as per the asset ledger. Further it has been mentioned that after the disclosure of the assets, arrangements would be made to update the said fixed assets register and present in the financial statements of the year 2023.

(i) The above answer (h) is relevant.

(j) When submitting a renewable energy application form to the Sri Lanka Sustainable Energy Authority, if the same capacity mentioned in the application form is provided to the Electricity Board (as AC Power), the application fee should be calculated and charged to that capacity. But, it has been planned to charge the electricity generated through Solar Power Plant with capacity of this 700 MW into a battery and thereby send to the system. For this purpose, after receiving the capacity from the Electricity Board which can be connected as AC Power to the system, arrangements will be made to charge the total amount to be charged for that capacity at the time of granting the energy license.

Accordingly, it has been instructed to get the amount to be taken to the quantity up to 100 MW at the time of submitting the application and make arrangements to charge the relevant amount for the quantity exceeding 100 MW as an addition to the energy license fee at the time of issuing the licenses. Accordingly, on 04/06/2022, the application fee of Rs 5,050,000 for 100 MW was charged to the Authority and this project has been registered. This project is now involving in the process of preparing the environmental study report and application will be made for the energy license once it is completed. So, as per the instructions given, arrangements will be made to recover the outstanding amount of the application fee to the Sri Lanka Sustainable Energy Authority at the time of issuing the energy license, in addition to the energy license fee.

(k) A letter has been sent to a Foreign Investment Company of India for the reimbursement of the expenditure incurred for the second phase of Punareen and Mannar renewable energy project. Since no invoice was issued for it, it has not been recognized as income in the 2022 financial statements.

2. Report on the other legal and the regulatory requirements

2.2.2 Acting in non-compliance with any relevant written law or other general or special directives issued by the Governing Body of the Authority

(a) In terms of section 4 (a) of the Sri Lanka Sustainable Energy Authority Act No. 35 of 2007, identifying, assessing and developing the renewable energy resources for the purpose of improving the energy security and thereby bringing the economic and social benefits to the country is the key objective of the establishment of Sri Lanka Sustainable Energy Authority.

Accordingly, the Authority itself has initiated 5 projects with a view to introduce timely new technologies for the promotion of renewable energy.

(i) Idurana Small Hydro Power Plant
This was started to be developed as a pilot project together with NERD from the time when the Energy Conservation Fund came into operation, and at that time hydro power plants operated by the private sector had been developed, but micro scale hydro power plants alone stood as rural Off-Grid Development Projects. Due to the energy crisis prevailed in the country during the year 2006, the need for these hydro power plants remained strong within the country.

During that period, the Sri Lanka Sustainable Energy Authority was able to connect the Indurana Hydro Power Plant to the Central Grid as the first micro-scale hydro power project connected to the Central Grid, and then there was more tendency to develop such projects through the intervention of the private sector.

(ii) Hambantota Solar Power Projects with 500 kW and 737 kW of capacity developed under Korean and Japanese Aid

In the early days when solar power projects were very popular in the world, the Korean government and the Japanese government extended the support for the development of these 02 projects, starting as a new journey in the energy sector of Sri Lanka.

The country received these 02 projects as a result of the efforts made by the Authority in a period of about one year to receive these 02 projects to Sri Lanka.

Investors were encouraged and heartened to develop commercial scale solar power projects by introducing these two projects as pilot projects. As a result, the projects developed with solar technology have generated 900 MW of capacity. This has been added to the National Grid, which is close to 2% of the total power generation produced in the year 2022.

Moreover, nearly 2500-3000 students from universities and schools visit this plant as a study tour per year and this is the only practical Training Center for technical courses in solar power technology in Sri Lanka.

(iii) Gannoruwa (iii) and Gannoruwa (iv) Projects
Since the year 2011, the main problem existed for the interested parties and the Ceylon Electricity Board for the development of projects with solar technology is the power generation only during the day time and the loss of that capacity to the system at night and the capacity generated by the solar power projects immediately broken owing to cloud/weather conditions. Since there was an impact on the National Grid due to the sudden drop, the need arose to develop projects with the technology to provide capacity for a certain period of time through batteries.

But due to the fact that such a project was not implemented in Sri Lanka at that time and the huge capital cost, the private sector was not interested in directly contributing to this project.

Since the functions of the Authority must be performed to achieve the objectives of the said Authority, it was expected to develop a pilot project for this purpose and the Authority was not able to bear the capital cost for it.

Therefore, according to the powers vested in the Subject Minister according to 5 (ශ) of the Act, approval was obtained to develop all these projects according to a joint scheme with the private sector.

- Since it is not possible to carry out a renewable energy project without an energy license, the Authority has issued energy licenses for the above 5 projects.

- Out of theses, 3 projects have been generating electricity so far, however they could not be implemented due to the absence of an energy purchase fee (Tariff) system for solar power projects with batteries that were expected to be developed as joined projects.

- Other projects have applied with the expectation to develop as large-scale energy parks.

(b) (i) Since this is a recruitment made through Sri Lanka Energies, the money has to be paid according to the methods of that institution.

(ii) Under section 18 (4) of the Sustainable Energy Authority Act No. 35 of 2007, the final approval for projects must be given for 20 years and the lease of the land for that project must cover the relevant period, so the agreement has been signed for 20 years. A license issued under Chapter V under Section 32 (1) of the Act, since it is clearly stated that lease must be given for the purpose, the time limit should be 20 years and contrary terms cannot be included, the said clauses have been added in the submission for approval of the Minister. Since the competent authority of the institution is the Director General, with his approval, the sanction of the Attorney General has been received. Finally, the said approval is obtained by referring to the Board of Management.

(c) The facts necessary for this matter will be studied and an internal investigation will also be carried out and the same will be sent to the Auditor General in the near future.

(d) The above answer 1.2 (h) is relevant.

(e) Arrangements have been made in December 2023 to remit this amount to the General Treasury.

2.2.3 That the Authority has acted inconsistently with its powers, duties and functions

(a) The Sri Lanka Sustainable Energy Authority Act No. 35 of 2007

(i) Encouraging and promoting Off-Grid renewable energy projects was a priority at the time of establishing the Sustainable Energy Authority in 2007, however as all parts of the country have gradually been connected to the Central Grid, this need has become less important today. Also, no request for this has been received so far. But the technical data required to carry out such projects has already been made public. Besides, under this Authority, an off-grid solar power project has been implemented for one of the three villages in the Knuckles Hills, and the arrangements are being made to install such systems for the remaining two villages.

(ii) There are several steps in the process from the registration of a renewable energy project up to the receipt of the energy license. Ultimately, among the registered projects, only a limited number of projects are receiving the energy license. Many of the registered projects are unable to receive their energy licenses due to environmental and social issues, difficulties in acquiring land, and investors who initially agree and later disagree. Furthermore, due to the amendment of the Electricity Act in 2013 and the interpretation given by the Attorney General in 2017, the projects registered under the standard feed-in tariff were not implemented without following the tender procedure. Due to this kind of gap existing in the government policies, i.e. introducing different schemes in the Sustainable Energy Authority Act and the Electricity Act, the country has deprived of its renewable energy what was deserved to it.

With the amendment of the Electricity Act in 2022, again, under the standard system, the room was given for the development of renewable energy projects. However, the recommendations on the provision of network capacity for those projects were declared by the Ceylon Electricity Board in November 2022. Nevertheless, due to the economic crisis prevailed at that time and the deflation of the rupee, the given schemes became no longer effective. But, it was only in May 2023 that updated schemes were introduced based on the prevailing economic situations and changes based on bank interest and other such parameters. Therefore, after that, the revocation of

projects with temporary sanctions that have exceeded the validity period has been implemented, and the letters of reminder have also been sent to the project developers who have not made reasonable progress in construction within the specified time period, and after that, the cancellation process began when required. Furthermore, steps have now been taken to grant energy licenses after the prescribed procedure for the projects that have submitted documents as required.

(iii) During the year 2020, the Renewable Energy Plan was prepared in accordance with section 8 of the said Act and published on 21 July 2021 to get comment from the public. The Renewable Development Plan finalized based on the public opinion was submitted on November 26, 2021 to the State Ministry of Development of Solar, Wind and Hydro Power Projects in all three languages in order to obtain the approval of the Cabinet of Ministers to publish the same in the Gazette.

Follow-up is being carried out to get the approval of the Cabinet of Ministers, and it will be published in the Gazette once the approval is received.

(iv) Cabinet papers have been prepared and submitted on 02 recent occasions for approval to charge the State Royalty that may be levied for the purpose to receive the funds to achieve the objectives of the Authority. But due to the conditions lasted in the country, we were unable to implement this properly.

(v) Of 45 plots of land taken over by the Authority, 16 of them have been properly leased. You are kindly informed that the remaining 29 plots of land will be charged according to section 9 of the Act with the due taxes after completion of the title investigation after registering them in the Registrar's Office.

The land required for the Sirioya Small Hydropower Plant has been acquired as per the provisions of the Act. A lease agreement has also been duly approved by the Attorney General's Department. During the relevant period, approval was obtained from the State Minister of Development of Solar Wind and Hydro Power Projects under which the Authority had been belonged to. Thereafter, a lease agreement was entered into with the project proponent. However, the construction work of the project has not yet started. Nevertheless, the Authority has informed the relevant project proponent to pay the lease amount. The delay occurred in the relevant construction work beyond the control of the Authority.

(b) The tasks and responsibilities to be performed under this have been alienated into each division of the Authority. An inquiry on the progress has been forwarded to the relevant division. Once it is received, a comprehensive report is expected to be submitted to the Auditor General.

2.2.4 That resources have been procured and used sparingly, efficiently and effectively in accordance with applicable laws

(a) The Secretary had informed that necessary measures should be taken to establish the Head Office of the Authority outside the Colombo City as per the Ministry's guidance. Accordingly, this plot of land was taken on 22.06.2015 under a lease by the Authority.

This project became very important as it resulted in massive savings at lower cost than running the office on rental basis.

The building should be well designed to prepare the total cost estimate. Arrangements were made according to the instructions of the Association of Sri Lanka Architecture Scientists which is the national body, to get the necessary professional services for that. Only the building design fee, which is a fixed percentage of the estimated amount has been paid to the respective architect. With the estimates prepared in this manner, a Cabinet Paper for the construction of the building was submitted on 18.02.2022 to the Cabinet of the Ministers. Due to the economic crisis prevailed in the country due to the COVID pandemic, it has been decided to postpone this project as per the advice of the Ministry Secretary. The Authority has taken steps to submit a board paper to revise the lease conditions.

(b) The Hambantota project was started as a pilot project aiming to be a Training Centre. For that, it was proposed to set up a Training Center along with two power plants, but the government has stopped the allocation of funds. However the training activities are carried out throughout the year in the power plant premises and for that accommodation facilities are gained from outsides. It has been proposed to establish new projects using new solar technology and currently all necessary arrangements have been made to set up a 500kW of ground-mounted solar power plant as a pilot project under the 'Power Wheeling' Technology.

2.3 Other Matters

(a) According to the letter No. SMRC/FIN/SLSEA/2021dated 27/07/2021 of the Secretary to the State Ministry, action will be taken to recover the professional allowance of Rs. 3,135,202.00 paid to the employees of the Authority in the years 2010 and 2011 from the money received by the Authority under the Switch Asia Project and to provide such professional allowance to the officers who specially engaged in that program.

(b) The issue of this project was referred to the National Arbitration Council. Then, based on the discussions held in it, one model has been obtained to the Authority as a tool to promote the technology of electric vehicle. The Board made a decision on 21.11.2022 to settle this issue. Accordingly this process is being carried out.

Chairman
Sri Lanka Sustainable Energy Authority

Corporate Information

Name of the Authority
Sri Lanka Sustainable Energy Authority

Legal Status
A statutory authority established by the
Sri Lanka Sustainable Energy Authority Act, No. 35 of 2007

Registered Office
72, Ananda Coomaraswamy Mawatha, Colombo 07.
Tele : 0112575203 / 0112575030
Fax : 0112575089
Email : info@energy.gov.lk
Web : www.energy.gov.lk