



CEYLON ELECTRICITY BOARD

Powering Sri Lanka



NATIONWIDE POWER CUTS

Up to 13 hours of power cuts across the country in 2022



ECONOMIC DISRUPTION

Businesses halted, industries suffered, economy slowed down



IMPACT ON DAILY LIFE

Households, students and essential services severely affected



CASE STUDY

CEYLON ELECTRICITY BOARD (CEB) IN SRI LANKA

Navigating Sri Lanka's 2022 Power Crisis:

An Integrated Case Study of Ceylon Electricity Board's
Crisis Management, Risk Response and Operational Challenges



GROUP NO. 05

Integrated Case Study in BTM

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CASE STUDY: CEYLON ELECTRICITY BOARD (CEB) IN SRI LANKA

Navigating Sri Lanka's 2022 Power Crisis: An Integrated Case Study of Ceylon Electricity Board's Crisis Management, Risk Response and Operational Challenges

Company Overview

The Ceylon Electricity Board (CEB) is a statutory body established under the Ceylon Electricity Board Act No. 17 of 1969. It operates within Sri Lanka's electricity-sector regulatory framework and is responsible for major activities related to electricity generation, transmission, distribution and supply. CEB also maintains the national transmission network, plans future generation capacity and purchases electricity from Independent Power Producers (IPPs) and renewable-energy producers.

This vertically integrated structure makes CEB strategically important to Sri Lanka because operational or financial problems within the organization can directly affect the country's electricity supply. At the end of 2022, CEB employed approximately 21,522 permanent employees, supported by trainees, casual employees and contract workers. This large and technically specialized workforce also makes employee continuity and labor relations important during a national electricity crisis.

The 2022 power crisis provides an important real-world case for examining how a public utility responds when economic, financial, operational, technological and human-resource risks occur simultaneously.

Subsidiaries and Joint Venture

Company	CEB Ownership	Principal Activity
Lanka Electricity Company (Pvt) Ltd (LECO)	55.2%	Purchases electricity in bulk from CEB and distributes it within designated franchise areas.
LTL Holdings (Pvt) Ltd	63%	Holding company with interests in power generation and electricity-related manufacturing and infrastructure.
Lanka Coal Company (Pvt) Ltd	60%	Supplies coal for the Lak Vijaya Coal Power Plant.
Sri Lanka Energies (Pvt) Ltd	100%	Provides manpower for CEB operational services.
Trincomalee Power Company Ltd	50%	Joint venture associated with power-development activities at Sampur.

Background: The Power Crisis 2022

Sri Lanka's wider economic crisis in 2022 directly affected CEB because of its dependence on imported fuel. Depleted foreign-exchange reserves, sovereign debt problems and rupee depreciation made it increasingly difficult to secure sufficient coal and fuel oil for thermal power generation. Consequently, CEB faced severe generation constraints and introduced nationwide rolling power cuts of up to 13 hours per day. Total un-served energy reached 799.2 GWh during 2022.

However, the crisis was not caused only by the external economic shock. It also exposed structural weaknesses within the electricity sector. CEB's end-user tariff had not been revised since 2014, despite

increasing fuel, coal and import costs. In addition, tariff approval was under the regulatory authority of PUCSL rather than CEB.

The crisis was further complicated by labour and governance tensions. In June 2022, approximately 900 of CEB's 1,100 engineers went on strike, temporarily affecting eight hydropower plants with around 1,000 MW of capacity. Therefore, the crisis resulted from an interaction between external economic shocks and internal structural weaknesses.

Crisis Timeline (2021-2023)

Period	Development
2021	National economic pressure builds depleting foreign reserves, rising import costs; CEB's tariff remains frozen since 2014.
Early 2022	Foreign-exchange shortage intensifies; fuel and coal import difficulties emerge; CEB struggles to secure shipments.
Mar-Aug 2022	Fuel shortages force scheduled nationwide power cuts (up to 13 hours/day); total unserved energy for the year reaches 799.2 GWh.
Jun 2022	CEB requests a 229% tariff increase from PUCSL; separately, 900 CEB engineers strike, idling 1,000 MW of hydropower capacity.
10 Aug 2022	PUCSL approves a 75% tariff increase the first revision since 2014, but insufficient to prevent a record annual loss.
Dec 2022	CEB ends the year with a net loss of LKR 272.9 billion and accumulated payables of LKR 524.8 billion.
Jan-Feb 2023	Jan–Feb 2023 Government mandates a cost-reflective tariff and ends subsidy support; CEB models 20 dispatch scenarios and secures a 66% tariff increase (effective 15 Feb 2023), restoring 24×7 supply.
2023(rest of year)	Further tariff adjustments (a 14.2% cut in Sept, an 18% rise in Oct) under a new quarterly review cycle; CEB posts a net profit of LKR 61.24 billion for the year.

Root Causes of the 2022 power crisis on CEB

The Immediate Forex & Import Collapse

- **The Dollar Shortage:** Sri Lanka lacked the liquid US dollars required to clear fuel and coal shipments arriving at the Colombo port. Ships sat stranded at sea demanding payment, while local power stations stood completely idle.
- **The CEB-CPC Debt Loop:** The CEB owed billions of rupees to the Ceylon Petroleum Corporation (CPC) for previous fuel deliveries. Suffering its own financial strain, the CPC refused to issue fuel to the CEB on credit, creating an internal government deadlock.

Strategic & Policy Failures

- **Stagnant Generation Capacity:** For nearly a decade prior to 2022, the CEB failed to commission a single major, low-cost baseline power plant to keep up with the country's growing electricity demand.
- **Blocked Renewable Energy Transitions:** Rigid bureaucracy, prolonged tender processes, and internal institutional resistance heavily delayed the large-scale integration of cheap, non-conventional renewable energy (solar and wind) into the grid.

Severe Financial Inefficiencies

- **Non-Cost-Reflective Subsidies:** For years, political decisions kept electricity tariffs artificially low. The CEB was legally mandated to sell electricity to consumers far below its actual production cost. This drained the institution's cash reserves, leaving it with zero financial buffer when global energy prices skyrocketed due to the 2022 Russia-Ukraine war.

The Critical Rainfall-to-Fuel Dynamic

The core operational vulnerability of the CEB is its extreme reliance on weather patterns to dictate its financial health:

- **The Hydro Cushion:** Combined, all hydropower sources (Major Hydro + Mini-Hydro) total roughly 34.4% (35%) of the nation's power grid. During the wet monsoon months, this share routinely surges past 50%. Because water is free, the CEB's generation costs plummet, keeping the utility financially stable.
- **The Thermal Pivot:** During the dry season (January to April), hydropower collapses to below 20%. The CEB must mathematically replace that missing 15%-20% gap by firing up thermal oil and diesel plants.
- **The Cost Trap:** In 2022, while hydro cost just LKR 2.00 – 4.00 per unit, private diesel power cost between LKR 49.00 to over LKR 130.00 per unit. Because the CEB was selling power at an average rate of just LKR 17.00 per unit, the dry season forced the utility to take catastrophic losses on every kilowatt-hour generated, triggering a total financial collapse.

The Composition of Sri Lanka's Power Grid

The electricity supplied to consumers is generated by a combination of state-owned CEB plants and private developers. Hydropower forms the variable foundation of the grid, while fossil fuels act as the costly stabilizer. Based on recent consolidated data from the Central Bank of Sri Lanka (CBSL) and operational data logs from the CEB, the typical electricity generation share is distributed as follows:

Energy Source Category	Specific Component	Grid Share (%)	Ownership Type
Fossil Fuels	CEB Thermal Coal (Norochcholai)	21.8%	State-Owned (CEB)
Fossil Fuels	IPP Thermal Oil	11.1%	Private (Independent)
Fossil Fuels	CEB Thermal Oil & Gas Turbines	7.1%	State-Owned (CEB)

Major Hydropower	Mahaweli Hydro Complex	14.8%	State-Owned (CEB)
Major Hydropower	Laxapana Hydro Complex	9.2%	State-Owned (CEB)
Major Hydropower	Samanala Hydro Complex	4.2%	State-Owned (CEB)
New Renewables (NCRE)	SPP Solar (Rooftop & Utility)	18.2%	Private / Domestic
New Renewables (NCRE)	SPP Mini-Hydropower (<10MW)	6.2%	Private (Small Power)
New Renewables (NCRE)	CEB Wind Power (Thambapavani)	3.4%	State-Owned (CEB)
New Renewables (NCRE)	SPP Wind Power	3.2%	Private (Small Power)
New Renewables (NCRE)	SPP Biomass	0.7%	Private (Small Power)

10-Year Historical Electricity Generation Mix (2014–2023)

To understand the structural buildup to the 2022 crisis, the 10-year historical generation mix (in GWh) illustrates the long-term dependency on weather patterns and fossil fuel imports:

Year	Major Hydro	Coal (Norochcholai)	Thermal Oil / Diesel	Renewable Energy (Solar, Wind, Mini-Hydro)	Total Generation (GWh)
2014	3,634 GWh (32.0%)	3,203 GWh (28.2%)	3,348 GWh (29.5%)	1,173 GWh (10.3%)	11,358
2015	4,904 GWh (37.4%)	4,432 GWh (33.8%)	2,298 GWh (17.5%)	1,462 GWh (11.2%)	13,096
2016	3,481 GWh (24.5%)	5,066 GWh (35.7%)	4,341 GWh (30.6%)	1,304 GWh (9.2%)	14,192
2017	3,059 GWh (20.8%)	5,103 GWh (34.8%)	5,238 GWh (35.7%)	1,280 GWh (8.7%)	14,680
2018	5,149 GWh (33.5%)	4,764 GWh (31.0%)	3,923 GWh (25.6%)	1,513 GWh (9.9%)	15,349
2019	3,782 GWh (23.8%)	5,435 GWh (34.2%)	4,803 GWh (30.2%)	1,885 GWh (11.9%)	15,905
2020	3,908 GWh (24.9%)	5,798 GWh (37.0%)	3,822 GWh (24.4%)	2,139 GWh (13.7%)	15,667
2021	5,639 GWh (33.8%)	5,309 GWh (31.8%)	3,115 GWh (18.6%)	2,642 GWh (15.8%)	16,705
2022	5,364 GWh (33.5%)	4,491 GWh (28.1%)	2,752 GWh (17.2%)	3,382 GWh (21.2%)	15,989
2023	4,640 GWh (29.6%)	4,815 GWh (30.7%)	2,860 GWh (18.2%)	3,365 GWh (21.5%)	15,680

Key Observations from 10-year historical electricity generation mix

Extreme Sensitivity to Rainfall Patterns

- **Hydropower Fluctuations:** Major hydropower is volatile, fluctuating between a high of **37.4% (4,904 GWh in 2015)** and a low of **20.8% (3,059 GWh in 2017)**.
- **The Oil Swap:** Whenever hydropower drops due to dry weather or droughts, the grid immediately relies on expensive Thermal Oil/Diesel [cite: 1, 4]. For instance, in 2017, when hydro fell to 20.8%, thermal oil reached its peak grid contribution of **35.7% (5,238 GWh)**.

Heavy Baseline Dependence on Coal

- **Grid Anchor:** Coal generation (Lakvijaya/ Norochcholai) remained the primary, rigid baseline power source for Sri Lanka throughout the decade [cite: 2, 4].
- **Consistent Load:** Coal provided roughly **28% to 37%** of the country's total electricity every year, peaking at **5,798 GWh (37.0%) in 2020**. Any operational failure or breakdown at Norochcholai immediately destabilized the national grid.

Constant Vulnerability to Imported Fossil Fuels

- **Over half of energy was imported:** Combined fossil fuels (Coal + Thermal Oil) accounted for **55% to 65%** of total annual generation in most years (e.g., reaching **70.5% in 2017**).
- **Forex Shock Trigger:** Because Sri Lanka relied on foreign currency to purchase foreign fuel and coal, any sudden foreign reserve shortage (as in 2022) directly translated into instant power failure.

Significant Growth of Non-Conventional Renewable Energy (NCRE)

- **Capacity Expansion:** Renewable energy (Solar, Wind, and Mini-Hydro) saw continuous progress, expanding from **1,173 GWh (10.3%) in 2014** to **3,365 GWh (21.5%) in 2023**.
- **Buffer During Crisis:** In 2022 and 2023, renewable generation surpassed **21% of the total mix**, providing vital low-cost support to the grid while fossil fuel imports were restricted.

Demand Growth & Post-Crisis Demand Destruction

- **Pre-Crisis Growth:** National electricity demand steadily increased from **11,358 GWh in 2014** to a peak of **16,705 GWh in 2021** (an approximate 47% demand expansion).
- **Post-Crisis Decline:** Total generation fell to **15,989 GWh in 2022** and **15,680 GWh in 2023**. This reduction reflects power outages, economic contraction, high cost-reflective electricity tariffs, and widespread adoption of rooftop solar systems.

Impact on Ceylon Electricity Board

Operational Impact

The most immediate impact was on CEB's ability to provide a reliable electricity supply. Fuel and coal shortages reduced available generation capacity and forced CEB to introduce scheduled and rotational power cuts. Power interruptions reached up to 13 hours per day, while total un-served energy reached 799.2 GWh.

CEB also had to continuously revise generation-dispatch scenarios by considering fuel availability, hydropower inflows, transmission constraints and electricity demand. Normal generation planning therefore became a continuous crisis-management activity.

Financial pressure also affected routine operations. Approximately 36,000 new electricity service connections accumulated as a backlog because some routine activities had to be reduced to conserve cash. Maintenance activities were also affected, while ageing generation equipment created additional operational pressure.

The crisis therefore affected not only electricity generation but also maintenance, distribution, customer services and overall operational continuity.

Financial Impact

The financial impact of the crisis was severe. CEB's direct generation cost increased by 107% compared with 2021, while total operating costs increased by 65%. Electricity sales revenue increased from LKR 248.8 billion in 2021 to LKR 308.5 billion in 2022, but cost of sales increased much faster, from LKR 266.6 billion to LKR 430.5 billion. Consequently, CEB recorded a gross loss of approximately LKR 122.1 billion.

CEB's net loss was approximately LKR 272.9 billion in 2022, while accumulated payables reached approximately LKR 524.8 billion. Major creditors included the Ceylon Petroleum Corporation, private power producers and renewable-energy producers.

Finance expenses also increased substantially. CEB's finance expenses increased from around LKR 20 billion to LKR 41.8 billion, while the organization obtained approximately LKR 101.5 billion in new borrowings. The crisis therefore became a financial and liquidity crisis as well as an electricity-supply crisis.

The financial deterioration was not simply a temporary consequence of higher fuel prices. It exposed a structural weakness in CEB's financial model. The combination of non-cost-reflective tariffs, high dependence on imported fuel, foreign-exchange shortages and accumulated supplier obligations created a cycle in which higher generation costs increased losses, while the resulting liquidity shortage further reduced CEB's ability to secure fuel and maintain operations. Therefore, the crisis transformed an external economic shock into an internal financial and operational crisis. This indicates that CEB's resilience cannot depend only on emergency financial support; it requires a sustainable tariff mechanism, stronger liquidity management and reduced exposure to imported energy costs.

Human Resource and Labour Impact

The crisis placed considerable pressure on CEB's workforce and labour relations. In June 2022, approximately 900 out of 1,100 engineers went on strike. The industrial action temporarily affected eight hydropower plants with around 1,000 MW of generation capacity.

This demonstrated that operational continuity depended not only on fuel and financial resources but also on effective employee and stakeholder management. The incident demonstrates that human-resource issues could become system-wide operational risks in a technically specialized utility.

Despite the crisis, CEB continued employee development. Approximately 6,000 employees were trained during 2022, with some training shifted online to reduce costs.

Corporate Governance and Stakeholder Impact

The crisis involved a wide range of stakeholders, including the Government, PUCSL, consumers, businesses, employees, trade unions, IPPs and renewable-energy producers. CEB therefore had to manage both technical problems and competing stakeholder expectations.

A major governance challenge concerned electricity tariffs. CEB requested a 229% tariff increase, while PUCSL approved a 75% increase in August 2022. This reflected the tension between CEB's need to recover its costs and consumers' ability to absorb higher electricity prices.

The engineers' strike also demonstrated how labour and governance disputes could become operational risks. CEB therefore needed stronger communication, consultation and stakeholder coordination during major sector reforms.

CEB's Crisis Management Strategies and Recovery

1. Restoration of 24×7 Power Supply

CEB's General Manager's Review confirms that continuous (24×7) power supply was restored from 15 February 2023, achieved through a coordinated set of crisis-response actions developing optimal generation dispatch scenarios, securing a cost-reflective tariff, obtaining additional generation capacity, timely fuel/coal procurement, careful maintenance scheduling, and expediting renewable-energy grid connections.

2. Scenario-Based Dispatch Planning (20 Scenarios)

To comply with the government's January 2023 directive for a cost-reflective tariff, CEB's professional team analyzed 20 different generation-dispatch scenarios factoring in existing tariffs, coal availability, hydro inflow variability, scheduled plant outages, transmission constraints and demand forecasts using simulation software to identify the optimal scenario, which underpinned the tariff proposal submitted on 5 January 2023.

3. Sequential Tariff Adjustments

The report documents the full tariff-adjustment sequence through 2023: a 66.2% increase approved 15 February 2023; a subsequent proposal in May resulting in a 14.2% PUCSL-approved reduction; an emergency tariff proposal in September amid drought-driven thermal reliance; and an 18% increase approved 17 October 2023, alongside the shift to a quarterly tariff-review cycle.

4. Debt Restructuring and Liquidity Recovery

Accumulated payables of LKR 524.8 billion as of December 2022 (major creditors: Ceylon Petroleum Corporation LKR 71.3bn, Private Power Producers LKR 96.6bn, Renewable Energy Producers LKR 36.6bn) were reduced to LKR 444.1 billion by end-2023, supported by the operationalization of the Bulk Supply Transaction Bank Account (BSTA) and decentralization of revenue collection processes.

5. Return to Profitability

CEB reported a net profit of LKR 61.24 billion in 2023, described in the report as "a significant turnaround after continuous losses from 2016 to 2022," attributed to the combined tariff, operational and financial-management strategies.

6. Emergency Infrastructure Interventions

Concrete emergency actions taken during the crisis-recovery period include: taking over and refurbishing the 163 MW Sojitz Combined Cycle Plant (renamed KCCP2) in April 2023; constructing the 24 MW Dakunu Janani diesel plant in Hambantota within 32 days by relocating generators from Kolonnawa and Thulhiriya; resolving the delayed 220kV New Polpitiya–Hambantota transmission line dispute (completed August 2023); and clearing the backlog of 36,000 delayed service connections.

Risk Management and Resilience

The 2022 crisis demonstrated that CEB was exposed to several interconnected risks. Effective resilience therefore requires a combination of financial, operational, supply and stakeholder risk management. CEB's own risk reporting confirms this: it operates under a formal, board-governed risk management framework applying a three-lines-of-defense model the Finance Division as the first line, the Corporate Management Team as the second line, and the Board Audit Committee/External Auditor as the third line with the Board of Directors holding ultimate responsibility for establishing and overseeing the framework (CEB Annual Reports 2022 and 2023, Financial Risk Management).

1. Foreign-Exchange and Fuel-Supply Risk

Dependence on imported fuel exposed CEB to foreign-exchange shortages and international fuel-price changes. A key long-term response is to reduce import dependence through energy diversification and renewable generation. This is reflected directly in CEB's risk reporting: Exchange Rate Risk and Commodity Risk are both formally rated "High" in CEB's risk register, with mitigation actions including forward contracts, foreign-currency billing arrangements, advance currency bookings, priority import lists, and fixed-price/renegotiated supply contracts. Fuel Supply Risk is separately named as a standing technical risk, given that nearly half of CEB's generation depends on imported coal and fuel oil, with fuel diversification, long-term fuel contracts, expanded storage, and contingency planning listed as mitigation strategies.

2. Financial and Liquidity Risk

The LKR 524.8 billion accumulated payables demonstrated the severity of CEB's liquidity exposure. CEB therefore needs continuous monitoring of liquidity, debt maturities, foreign-exchange exposure, fuel-price risk and supplier obligations. Stronger cash buffers can reduce reliance on emergency financing. CEB's risk register rates both Interest Rate Risk and Liquidity Risk as "High," with mitigation strategies including negotiated fixed-rate financing, debt moratoriums, negotiated settlements, and facility restructuring. In practice, these were applied through the fixed-coupon 9.35% five-year debentures issued to hedge interest-rate exposure, and the prioritized settlement of NCRE and IPP payments to protect liquidity.

3. Operational and Supply-Security Risk

The crisis showed that fuel and other supply disruptions can rapidly affect the entire electricity system. CEB should therefore maintain formal emergency fuel plans, diversified procurement arrangements and regularly updated generation-dispatch scenarios. CEB's Technical Risk Management reports name this formally as the "Risk of Insufficient Generating Capacity" where delays in planned generation additions erode reserve margins and can lead to load shedding or system failure and "Network Expansion Risk," covering delays in transmission projects and ageing grid equipment, mitigated through asset management principles designed to detect equipment failure in advance.

4. Hydrological and Climate Risk

Hydropower availability depends on water resources and rainfall conditions. Therefore, CEB needs generation planning that considers different hydrological conditions and avoids excessive dependence on a single generation source. Scenario-based planning can support better preparation for such fluctuations. It should be noted that CEB's own risk reports do not list hydrological or climate risk as a separately named, rated risk category; the concern appears in narrative operational discussion rather than in the formal Financial or Technical Risk Management registers.

5. Labour and Stakeholder Risk

The engineers' strike showed that labour disputes can become operational risks during a crisis. CEB should therefore strengthen early consultation with employees, trade unions, Government, PUCSL, consumers and power producers when major reforms are introduced. CEB's Technical Risk Management reports separately name "HR Risk" (retaining a skilled and motivated workforce) and the "Risk of Public Perception and Policy Change" noting that the electricity sector attracts disproportionate media, NGO and political scrutiny relative to its 14% share of national energy use, creating pressure on consistent long-term planning.

Overall, the case demonstrates that CEB's resilience should move beyond emergency responses towards proactive risk identification, scenario planning and contingency preparation.

Sustainability and Long-Term Resilience

1. Renewable Energy and Energy Diversification

2022: Total renewable energy contribution reached 52.1% of generation (including CEB hydro and wind); rooftop solar capacity grew 29% during the year to reach a total of 535 MW, while grid-connected solar capacity increased 30%.

2023: Renewable contribution was 50.0% of total generation described as "a significant stride towards a more sustainable and environmentally conscious energy mix." 150 MW of new renewable capacity was added (117 MW rooftop solar, 9 MW ground solar, 15 MW wind, 5 MW mini-hydro, 4 MW biomass), with CEB introducing a new "Net Plus Plus" model allowing rooftop leasing to third parties.

2. Financial Sustainability

2022: Tariff Methodology was revised in January 2021, transferring UNT-setting responsibility to CEB from PUCSL; despite a 75% tariff increase (Aug 2022, first since 2014), CEB still posted a net loss of LKR 272.9 billion, showing the tariff was "insufficient."

2023: Tariff review moved to a quarterly cycle; by year-end, arrears to rooftop solar producers and local suppliers were fully settled, NCRE arrears cut to LKR 26.2 billion, IPP payments reduced to LKR 52.6 billion (from 96.6bn), and CPC payments reduced to zero (from 71.3bn), aided by a LKR 126.2 billion Treasury capital infusion.

3. Infrastructure and Grid Resilience

2022: Transmission Division's statutory role in building/maintaining transmission infrastructure and ensuring system reliability is formally described, alongside ongoing transmission project tracking.

2023: Over LKR 28 billion in transmission projects completed; the 350 MW Kerawalapitiya (Sobadhanavi) plant first base-load thermal construction in 8 years, earlier delayed by 2022's crisis-driven Force Majeure continued progressing with PPA amendments signed Nov 2023.

4. Operational Efficiency and Reliability

Both years Technical Risk Management reports identically state that ageing grid equipment (20+ years old in places) creates reliability risk, mitigated "to some extent by adopting Asset Management principles that enable [CEB] to foresee failure events in advance" showing this is a continuous, not one-year, practice.

International Comparison

Bangladesh Vs Sri Lanka

Feature / Aspect	Bangladesh's Crisis & Recovery	Sri Lanka's Crisis & Recovery
Core Trigger	Global fuel price shock causing massive import deficits.	Sovereign debt default and zero foreign currency reserves.
Primary Economic Hit	Devastated the Garment Sector via 6–12-hour blackouts.	Total economic collapse affecting food, fuel, and medicine.
Political Outcome	Rationed power to protect reserves; temporary public protests.	Hyperinflation and mass unrest that ousted the president.
Financial Bailout	Secured a \$4.7 billion IMF loan + \$2.75 billion ITFC fuel fund.	Stabilized via an aggressive IMF restructuring program .
Energy Strategy Shift	Transitioning to domestic gas exploration and regional hydropower.	Implemented sharp tax hikes and cost-reflective utility pricing.
Green Energy Focus	Targeting 10,000 MW of solar power by 2030.	Restructuring the state electricity board for private investment.

India Vs Sri Lanka

Feature	India's Crisis & Recovery	Sri Lanka's Crisis & Recovery
Root Cause	Unseasonal heatwave + internal railway logistics bottleneck.	Macroeconomic collapse + total exhaustion of foreign cash reserves.
Max Power Cuts	2 to 8 hours daily (limited to specific states).	10 to 13 hours daily (nationwide collapse).
Fuel Availability	Plenty of domestic coal available; just stuck at mines.	Absolute zero fuel at ports due to lack of US Dollars.
Impact on Transit	Over 1,100 passenger train trips cancelled to prioritize coal freight.	Total public transit freeze; days-long queues for fuel at petrol stations.
Impact on Health	Power to major hospitals kept active and highly protected.	Emergency surgeries done by mobile flashlights; medicine shortages.
Impact on Schools	Schools remained open despite high summer discomfort.	Schools shut down entirely; exams postponed due to paper shortages.
How They Recovered	Logistical Overhaul: Prioritized freight trains, forced coal imports, and capped energy prices.	External Bailouts: Received Indian fuel credit lines, secured an IMF bailout, and raised electricity tariffs.

IMF Influence on CEB's Recovery and Reform

1. CEB is a structural benchmark (SB) in itself

Maintaining cost-recovery level of the end-user electricity tariff schedule" is a **continuous Structural Benchmark** under the EFF programme, meaning CEB's tariff policy is a formal, monitored condition of the IMF loan, not just a side issue.

2. CEB losses directly created a program compliance failure

When PUCSL approved a 20% tariff cut in January 2025 (against CEB's own proposal), CEB posted Rs 18 billion in operating losses in Q1 2025 this caused the continuous SB on cost-recovery electricity pricing to be assessed as **"not met."** This is a direct case of CEB's financial performance breaking an IMF program target.

3. CEB losses = contingent fiscal risk to the whole government

The IMF explicitly frames CEB's losses (covered via bank overdrafts and supplier arrears) as **"significant contingent fiscal risks"** meaning if CEB can't cover its own costs, the risk of a bailout/debt eventually lands on the central government's fiscal position, which the IMF closely tracks under the program's fiscal targets.

4. CEB's legacy debt is a program repayment condition

CEB's remaining legacy debt (Rs 180 billion as of end-2024) is required to be settled, with repayment **built directly into the electricity tariff calculation** starting June 2025 i.e., IMF conditionality shapes how much ordinary consumers pay.

5. CEB-PUCSL disputes triggered a new Prior Action and new SB

Disagreements between CEB and PUCSL prevented the BSTA (Bulk Supply Transaction Account) mechanism from triggering an automatic 10% tariff adjustment in March 2025. This forced the government to amend BSTA guidelines as a **Prior Action** (a condition that had to be met before the IMF Board could even approve this review), and led to a **new Structural Benchmark** requiring quarterly parliamentary reporting on cost-recovery pricing.

6. IMF staff flagged governance concerns specifically about CEB

The report states staff **"remain concerned about governance elements of electricity cost-recovery moving forward"** this is a direct institutional critique of how CEB/PUCSL decision-making works, separate from just the numbers.

Recommendations

Recommendations in a case study or business report serve as actionable solutions directly designed to fix the specific root causes and structural vulnerabilities identified in the analysis. Without clear evidence tying a recommendation to a real operational or financial failure, the recommendation remains an unproven opinion rather than a professional strategic solution.

Each strategic recommendation for the Ceylon Electricity Board (CEB) is grounded directly in data and events from the 2022 Sri Lankan power crisis:

1. Maintain a Transparent Cost-Reflective Tariff Mechanism

The Evidence: Electricity tariffs were frozen for 8 years (2014–2022) while fuel and import costs continuously rose. This gap caused a net loss of LKR 272.9 billion and accumulated payables of LKR 524.8 billion in 2022. Implementing a 66% tariff increase in February 2023

along with quarterly adjustments helped CEB turn around to a net profit of LKR 61.24 billion in 2023.

Why it's recommended: Regular, formula-based updates prevent massive, sudden price shocks and stop debt from accumulating.

2. Accelerate Renewable Energy Expansion

The Evidence: Heavy reliance on foreign coal and fuel oil left CEB vulnerable when foreign exchange reserves dried up, resulting in up to 13-hour daily power cuts and 799.2 GWh of unserved energy. Increasing renewable generation from 50.0% in 2023 to 53.5% in 2024 directly boosted grid stability.

Why it's recommended: Indigenous renewable energy (solar, wind) eliminates foreign exchange exposure and insulates the national grid from international fuel price spikes.

3. Strengthen Financial Risk and Liquidity Management

The Evidence: CEB's finance expenses skyrocketed by 104% to LKR 41.8 billion in 2022 due to late-payment interest charges and LKR 101.5 billion in new emergency borrowings. Cash flow strains also created a backlog of 36,000 pending customer service connections.

Why it's recommended: Building financial liquidity buffers during profitable years prevents reliance on high-interest emergency borrowing and ensures routine operations continue during macro-economic downturns.

4. Strengthen Operational Contingency and Supply Planning

The Evidence: Thermal power generation relied on emergency dispatch revisions as fuel supplies ran dry. Furthermore, a strike by roughly 900 out of 1,100 engineers in June 2022 disabled 1,000 MW of hydropower, demonstrating how operational and labor risks compound supply deficits.

Why it's recommended: Regular multi-scenario dispatch planning and pre-negotiated labor agreements ensure operational continuity during physical shortages or labor disputes.

5. Protect Vulnerable Consumer Groups

The Evidence: Over 3.14 million households consumed under 60 units per month (50% of all consumers) during the 2022 crisis. Rapid end-user tariff increases (75% in August 2022, 66% in February 2023) imposed severe cost burdens on low-income domestic users.

Why it's recommended: Targeted subsidies or lifeline rates cushion vulnerable populations, making cost-reflective utilities politically sustainable and socially equitable.

Conclusion

The 2022 power crisis was one of the most significant operational and financial challenges faced by CEB. The crisis was caused by the interaction of external economic pressures particularly foreign-exchange shortages, fuel-price increases and rupee depreciation with internal structural weaknesses such as prolonged tariff constraints, imported-fuel dependence, financial vulnerability and labour tensions.

The impact extended beyond electricity generation. CEB experienced severe power interruptions, financial losses, liquidity problems, operational backlogs and stakeholder tensions. However, the subsequent recovery demonstrates the importance of coordinated crisis management. Tariff reform, financial restructuring, renewable-energy development, infrastructure investment, operational planning and stakeholder management contributed to improved organizational resilience.

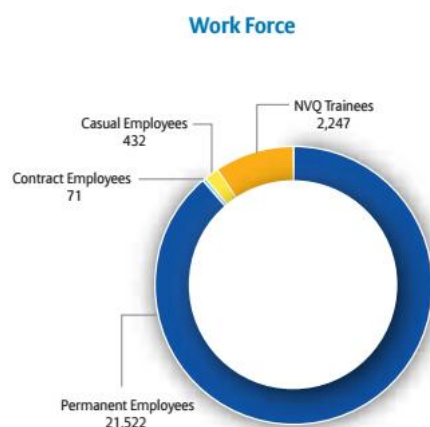
The central lesson from the case is that CEB's long-term resilience cannot depend on a single solution. A sustainable electricity system requires financial discipline, diversified energy sources, reliable infrastructure, proactive risk management, efficient operations, effective governance and appropriate consumer protection. The 2022 crisis therefore provides not only a case of failure and disruption, but also an important lesson in how a national utility can adapt its strategies to become more resilient.

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APPENDIX

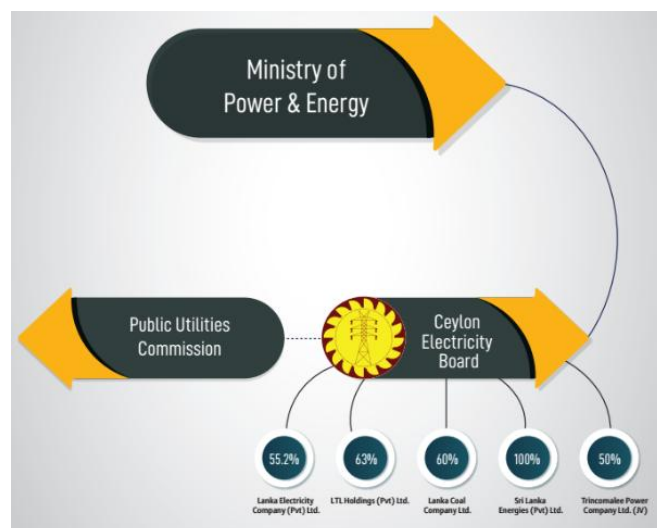
CEB Workforce Composition in 2022 Structure



Total Unserved Energy During 2022

services. However, CEB couldn't isolate itself from the prevailing economic crisis of the country and had been grappling with an acute shortage of fuel supply, which has significantly impacted our ability to generate electricity. As a result, we have been faced with the difficult decision of implementing forced power outages all over the country, and the **total un-served energy due to these power outages were 799.2 GWh** for the year under review. These outages, although temporary, have unfortunately caused inconvenience and hardship for our valued consumers, for which we sincerely apologize.

CEB Ownership and Regulatory Structure



Source: Ceylon Electricity Board (2022), Annual Report 2022. [Available online](#)

Evidence of Nationwide 13-Hour Power Cuts

 **ALJAZEERA** News ▾ Middle East Explained Sport Opinion Video Mo

By News Agencies

31 Mar 2022

Sri Lanka has announced nationwide 13-hour daily power cuts from Thursday and more hospitals suspended routine surgeries after running out of life-saving medicines, as the cash-strapped island's [economic crisis](#) deepens.

The South Asian nation of 22 million people is in its [worst economic crisis](#) since independence in 1948, sparked by an acute lack of foreign currency to pay for even essential imports.

Source: Al Jazeera (2022a), March 31. [Available online](#)

Initial Electricity Tariff Proposal Discussed in June 2022

By Charumini de Silva

Electricity regulator, Public Utilities Commission (PUCSL) Chairman Janaka Ratnayake yesterday affirmed despite the Ceylon Electricity Board seeking approval for 82% tariff hike, the Commission is of the view that it should not exceed 57% as relief to users.

Tariff revision for 2022 is being proposed as per Section 30 of the Sri Lanka Electricity Act No. 20 of 2009.

As per the CEB's tariff revision proposal, it targets to increase the average price of a unit of electricity by 82% from Rs. 18.14 to Rs. 32.48.

"The CEB is targeting annual revenue of Rs. 512 billion through the tariff revision. However, the PUCSL recommends that the price of an average unit of electricity should not exceed Rs. 28.14. We also recommend that the CEB should reduce their operating costs by 10% by increasing its efficiency and use that savings to encourage and absorb more renewable energy into the system," Ratnayake told the journalists yesterday.

He also said that 3.14 million households use less than 60 units monthly, which accounts for about 50% of the total electricity users.

Against this backdrop, the PUCSL Chief has recommended the Government provide a subsidy of Rs. 65 billion to the aforementioned category.



PUCSL Chairman
Janaka Ratnayake

Context note. The June proposal shown above sought an average increase of approximately 82%. CEB later submitted proposals for increases of 183% and 229%. PUCSL ultimately approved an average 75% increase effective from 10 August 2022 (PUCSL, 2022).

Source: *Daily FT (2022), June 28*, and *PUCSL (2022)*. Available online , Additional source 2

CEB Engineers' Strike and Its Operational Effect

By Reuters

9 Jun 2022

Swaths of Sri Lanka have been hit by [electricity cuts](#) after a power sector union went on strike in protest against new government regulations, compounding hardships as the country tackles its worst [economic crisis](#) in decades.

About 900 out of approximately 1,100 engineers of the state-run Ceylon Electricity Board (CEB), Sri Lanka's main power company, went on strike at midnight on Thursday, stalling operations at eight hydropower plants that generate about 1,000 MW of electricity.

RECOMMENDED STORIES

- Sri Lanka crisis forces 13-hour blackouts, hospitals stop surgery
- Sri Lanka president says no more power cuts after March 5
- Photos: Power cuts in Sri Lanka have hit all walks of life
- Protesters, power cuts and Sri Lanka's persistent president

The CEB Engineers' Union is opposed to government plans to amend legislation governing the country's power sector, which include removing restrictions on competitive bidding for renewable power projects.

Kanchana Wijesekera, Sri Lanka's power minister, said he was open to making changes to the legislation, which is due to be presented to parliament, adding that consumers have the right to a cheap, uninterrupted electricity supply.

"If the existing CEB act does not need amendments and has the capability to implement renewable energy projects without delay, why did the CEB deprive many who had requested to do so for years?" Wijesekera said in a tweet.

Source: *Al Jazeera (2022b), June 9*. Available online

CEB Revenue Performance in 2022

Financial Performance

Revenue

CEB recorded a Revenue growth of 24% to LKR 308.46 billion during the year delivering the highest revenue in its operating history. This revenue growth has been underpinned by the upward tariff revision implemented with effect from 2022-08-10, which was static since year 2014, whilst all the commodity prices and other cost factors related to the electricity business inflated continuously. The electricity demand in the country was dropped by 5%, driven by less consumption of retail and bulk customers owing to manual load shedding and the socio-economic crisis that prevailed in the country. The Variation of energy sold and revenue during the last Five years is depicted in the Figure FR1 below.

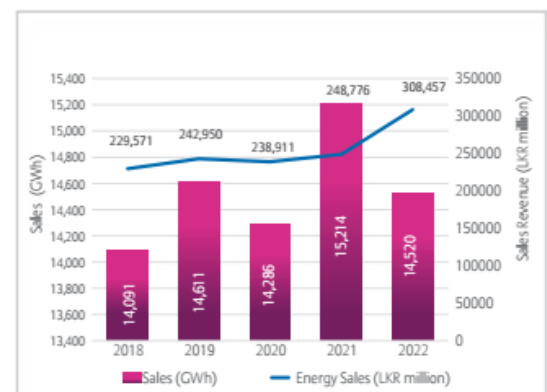
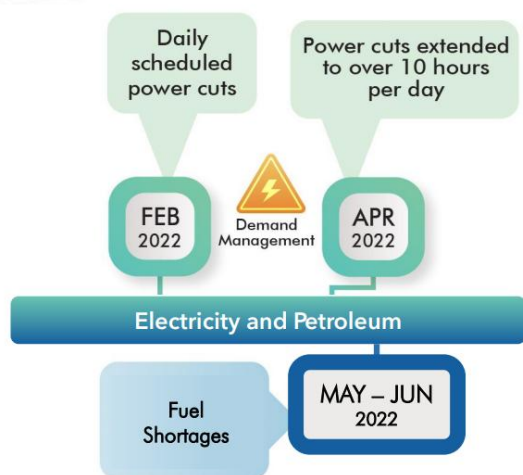


Figure FR1: Variation of Energy Sold & Revenue

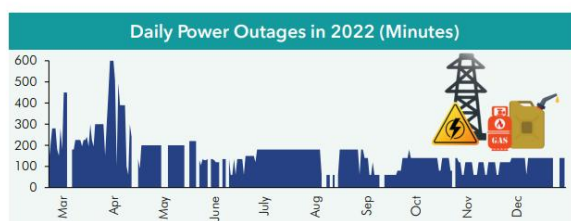
Source: *Ceylon Electricity Board (2022), Annual Report 2022*. Available online

Power- and Energy-Sector Vulnerabilities During the 2022 Crisis

The vulnerabilities in the power and energy sector heightened amidst forex shortages causing significant loss of economic activity...



- **Fuel crisis in 2022 led to severe social inconvenience and unrest**
 - Worsened financial position of the CPC
 - Sparse liquidity in the domestic foreign exchange market
- **Excessive hoarding of stocks by the people and long queues for fuel due to;**
 - Inconsistency in fuel distribution
 - Uncertainty in the availability of fuel

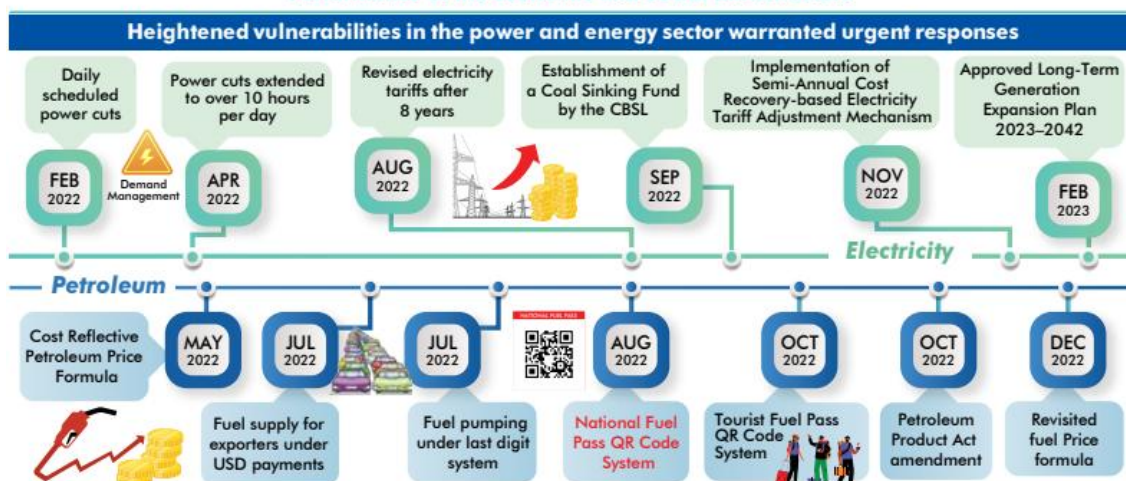


ANNUAL REPORT 2022 | 9

Source: Central Bank of Sri Lanka (2022), Annual Report 2022. [Available online](#)

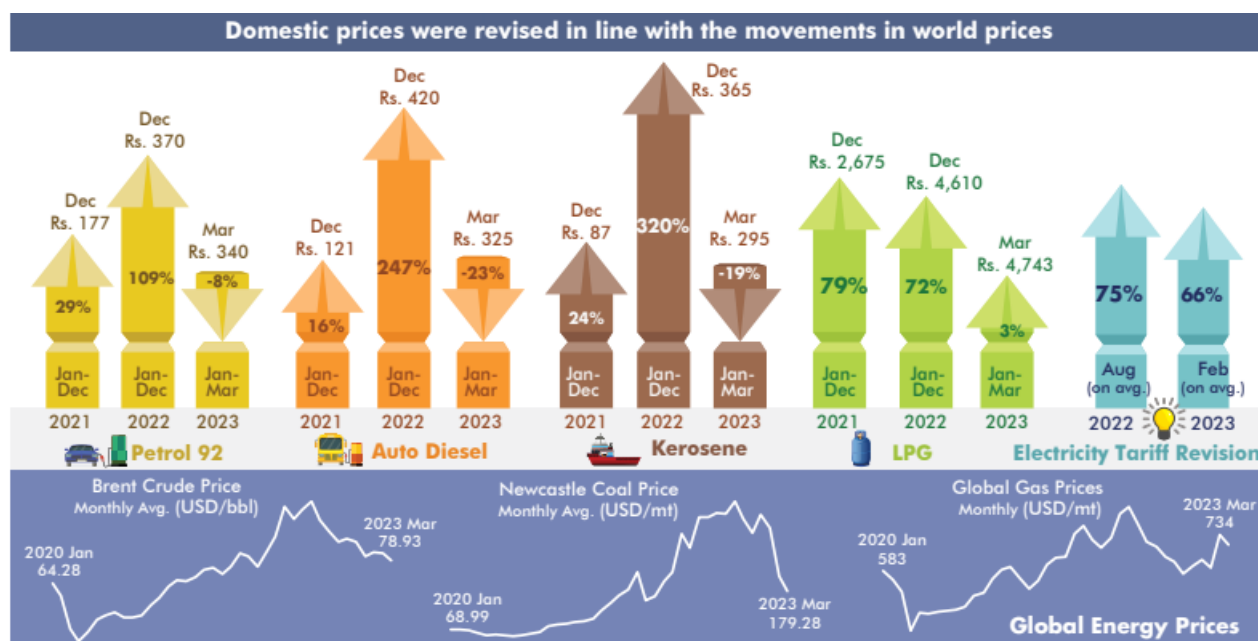
Government and Regulatory Responses to Energy-Sector Vulnerabilities

Figure 3.1
Performance of the Economic and Social Infrastructure



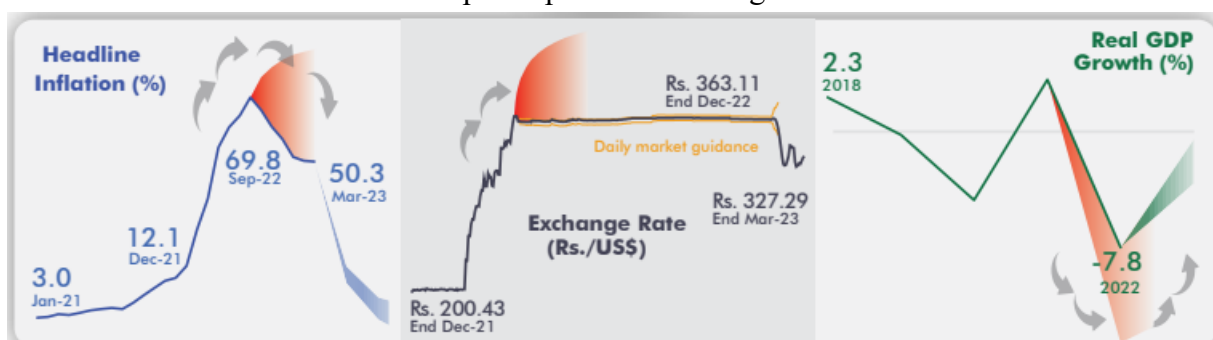
Source: Central Bank of Sri Lanka (2022), Annual Report 2022, Chapter 3. [Available online](#)

Domestic and Global Energy-Price Movements



Source: Central Bank of Sri Lanka (2022), Annual Report 2022, Chapter 3. Available online

Rupee depreciation during the crisis



Source: Central Bank of Sri Lanka (2022), Annual Report 2022, Chapter 1, Figure 1.1 Available online

Internal factors

Highlights

Revision of end user electricity tariff.

The Division is strategically responsible for formulating and implementing cost-reflective electricity tariffs. However, the tariff remained unchanged since the year 2014, though all the cost factors related to the power business increased immensely. Meantime, the "Tariff Methodology" was revised in January 2021 and the responsibility of filling the "Uniform National Tariff (UNT)" has been transferred to CEB from the Public Utilities Commission of Sri Lanka (PUCSL). On the other hand, fuel prices were revised in several instances and the Government decided to float the local currency against USD in the year 2022. Accordingly, CEB requested a 229% tariff increase from PUCSL in June 2022. In response to the soaring expenditure, after eight silent years, PUCSL has approved an increase of end user electricity tariff by 75% with effect from 2022-08-10, with an approved scheduled power cut for 3 hours daily.

However, amidst the tariff revision and scheduled power cuts, CEB has made a total net loss of LKR 272.9 billion for the year 2022 depicting the insufficiency of the 75% approved tariff by PUCSL.

Financial Performance

Revenue

CEB recorded a Revenue growth of 24% to LKR 308.46 billion during the year delivering the highest revenue in its operating history. This revenue growth has been underpinned by the upward tariff revision implemented with effect from 2022-08-10, which was static since year 2014, whilst all the commodity prices and other cost factors related to the electricity business inflated continuously. The electricity demand in the country was dropped by 5%, driven by less consumption of retail and bulk customers owing to manual load shedding and the socio-economic crisis that prevailed in the country. The Variation of energy sold and revenue during the last Five years is depicted in the Figure FR1 below.

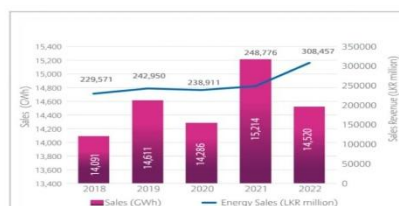
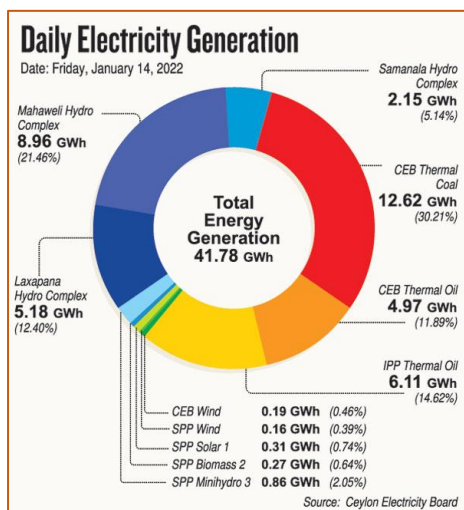


Figure FR1: Variation of Energy Sold & Revenue

Net Profit / (Loss)

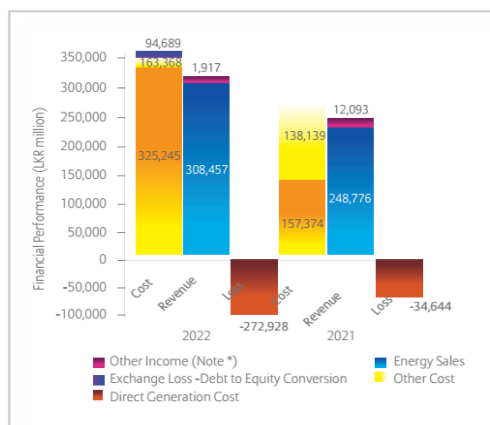
Net loss for the year was recorded as LKR 272.9 billion displaying the highest loss in the operating history, surged by 688% increase of operational losses and exchange loss resulting from

Ownership & Source	Generation (GWh)			% of Total	
	2021	2022	% Change	2021	2022
CEB : Total	12,711	12,225	-3.8%	76.0%	76.7%
Major Hydro	5,640	5,364	-4.9%	33.7%	33.6%
Thermal (Oil)	1,231	1,337	8.6%	7.4%	8.4%
Thermal (Coal)	5,519	5,174	-6.3%	33.0%	32.5%
NCRE (Wind)	318.2	347.2	9.1%	1.9%	2.2%
Small Islands	2.7	2.6	-4.6%	-	-
IPP : Total	4,004	3,718	-7.2%	24.0%	23.3%
Thermal (Oil)	1,400	1,128	-19.5%	8.4%	7.1%
NCRE (Mini Hydro)	1,568	1,377	-12.2%	9.4%	8.6%
NCRE (Wind)	327	376	14.8%	2.0%	2.4%
NCRE (Other)	163	117	-28.1%	1.0%	0.7%
NCRE (Grid Connected Solar)	156	190	22.0%	0.9%	1.2%
NCRE (Rooftop Solar)	389	530	36.0%	2.3%	3.3%
Total Generation	16,716	15,942	-4.6%		



Financial Performance of CEB

The electricity demand for the year 2022 has declined due to rotational manual load shedding and the contraction of the economy. Consequently, the generation of electricity was also turned down.



* Actuarial gain/ (loss) on defined benefit obligations was netted off with Other Income

Figure FR2: Financial Performance 2022/2021

CEB probing non-operational hydro power plants

by Zulfick Farzan
09-06-2022 | 11:21 AM

COLOMBO (News 1st): The Ceylon Electricity Board has initiated an investigation on the reports that several hydro power plants in the country failed to function on Thursday (9).

A spokesperson for the Ministry of Power and Energy said that the Chairman of the Ceylon Electricity Board to take the necessary steps to rectify the matter.

Multiple localities in Sri Lanka experienced power outages on Thursday (9) morning, as several hydro power plants in the country failed to function.

The power outage took place after the Ceylon Electricity Board Engineers Union decided to go on strike against the proposed amendments to the Sri Lanka Electricity Act.

Later on Thursday (9) morning, the Ceylon Electricity Board Engineers Union has announced that it decided to call off the strike action that it launched at midnight on Wednesday (8) following discussions with the President.

It is reported that the President had noted that the amendments to the Sri Lanka Electricity Act would be further deliberated at the Committee Stages in Parliament.

Although the CEB Engineers Union said it called off the strike, many areas in Sri Lanka are experiencing a power cut for several hours since early Thursday (9) morning.

Ceylon Electricity Board Engineer's Union went on strike with effect from midnight on Wednesday (8) against the Bill to amend the Sri Lanka Electricity Act No. 20 of 2009.

Delayed of 36,000 New Connections

Minister of Power and Energy Kanchana Wijesekera says that steps will be taken to provide about 36,000 new connections that have been delayed due to the financial crisis in the Ceylon Electricity Board (CEB) within a period of 06 weeks.

Speaking at the Ministerial Consultative Committee held in Parliament yesterday (Mar. 09) the minister pointed out that due to the existing financial issues, there was a shortage of equipment to provide new connections and that with the recent steps to increase the electricity tariffs, the strengthening of the financial sector of the board would enable new connections to be provided.

Source: Ada Derana (2023). [Available online](#)

10 Year generation mix data analysis (2014-2023 annual reports)

2014

2015

GENERATION STATISTICS						
Ownership & Source	No. of Power Stations			Installed Capacity in MW		
	2013	2014	% Change	2013	2014	% Change
C.E.B. - Total	25	25	0.00%	2,228	2,824	26.75%
- Hydro	17	17	0.00%	1,361	1,377	1.18%
- Thermal - Oil	6	6	0.00%	564	544	-3.55%
- Thermal - Coal	1	1	0.00%	300	900	200.00%
- Wind	1	1	0.00%	3	3	0.00%
P.P.P. - Total	155	174	12.26%	1,127	1,108	-1.68%
- Hydro - Small	131	144	9.92%	264	288	9.14%
- Thermal	7	6	-14.29%	771	671	-12.97%
- NCRE - Wind	10	16	60.00%	78	128	63.73%
- NCRE - Other	7	9	28.57%	14	21	48.75%
Total	180	199	10.56%	3,355	3,932	17.20%
NCRE - Non Conventional Renewable Energy (Solar, Dendro, Biomass, Wind)						
Generation in GWh * Ownership & Source	Percentage of Total			Percentage of Total		
	2013	2014	% increase	2013	2014	% increase
C.E.B. - Total	8,744	8,532	-2.4%	73%	69%	
- Hydro	5,990	3,632	-39.4%	50%	29%	
- Thermal - Oil	1,283	1,696	32.2%	11%	14%	
- Thermal - Coal	1,469	3,202	118.0%	12%	26%	
- Wind	2.3	2.1	-8.4%	0%	0%	
P.P.P. - Total	3,154	3,825	21.3%	27%	31%	
- Hydro - Small	916	902	-1.5%	8%	7%	
- Thermal	1,977	2,610	32.0%	17%	21%	
- NCRE - Wind	232	270	16.4%	2%	2%	
- NCRE - Other	28	43	52.7%	0%	0%	
Total Generation *	11,898	12,357	3.9%	100%	100%	
Av. Daily Generation - GWh/day	32.60	33.86	3.9%	* Refers Net Generation		
Generation by Source in GWh	Installed Caps. by Source in MW			Installed Caps. by Source in MW		
	2013	2014	% increase	2013	2014	% increase
Hydro	6,906	4,534	-34.3%	1,625	1,665	2.47%
Thermal - Oil	3,260	4,305	32.1%	1,335	1,215	-8.99%
Thermal - Coal	1,469	3,202	118.0%	300	900	200.00%
NCRE	263	315	20.1%	96	153	59.49%
Total Generation	11,898	12,357	3.9%	3,355	3,932	17.20%
Day Maximum Demand in MW: 1,853.5 1,834.3 -1.04% * - At Monday 8th April, 2013						
Night Maximum Demand in MW: 2,164.2* 2,151.7** -0.60% ** - At Monday 19th May, 2014						
Hydro Reservoir Capacity in GWh: 1,259 1,259						

Ownership & Source	Generation - GWh			Percentage of Total	
	2014	2015	% increase	2014	2015
C.E.B. - Total	8,532	10,399	21.9%	69%	79%
- Hydro	3,632	4,904	35.0%	29%	37%
- Thermal-Oil	1,696	1,050	-38.0%	14%	8%
- Thermal-Coal	3,202	4,443	38.8%	26%	34%
- Wind (NCRE)	2.1	1.1	-50.2%	0%	0%
P.P.P. - Total	3,825	2,691	-29.6%	31%	21%
- Thermal	2,610	1,225	-53.1%	21%	9%
- NCRE Mini Hydro	902	1,065	18.0%	7%	8%
- NCRE - Wind	270	342	26.6%	2%	3%
- NCRE - Other	43	59	38.1%	0%	0%
Total Generation *	12,357	13,090	5.9%	100%	100%
Av. Daily Generation GWh/day	33.86	35.86	5.9%		

* Refers Net Generation

GENERATION STATISTICS Contd...

Generation by Source	Generation - GWh			Installed Capacity in MW		
	2014	2015	% increase	2014	2015	% Change
Major Hydro	3,632	4,904	35.0%	1,377	1,377	0.00%
NCRE Mini Hydro	902	1,065	18.0%	288	307	6.60%
Total Hydro	4,534	5,969	31.6%	1,665	1,684	1.14%
Thermal-Oil	4,305	2,275	-47.1%	1,215	1,115	-8.23%
Thermal-Coal	3,202	4,443	38.8%	900	900	0.00%
NCRE (Except Mini Hydro)	315	402	27.6%	153	148	-2.94%
Total Generation	12,357	13,090	5.9%	3,932	3,847	-2.17%

Day Maximum Demand in MW: 1,834.3 1,920.4 4.69% * - At Monday 19th May, 2014
 Night Maximum Demand in MW: 2,151.7* 2,281.4** -6.09% ** - At Tuesday 22nd September, 2015

2016

2017

2016

Ownership & Source	Generation (GWh)			Percentage of Total	
	2015	2016	% increase	2015	2016
CEB : Total	10,399	10,827	4.1%	79%	76.5%
- Hydro	4,904	3,481	-29.0%	37%	24.6%
- Thermal (Oil)	1,050	2,297	118.7%	8%	16.2%
- Thermal (Coal)	4,443	5,047	13.6%	34%	35.7%
- ORE (Wind)	1.1	2.1	101.2%	0%	0.0%
PPP : Total	2,691	3,322	23.4%	21%	23.5%
- ORE (Mini Hydro)	1,065	739	-30.6%	8%	5.2%
- Thermal	1,225	2,164	76.6%	9%	15.3%
- ORE (Wind)	342	343	0.2%	3%	2.4%
- ORE (Other)	59	76	28.8%	0%	0.5%
Total Generation	13,090	14,148	8.1%	100%	100.0%
Av. Daily Generation - GWh/day	35.86	38.66	7.8%		

Generation by Source (GWh)	2015	2016	% increase	Installed Caps. by Source (MW)	2015	2016	% increase
Major Hydro	4,904	3,481	-29.0%	1,377	1,384	0.5%	
ORE (Mini Hydro)	1,065	739	-30.6%	307	342	11.6%	
Total Hydro	5,969	4,220	-29.3%	1,684	1,726	2.5%	
Thermal (Oil)	2,275	4,461	96.0%	1,115	1,215	9.0%	
Thermal (Coal)	4,443	5,047	13.6%	900	900	0.0%	
ORE (Except Mini Hydro)	402	421	4.7%	148	177	19.3%	
Total Generation	13,090	14,148	8.1%	3,847	4,018	4.4%	

Day Maximum Demand (MW) 1,920.4 2,106.3 9.7% * On Tuesday, 22 September 2015

Night Maximum Demand (MW) 2,283.4* 2,452.9** 7.4% **On Monday, 25 April 2016

Hydro Reservoir Capacity (GWh) 1,259 1,259

Generation by Ownership - 2015 & 2016

■ CEB ■ PPP

Generation by Source - 2015 & 2016

■ Hydro ■ Thermal - Oil ■ Thermal - Coal ■ ORE (Except Mini Hydro)

Ownership & Source	Generation (GWh)			Percentage of Total	
	2016	2017	% increase	2016	2017
CEB : Total	10,827	10,693	-1.2%	76.5%	72.9%
Hydro	3,481	3,059	-12.1%	24.6%	20.8%
Thermal (Oil)	2,297	2,529	10.1%	16.2%	17.2%
Thermal (Coal)	5,047	5,103	1.1%	35.7%	34.8%
ORE (Wind)	2.1	2.2	2.8%	0.0%	0.0%
PPP : Total	3,322	3,978	19.8%	23.5%	27.1%
ORE (Mini Hydro)	739	945	28.0%	5.2%	6.4%
Thermal (Oil)	2,164	2,516	16.3%	15.3%	17.1%
ORE (Wind)	343	365	6.4%	2.4%	2.5%
ORE (Other)	76	152	99.5%	0.5%	1.0%
Total Generation	14,148	14,671	3.7%	100.0%	100.0%
Av. Daily Generation - GWh/day	38.66	40.19	4.0%		
Generation by Source (GWh)	Installed Capa. by Source (MW)				
	2016	2017	% increase	2016	2017 % increase
Major Hydro	3,481	3,059	-12.1%	1,384	1,391 0.5%
ORE (Mini Hydro)	739	945	28.0%	342	354 3.4%
Total Hydro	4,220	4,004	-5.1%	1,726	1,745 1.1%
Thermal (Oil)	4,461	5,045	13.1%	1,215	1,233 1.5%
Thermal (Coal)	5,047	5,103	1.1%	900	900 0.0%
ORE (Except Mini Hydro)	421	519	23.2%	177	209 18.1%
Total Generation	14,148	14,671	3.7%	4,018	4,087 1.7%
Day Maximum Demand (MW)	2,106.3	2,264.2	7.5%	*On Monday, 25 April 2016	
Night Maximum Demand (MW)	2,452.9*	2,523.2**	7.4%	**On Wednesday, 17 May 2017	
Hydro Reservoir Capacity (GWh)	1,259	1,258			

2018

Ownership & Source	Generation (GWh)			Percentage of Total	
	2017	2018	% Increase	2017	2018
CEB : Total	10,693	11,803	10.4%	72.9%	76.8%
Hydro	3,059	5,149	68.4%	20.8%	33.5%
Thermal (Oil)	2,529	1,886	-25.4%	17.2%	12.3%
Thermal (Coal)	5,103	4,764	-6.7%	34.8%	31.0%
ORE (Wind)	2.2	1.3	-41.7%	0.0%	0.0%
Small Islands	N/A	2.4			
IPP : Total	3,978	3,571	-10.2%	27.1%	23.2%
ORE (Mini Hydro)	945	1,232	30.3%	6.4%	8.0%
Thermal (Oil)	2,516	1,740	-30.8%	17.1%	11.3%
ORE (Wind)	365	325	-10.8%	2.5%	2.1%
ORE (Solar,Dendro,Biomass)	152	185	21.8%	1.0%	1.2%
Rooftop Solar	N/A	88			
Total Generation	14,671	15,374	4.8%	100.0%	100.0%
Avg. Daily Generation - GWh/day	40.19	42.12	4.8%		
Generation by Source (GWh) Installed Capa. by Source (MW)					
	2017	2018	% Increase	2017	2018
Major Hydro	3,059	5,149	68.4%	1,391	1,399
ORE (Mini Hydro)	945	1,232	30.3%	354	394
Total Hydro	4,004	6,381	59.4%	1,745	1,792
Thermal (Oil)	5,045	3,629	-28.1%	1,206	1,137
Thermal (Coal)	5,103	4,764	-6.7%	900	900
ORE (Except Mini Hydro)	519	600	15.6%	209	217
Total Generation	14,671	15,374	4.8%	4,060	4,046
Day Maximum Demand (MW)	2,264.2	2,260.2	-0.2%		
Night Maximum Demand (MW)	2,523.2**	2,616.1***	3.7%		
Hydro Reservoir Capacity (GWh)	1,259	1,197			

2019

Ownership & Source	Generation (GWh)			Percentage of Total	
	2018	2019	% Increase	2018	2019
CEB : Total	11,803	11,286	-4.4%	76.8%	70.9%
Hydro	5,149	3,784	-26.5%	33.5%	23.8%
Thermal (Oil)	1,886	2,137	13.3%	12.3%	13.4%
Thermal (Coal)	4,764	5,361	12.5%	31.0%	33.7%
ORE (Wind) ⁽¹⁾	1.3	-	-	-	-
Small Islands	2.4	4.5	88.5%	-	-
IPP : Total	3,571	4,636	29.8%	23.2%	29.1%
ORE (Mini Hydro)	1,232	1,011	-17.9%	8.0%	6.3%
Thermal (Oil)	1,740	2,875	65.2%	11.3%	18.1%
ORE (Wind)	325	348	7.1%	2.1%	2.2%
ORE (Solar,Dendro,Biomass)	185	220	18.8%	1.2%	1.4%
Rooftop Solar	88	182	107.0%	0.6%	1.1%
Total Generation	15,374	15,922	3.6%		
Avg. Daily Generation - GWh/day	42.12	43.62	3.6%		
Generation by Source (GWh) Installed Capa. by Source (MW)					
	2018	2019	% Increase	2018	2019
Major Hydro	5,149	3,784	-26.5%	1,399	1,399
ORE (Mini Hydro)	1,232	1,011	-17.9%	394	410
Total Hydro	6,381	4,794	-24.9%	1,792	1,809
Thermal (Oil)	3,629	5,016	38.2%	1,137	1,282
Thermal (Coal)	4,764	5,361	12.5%	900	900
ORE (Except Mini Hydro)	600	750	25.2%	217	226
Total Generation	15,374	15,922	3.6%	4,046	4,217
Day Maximum Demand (MW)	2,260.2	2,327.3	3.0%		
Night Maximum Demand (MW)	2,616.1	2,668.7	2.0%		
Night Maximum Demand Recorded on	01/05/2018	28/05/2019			

Note:- ⁽¹⁾ 3MW CEB owned wind power plant in Hambantota was dismantled on 23rd October 2018.

2020

Ownership & Source	Generation (GWh)				Percentage of Total	
	2019	2020	% increase		2019	2020
CEB : Total	11,286	11,138	-1.3%		70.9%	70.9%
Hydro	3,784	3,911	3.4%		23.8%	24.9%
Thermal (Oil)	2,137	1,462	-31.6%		13.4%	9.3%
Thermal (Coal)	5,361	5,754	7.3%		33.7%	36.6%
ORE (Wind)	0.0	7.7			-	0.05%
Small Islands	4.5	2.6	-41.8%			
IPP : Total	4,636	4,575	-1.3%		29.1%	29.1%
ORE (Mini Hydro)	1,011	1,047	3.6%		6.3%	6.7%
Thermal (Oil)	2,875	2,717	-5.5%		18.1%	17.3%
ORE (Wind)	348	324	-6.8%		2.2%	2.1%
ORE (Solar-Grid Connected, Dendro, Biomass & Municipal Waste)	220	218	-1.1%		1.4%	1.4%
ORE (Rooftop Solar)	182	269	47.7%		1.1%	1.7%
Total Generation	15,922	15,714	-1.3%			
Avg. Daily Generation - GWh/day	43.62	42.93	-1.6%			
Generation by Source (GWh)				Installed Capacity by Source (MW)		
	2019	2020	% increase	2019	2020	
Major Hydro	3,784	3,911	3.4%	1,399	1,383	
ORE (Mini Hydro)	1,011	1,047	3.6%	410	410	
Total Hydro	4,794	4,958	3.4%	1,809	1,792	
Thermal (Oil)	5,016	4,182	-16.6%	1,282	1,268	
Thermal (Coal)	5,361	5,754	7.3%	900	900	
ORE (Except Mini Hydro)	750	819	9.1%	226	305	
Total Generation	15,922	15,714	-1.3%	4,217	4,265	
Day Maximum Demand (MW)	2,327.3	2,394.1	2.9%			
Night Maximum Demand (MW)	2,668.7	2,717.5	1.8%			
Night Maximum Demand Recorded on	28/05/2019	11/03/2020				
Generation by Ownership			Generation by Source			
	2019	2020		2019	2020	
CEB	29%	71%	Hydro	5%	31%	
IPP	71%	29%	Thermal - Oil	34%	80%	
			Thermal - Coal	31%	31%	
			ORE (Except Mini Hydro)	37%	27%	

Note: 1. Rooftop Solar not included in installed capacity.
All generation figures indicated above refer to net generation.

Note: 1. Rooftop Solar not included in installed capacity.
2. All generation figures indicated above refer to net generation.

2021

Ownership & Source	Generation (GWh)			% of Total	
	2020	2021	% Change	2020	2021
CEB : Total	11,138	12,711	14.1%	70.9%	76.0%
Major Hydro	3,911	5,640	44.2%	24.9%	33.7%
Thermal (Oil)	1,462	1,231	-15.8%	9.3%	7.4%
Thermal (Coal)	5,754	5,519	-4.1%	36.6%	33.0%
NCRE (Wind)	7.7	318.2	4056.5%	-	1.9%
Small Islands	2.6	2.7	3.4%	-	-
IPP : Total	4,575	4,004	-12.5%	29.1%	24.0%
Thermal (Oil)	2,717	1,400	-48.5%	17.3%	8.4%
NCRE (Mini Hydro)	1,047	1,568	49.8%	6.7%	9.4%
NCRE (Wind)	324	327	0.9%	2.1%	2.0%
NCRE (Other)	100	163	63.1%	0.6%	1.0%
NCRE (Grid Connected Solar)	118	156	32.2%	0.8%	0.9%
NCRE (Rooftop Solar)	269	389	44.8%	1.7%	2.3%
Total Generation	15,714	16,716	6.4%		
Avg Daily Generation - GWh/day	42.93	45.80	6.7%		
Day Maximum Demand (MW)	2,394.1	2,407.7			
Night Maximum Demand (MW)	2,717.5	2,801.6			
Night Maximum Demand Recorded on	11/03/2020	06/04/2021			
Generation by Ownership					
	2020	2021	% Change		
CEB	71%	76%			
IPP	29%	24%			
Generation by Source					
	2020	2021	% Change		
Major Hydro	25%	34%			
Thermal - Oil	12%	8%			
Thermal - Coal	37%	33%			
NCRE	2%	1%			

Note:-

2022

Ownership & Source	Generation (GWh)			% of Total	
	2021	2022	% Change	2021	2022
CEB : Total	12,711	12,225	-3.8%	76.0%	76.7%
Major Hydro	5,640	5,364	-4.9%	33.7%	33.6%
Thermal (Oil)	1,231	1,337	8.6%	7.4%	8.4%
Thermal (Coal)	5,519	5,174	-6.3%	33.0%	32.5%
NCRE (Wind)	318.2	347.2	9.1%	1.9%	2.2%
Small Islands	2.7	2.6	-4.6%	-	-
IPP : Total	4,004	3,718	-7.2%	24.0%	23.3%
Thermal (Oil)	1,400	1,128	-19.5%	8.4%	7.1%
NCRE (Mini Hydro)	1,568	1,377	-12.2%	9.4%	8.6%
NCRE (Wind)	327	376	14.8%	2.0%	2.4%
NCRE (Other)	163	117	-28.1%	1.0%	0.7%
NCRE (Grid Connected Solar)	156	190	22.0%	0.9%	1.2%
NCRE (Rooftop Solar)	389	530	36.0%	2.3%	3.3%
Total Generation	16,716	15,942	-4.6%		
Avg Daily Generation - GWh/day	45.80	43.68	-4.6%		
Day Maximum Demand (MW)	2,407.7	2,358.1			
Night Maximum Demand (MW)	2,801.6	2,708.1			
Night Maximum Demand Recorded on	06/04/2021	31/01/2022			
Generation by Ownership					
	2021	2022	% Change		
CEB	76%	77%			
IPP	24%	23%			
Generation by Source					
	2021	2022	% Change		
Major Hydro	34%	34%			
Thermal - Oil	17%	16%			
Thermal - Coal	33%	32%			
NCRE	5%	5%			

Note:-
1. NCRE - Non Conventional Renewable Energy
2. NCRE (Other) - Dendro, Biomass and Municipal Waste
3. All generation figures indicated above refer to net generation.

-01-

2023

Ownership & Source	Generation (GWh)			% of Total	
	2022	2023	% Change	2022	2023
CEB : Total	12,225	11,585	-5.2%	76.7%	74.4%
Major Hydro	5,364	4,573	-14.7%	33.6%	29.4%
Thermal (Oil)	1,337	1,572	17.5%	8.4%	12.7%
Thermal (Coal)	5,174	4,646	-10.2%	32.5%	29.8%
NCRE (Wind)	347	391	12.7%	2.2%	2.5%
Small Islands	2.6	2.7	3.0%	0.0%	0.0%
IPP : Total	3,718	3,991	7.4%	23.3%	25.6%
Thermal (Oil)	1,128	1,160	2.9%	7.1%	7.4%
NCRE (Mini Hydro)	1,377	1,378	0.1%	8.6%	8.8%
NCRE (Wind)	376	427	13.5%	2.4%	2.7%
NCRE (Other)	117	167	42.3%	0.7%	1.1%
NCRE (Grid Connected Solar)	190	227	19.5%	1.2%	1.5%
NCRE (Rooftop Solar)	530	632	19.3%	3.3%	4.1%
Total Generation	15,942	15,576	-2.3%		
Avg. Daily Generation - GWh/day	43.68	42.67	-2.3%		
Day Maximum Demand (MW)	2,358.1	2,166.0			
Night Maximum Demand (MW)	2,708.1	2,414.8			
Night Maximum Demand Recorded on	2022-01-31	2023-03-29			
Generation by Ownership					
	2022	2023	% Change		
CEB	77%	72%			
IPP	23%	28%			
Generation by Source					
	2022	2023	% Change		
Major Hydro	34%	29%			
Thermal - Oil	16%	22%			
Thermal - Coal	32%	30%			
NCRE	8%	9%			

Note:-
1. NCRE - Non Conventional Renewable Energy
2. NCRE (Other) - Dendro, Biomass and Municipal Waste

Financial Impact

DIRECT GENERATION COST LKR 325.0 B ▲ +107% YoY (vs 157B)	GROSS LOSS LKR 122.1 B ▲ +586% YoY (vs 17.8B)	NET LOSS (2022) LKR 272.9 B Loss expanded by LKR 133B	ACCUMULATED PAYABLES LKR 524.8 B Creditors: CPC, IPPs, RE
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Cost Structure

The direct generation cost of CEB was recorded as 66.6% of total cost and reported a 107% increase compared to the last year, viz. from LKR 157 billion to LKR 325 billion, with the fuel and coal prices soaring to a recorded high during the year 2022. A cost escalation of 186% was reflected in coal expenses in the year 2022 against the previous year, despite a 6% drop in energy generation. Fuel cost was increased by 183% from LKR 24.4 billion to LKR 68.9 billion in contrast to the year 2021 with a 9% increase in energy generation. CEB's direct generation cost reached an all-time high figure, viz. LKR 325 billion due to the rise in commodity prices and the sharp exchange rate depreciation. The prevailing situation exerted pressure on margins and Net Loss after Finance Costs increased by LKR 133 billion against the previous year. Tariff revision implemented with effect from 2022-08-10 has slightly assisted CEB to withstand these difficulties.

CEB's overhead expenses increased by 3% during the year, reflecting exchange loss due to exchange rate depreciation and relatively high inflation. Meanwhile, CEB was able to lessen personnel costs by 6% with stringent control on personnel cost management.

The significant increase in direct generation cost led to an increase in the average cost per unit at the generation point compared to the last year, viz. from 12.38 LKR /kWh (restated) to 23.01 LKR /kWh.

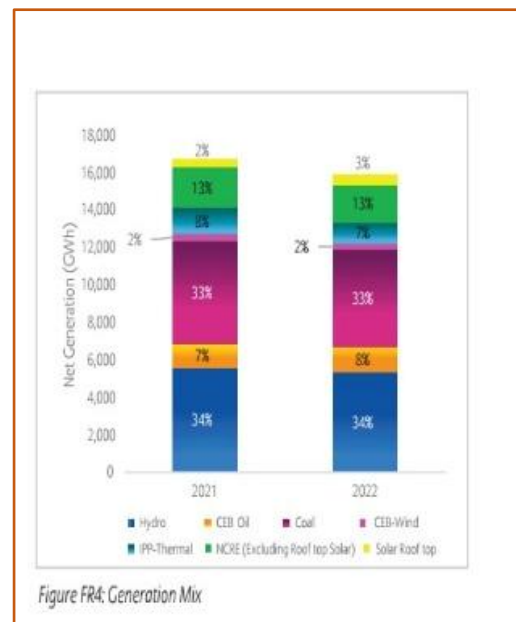
At the point of sales to the end consumer, the cost per unit of electricity stood at 33.65 LKR /kWh for the year 2022 against 19.42 LKR/kWh in the year 2021 (restated). Accordingly, the operating cost, including the direct generation cost, has increased by 65% compared to the previous financial year.

Highlights

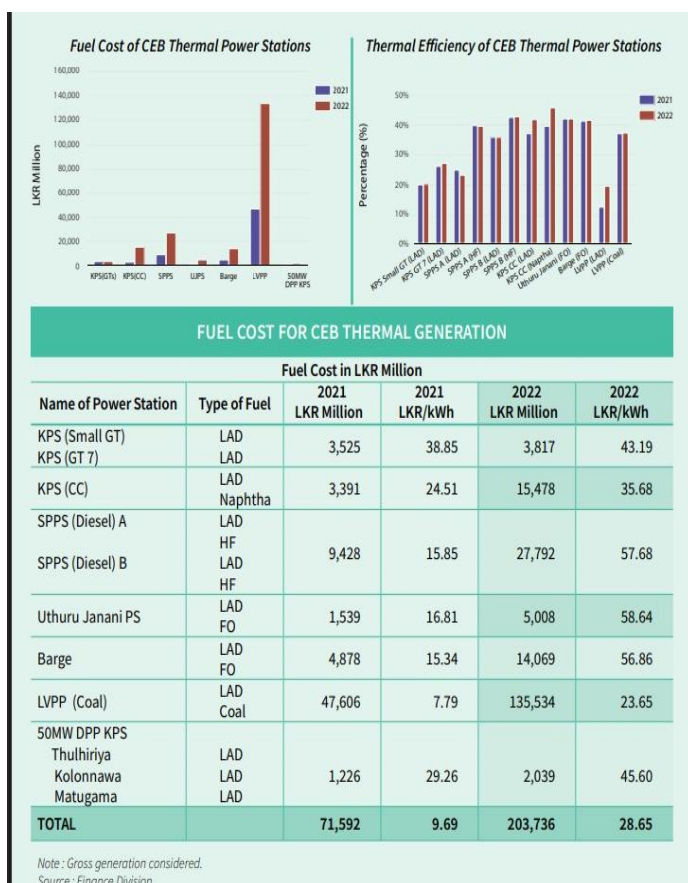
Revision of end user electricity tariff.

The Division is strategically responsible for formulating and implementing cost-reflective electricity tariffs. However, the tariff remained unchanged since the year 2014, though all the cost factors related to the power business increased immensely. Meantime, the "Tariff Methodology" was revised in January 2021 and the responsibility of filling the "Uniform National Tariff (UNT)" has been transferred to CEB from the Public Utilities Commission of Sri Lanka (PUCSL). On the other hand, fuel prices were revised in several instances and the Government decided to float the local currency against USD in the year 2022. Accordingly, CEB requested a 229% tariff increase from PUCSL in June 2022. In response to the soaring expenditure, after eight silent years, PUCSL has approved an increase of end user electricity tariff by 75% with effect from 2022-08-10, with an approved scheduled power cut for 3 hours daily.

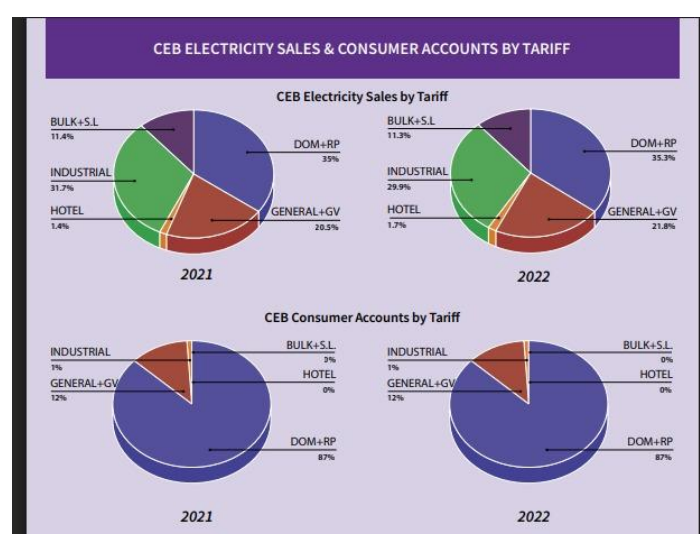
However, amidst the tariff revision and scheduled power cuts, CEB has made a total net loss of LKR 272.9 billion for the year 2022 depicting the insufficiency of the 75% approved tariff by PUCSL.



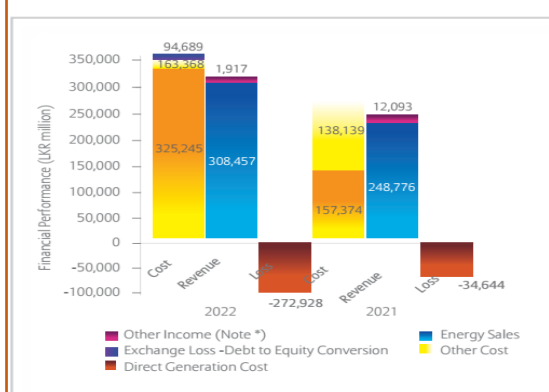
Source: Ceylon Electricity Board (2022), Annual Report 2022. [Available online](#)



Ratio	2022	Restated 2021
Return on Assets	-25%	-3%
Return on Equity	-99%	-19%
Debt to Equity	78%	267%
Debt to Assets	26%	46%
Current Ratio	0.40:1	0.45:1
Quick Ratio	0.25:1	0.23:1
Interest Cover	-4.83	-1.21
DSCR	-3.00	0.49



The electricity demand for the year 2022 has declined due to rotational manual load shedding and the contraction of the economy. Consequently, the generation of electricity was also turned down.



* Actuarial gain/ (loss) on defined benefit obligations was netted off with Other Income

Figure FR2: Financial Performance 2022/2021

	2022 (LKR million)	2021 - Restated (LKR million)	Variance (%)
Electricity Sales	308,457	248,776	24%
Other Income	12,975	12,597	3%
Direct Generation Cost	(325,245)	(157,374)	107%
Exchange Loss resulting from Debt-to-Equity conversion from the Government	(94,689)	-	100%
Actuarial Loss on Defined Benefit Obligations	(11,059)	(505)	2,092%

End User Tariff and Government Policy

CEB offers electricity tariffs at a price lower than the actual cost at the selling point, to consumers at lower consumption levels in the domestic category and other tariff categories as a government policy.

Hence, the high-end consumers in the domestic category have to bear a part of this cost in excess. As of 2022-12-31 total loss due to the above government subsidy policy was LKR 182.58 billion, where the surplus charged from high-end consumers amounted to LKR 2.4 billion. Hence the loss incurred by CEB was stated as LKR 180.16 billion, excluding other income.

Accordingly, the net impact on the CEB financial statements due to the government subsidy policy is as follows:

	2022 (LKR million)	2021 (Restated) (LKR million)
Loss/Deficit (Subsidy required) due to Government Policy	(182,580)	(68,340)
Surplus Charged	2,424	21,603
Net Subsidy to be provided by the Government	(180,156)	(46,736)
Add/(Less):		
Other Income	12,975	12,597
Exchange Loss resulting from Debt-to-Equity conversion from the Government	(94,689)	-
Actuarial Loss on Defined Benefit Obligations	(11,059)	(505)
Net Loss as per the Financial Statements	(272,928)	(34,644)

Borrowings and Cost of Finance

CEB's finance expenses were increased by 104% from LKR 20 billion to LKR 41.8 billion during the year triggered by the rise in delayed interest on payments to Ceylon Petroleum Corporation (CPC) by 38%, viz. LKR 2.4 billion and to Independent Power Producers by 278%, viz. LKR 4.8 billion. Non-availability of cost-reflective end user tariff and disturbances in the collection process due to the Pandemic, severely affected on already hindered cash flows of CEB and obstructed the settlements to major suppliers inclusive of CPC, resulting in an increase in delayed interest.

Amidst new borrowings amounting to LKR 101.5 billion in the year 2022, the interest cost surged by 114% to LKR 26.3 billion, reflecting an increase in interest rates as well. The Central Bank raised interest rates by a recorded high level in the year under review causing an increase in finance costs. Enhanced overdraft facility to commit working capital requirements of CEB has adversely affected finance costs.

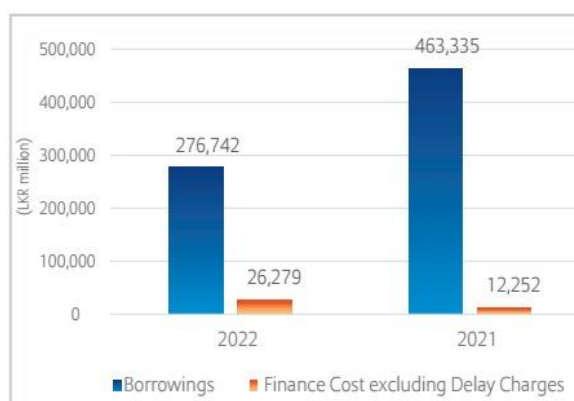


Figure FR6: Borrowings Vs Finance Cost

Ten Year Summary

The result of the operations and the assets position of the Ceylon Electricity Board for the last ten years are given below

For the year ended 31 st December 2022	2022 (LKR million)	2021 (Restated) LKR million	2020 (Restated) LKR million	2019 (Restated) LKR million	2018 (Restated) LKR million	2017 (Restated) LKR million	2016 (Restated) LKR million	2015 (Restated) LKR million	2014 (Restated) LKR million	2013 (Restated) LKR million
Result of operation										
Revenue	308,457	248,776	238,911	242,950	229,571	218,450	206,811	188,684	202,645	194,147
Concession provided to Domestic Customers	(1)	(196)	(5,908)	-	-	-	-	-	-	-
Cost of sales	(430,509)	(266,596)	(276,938)	(322,521)	(251,964)	(260,273)	(222,097)	(168,781)	(213,646)	(165,509)
Gross Profit / (loss)	(122,053)	(18,016)	(43,935)	(79,571)	(22,393)	(41,823)	(15,286)	19,903	(11,001)	28,638
Other Income & Gain	11,581	11,466	8,817	10,307	9,450	8,143	10,323	8,292	5,871	5,107
Administrative Expenses	(16,354)	(8,290)	(7,131)	(7,280)	(5,832)	(5,110)	(4,965)	(4,086)	(3,146)	(2,556)
Finance Income	1,394	1,131	1,338	1,751	1,466	1,194	1,049	434	304	1,677
Finance Cost	(41,749)	(20,431)	(19,522)	(22,526)	(13,036)	(8,415)	(4,312)	(5,134)	(7,030)	(10,601)
Profit / (Loss) After Net Finance Cost	(167,180)	(34,139)	(60,433)	(97,319)	(30,345)	(46,011)	(13,191)	19,409	(15,002)	22,265
Exchange Loss resulting from Debt to Equity conversion Government	(94,689)	-	-	-	-	-	-	-	-	-
Profit / (Loss) Before Income tax	(261,869)	(34,139)	(60,433)	(97,319)	(30,345)	(46,011)	(13,191)	19,409	(15,002)	22,265
Income Tax Expenses	-	-	(53)	(39)	(50)	(232)	(263)	(61)	(95)	-
Deferred Tax (Charge)/ Reversal -	-	-	-	-	-	-	-	-	995	(1,326)
Actuarial gain/(loss) on defined benefit obligations	(11,059)	(505)	(8,678)	(64)	(1,541)	(1,338)	(1,003)	952	(3,183)	(39)
Comprehensive Income	(272,928)	(34,644)	(69,164)	(97,422)	(31,936)	(47,581)	(14,457)	20,300	(17,285)	20,900

Source: Ceylon Electricity Board (2022), Annual Report 2022. [Available online](#)

Human Resource & Labour Impact

CEB probing non-operational hydro power plants

by Zulfik Farzan
09-06-2022 | 11:21 AM

COLOMBO (News 1st): The Ceylon Electricity Board has initiated an investigation on the reports that several hydro power plants in the country failed to function on Thursday (9).

A spokesperson for the Ministry of Power and Energy said that the Chairman of the Ceylon Electricity Board to take the necessary steps to rectify the matter.

Multiple localities in Sri Lanka experienced power outages on Thursday (9) morning, as several hydro power plants in the country failed to function.

The power outage took place after the Ceylon Electricity Board Engineers Union decided to go on strike against the proposed amendments to the Sri Lanka Electricity Act.

Later on Thursday (9) morning, the Ceylon Electricity Board Engineers Union has announced that it decided to call off the strike action that it launched at midnight on Wednesday (8) following discussions with the President.

It is reported that the President had noted that the amendments to the Sri Lanka Electricity Act would be further deliberated at the Committee Stages in Parliament.

Although the CEB Engineers Union said it called off the strike, many areas in Sri Lanka are experiencing a power cut for several hours since early Thursday (9) morning.

Ceylon Electricity Board Engineer's Union went on strike with effect from midnight on Wednesday (8) against the Bill to amend the Sri Lanka Electricity Act No. 20 of 2009.

Source: www.news1st.lk



CEB Engineers' Union to strike over new amendments to Act

Thursday, 9 June 2022 03:18

AI Summary

- Four demands include immediate withdrawal of the proposed amendments to the CEB Act
- Claims amendments aim to abolish competitive bidding process entirely for procurement of electricity from the private sector
- Despite vehement opposition from the CEBEU, Power and Energy Minister to present amendments to Parliament today
- Minister says proposed amendments will pave the way for swift approval and implementation of long-delayed renewable power projects

The Ceylon Electricity Board Engineers' Union has decided to launch an indefinite strike from yesterday midnight based on four demands including the immediate withdrawal of the proposed amendments to the CEB Act.

The four demands include; 1) to withdraw proposed amendments to the Sri Lanka Electricity Act No. 20 of 2009 (as amended by the Act No. 31 of 2013) Gazetted on 29 April with immediate effect, 2) to stop handing over the country's wind and solar resources to Adani Group (paying in dollars) without following the competitive bidding process, 3) to stop driving CEB to privatisation in the guise of reforming and 4) to appoint a suitable professional with unblemished character to the post of Chairman without further delay.

Despite the vehement opposition from the CEBEU to the amendments proposed, Power and Energy Minister Kanchana Wijesekera is scheduled to present the amendments in Parliament today, which will pave the way for the swift approval and implementation of long-delayed renewable power projects.

The CEBEU claims proposed amendments to the Act without having proper and adequate consultations with all relevant stakeholders, are aimed to abolish entirely the competitive bidding process for procurement of electricity from the private sector.

Source: www.ft.lk

Corporate Governance & Stakeholder Impact



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PUBLIC UTILITIES COMMISSION OF SRI LANKA



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Your No.

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Our No.

PUC/E/Tariff/01

දිනය
Date

July 28, 2023

Eng. Rohan Seneviratne
General Manager,
Ceylon Electricity Board.

Electricity Tariff Revision July to December 2023

Reference is made to your letter (DGM/CS&RA/TRF/Trf. 2023) dated July 21, 2023 on the above subject and the decision of the Commission on electricity tariff for July to December 2023, communicated via letter PUC/E/Tariff/01, dated June 30, 2023.

Effect of tariff decision July-December 2023

- The estimated total cost submitted by CEB for the period July to December 2023 is Rs. 280.46 billion (BST submission for Jul-Dec 2023, Ref: DGM (CS & RA)/TRF/BST-Vol-II, submitted by CEB on May 15, 2023 and subsequent clarification by CEB, letter Ref: DGM (CS & RA)/TRF/Trf. 2023, dated May 23, 2023).
- The cost includes total generation, transmission and distribution cost for the period, finance cost of existing loans and loan of Rs. 15 billion planned to be raised to settle the outstanding payments for renewable energy developers. Finance cost of the loans have been calculated at an average interest rate of 25.5% (BST submission for Jul-Dec 2023, Ref: DGM (CS & RA)/TRF/BST-Vol-II, submitted by CEB on May 15, 2023 and subsequent clarification by CEB, letter Ref: DGM (CS & RA)/TRF/Trf. 2023, dated May 23, 2023).
- Fuel prices reduced subsequent to the tariff filing on May 15, 2023, has further reduced the estimated cost of Rs. 280.46 billion by Rs. 12 billion to Rs. 268.46 billion (BST submission for Jul-Dec 2023, Ref: DGM (CS & RA)/TRF/BST-Vol-II, submitted by CEB on May 15, 2023 and subsequent clarification by CEB, letter Ref: DGM (CS & RA)/TRF/Trf. 2023, dated May 23, 2023 and CEB comments for tariff decision, letter Ref: DGM (CS & RA)/TRF/Trf. 2023, dated July 21, 2023).
- The estimated revenue generated for CEB from the Commission approved tariff is Rs. 293 billion.
- Therefore, the revenue over and above the cost for the tariff period July to December 2023 is Rs. 24.54 billion (Rs. 293 B - Rs. 268.46 B).
- A non-cash cost of Rs. 7.33 billion (BST submission for Jul-Dec 2023, Ref: DGM (CS & RA)/TRF/BST-Vol-II, submitted by CEB on May 15, 2023) is allowed as generation depreciation in the tariff revision for July-December 2023 on top of Rs. 24.54 billion surplus, which raises the surplus to Rs. 31.87 billion for the period July - December 2023.

The main concerns stated in your aforementioned letter are as follows.

- Requirement of CEB breaking even in 2023.
- Cost associated with reduction of forecasted hydro power generation for year 2023.
- Increase in gross generation forecast.
- Payments to settle rooftop solar producers, Renewable power generators & suppliers.
- Unaccounted social security contribution levy of LECO invoices
- Reduction of allowed revenue by Rs.33 billion from CEB proposed tariff



The World Bank
Sri Lanka Energy Transition Program(P505052)

Major energy sector challenges contributed to the 2022 crisis and continue to persist, including non-cost-reflective tariffs, reliance on imported fuels, non-transparent and inconclusive procurement processes, and frequent changes in government and policies. The sector is hampered by insufficient generation capacities, weak financial performance, and large losses from the Ceylon Electricity Board (CEB), a vertically integrated state-owned enterprise, and the Ceylon Petroleum Corporation, making the sector dependent on substantial government subsidies. CEB's financial performance is tied to the energy generation mix: a higher share of thermal-based sources and a lower share of hydro-based sources negatively affect CEB's profitability. The cost-reflective tariff framework means that the costs of generation and financing are passed on to consumers. While this positively impacts CEB's financials, it must be optimized to ensure affordability for end consumers.

The government set an ambitious target of achieving 70% renewable energy (RE) in electricity generation by 2030 and reaching carbon neutrality by 2050. The country's electricity generation primarily comes from thermal power (coal and fuel oil), which accounts for 59% of the total generation. To meet these targets, more than 5,000 MW of additional RE capacity and the necessary transmission infrastructure for integration must be installed by 2030, according to CEB's long-term generation expansion and transmission plans. The government has issued calls for expressions of interest and provided provisional licenses for several RE (solar and wind) projects ranging in size from 50 MW to 700 MW, with solar projects including storage. The new Electricity Act is expected to stimulate private sector participation and investments in RE generation. However, the development of large-scale RE projects has been hindered by inadequate procurement frameworks, land acquisition challenges, limited access to finance, a lack of experience among domestic developers, a shortage of transmission project pipelines for integration, and the absence of bankable Power Purchase Agreements. Additional factors, such as Sri Lanka's country risk rating, currency deficit, and ongoing reform process, contribute to a high perception of risk and uncertainty, resulting in many projects never reaching financial close or beginning construction.

Relationship to CPF

The proposed Program aligns with the Country Partnership Framework (CPF) for FY24-27. Since RE infrastructure is essential for building a resilient economy, the Program directly supports the third objective of strengthening the investment climate and improving the resilience and efficiency of the financial sector, under the broader goal of economic stabilization and private sector job creation. The CPF also recommends pursuing green and inclusive sustainable growth, as well as transitioning towards a greater renewable energy mix.

C. Proposed Development Objective(s)

Catalyze Sri Lanka's energy transition by increasing renewable energy capacity using private sector participation.

Key Results (From PCN)

Results Area	PDO Indicator	End Target
Increase renewable energy generation capacity	Generation capacity of renewable energy (other than hydropower) constructed or rehabilitated	500 MW

Page 3



The World Bank
Sri Lanka Energy Transition Program(P505052)

Enhance financial and environmental sustainability	Cost of renewable energy per unit of electricity (kilowatt-hour) achieved through competitive bidding.	5% reduction in average cost of generation per year
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Your ref: My ref: DGM/CS&RA/TRF/Trf. 2023 Date: July 21, 2023

Director General
Public Utilities Commission of Sri Lanka
6th Floor, BOC Merchant Tower
No. 28, St. Michael's Road
Colombo 3.

Dear Sir,

CEB Comments for the PUCSL Decision on Electricity Tariff Revision July to December 2023

- This refers to the following communications on the Electricity Tariff Revision from July to December 2023.
- PUCSL letter no. PUC/E/Tariff/01 dated 2023-06-30 on the above subject.
 - Presentation made by the General Manager, CEB at the Stakeholder Consultation on the 2nd proposed Tariff Revision 2023 held on 2023-06-27 at BMICH.
 - Following even number letters.
 - Comments for the consultation document for revision of elec. tariffs - July 2023 dated 2023-06-22.
 - Clarification replies dated 2023-05-23, 2023-06-14 and 2023-06-28.
 - Electricity Tariff Revision July - December 2023 dated 2023-05-15.

Accordingly, CEB comments on the PUCSL Tariff Decision for the Electricity Tariff Revision from July to December 2023 are as follows.

1. General

The prompt action taken to revise the End User Electricity Tariff for the second half of 2023 by the PUCSL as planned is commendable. Nevertheless, it is noteworthy to say that the new Tariff diverged from the objectives outlined in Section 4 of the Sri Lanka Electricity Act (SLEA) No. 20 of 2009 as amended. It is noted that PUCSL has not placed adequate emphasis on the provisions of Sections 4(b) and 4(c) of SLEA. These sections specifically aim to ensure the fulfillment of the country's energy demands and to guarantee that licensees operate efficiently and possess the necessary financial resources to carry out the activities authorized by their licenses. The revised Tariff also deviates from the Government policy directives given through the General Policy Guidelines for the electricity industry to make the electricity tariff cost reflective while allowing CEB to breakeven in revenue and expenditure at the end of the year 2023.

It appears that PUCSL has not given adequate emphasis to both written presentations and also oral presentation by the CEB during the Stakeholder Consultation session held on 2023-06-27. CEB is still awaiting comprehensive justifications for the new Tariff, crucial for understanding permitted costs and adjustments imposed by PUCSL to align CEB's operations for the rest of 2023. The absence of itemized curtailed cost explanations has left CEB without essential information to efficiently manage its activities and meet customer demands.

OFFICE OF THE GENERAL MANAGER

Third Floor, No. 50, Sir Chittampalam A. Gardiner Mawatha, Colombo 00200, Sri Lanka.
Tel: +94 11 232 0953/5340 / Fax: +94 11 232 3035 e-mail: em@ceb.lk / www.ceb.lk

Page 1 of 4

Source: CEB Other Publications, Public Utilities commission Sri Lanka

Crisis Management Strategies and Recovery

Providing 24x7 power supply from 15th February 2023

We managed to provide 24x7 power supply in the country from 15th February 2023. Providing a continuous power supply was a significant challenge that required meticulous planning and stakeholder support. Key initiatives included developing generation dispatch scenarios with an optimal energy mix, securing a cost-reflective tariff, obtaining additional generation capacities, timely procurement of coal and oil, careful management of maintenance programs, expediting grid connections for new renewable plants and removing transmission bottlenecks. A professional team under my leadership conducted a comprehensive study to identify viable generation dispatch scenarios for 2023 and the most feasible scenario was determined. This informed the generation budget and tariff filing, resulting in an electricity tariff increase on February 15, 2023.

Enhanced profitability and financial stability of CEB

In 2023, the CEB reported a net profit of LKR 61.24 billion, marking a significant turnaround after continuous losses from 2016 to 2022.

The year began with an accumulated debt of LKR 524.8 billion. Major creditors included CPC (LKR 71.3 billion), Private Power Producers (LKR 96.6 billion) and Renewable Energy Producers (LKR 36.6 billion) totaling LKR 204.5 billion. Additional payables

Cost reflective tariff with effect from 15th February 2023

In 2022, the CEB reported a loss of LKR 298 billion with major payables amounting to LKR 524.8 billion as of December 31, 2022. In response, the government issued directives on January 12, 2023, mandating a cost-reflective electricity tariff and ending government financial support for electricity subsidies.

To comply, CEB analyzed 20 different dispatch scenarios, considering factors like existing tariffs, coal availability, hydro inflow variations, scheduled plant outages, transmission constraints, and demand forecasts etc. Using advanced simulation software, CEB identified the best scenario and submitted a tariff proposal on January 5, 2023 requesting a 66.2% increase. This proposal, extensively justified in public and government forums, led to a new tariff approved on February 15, 2023. Following government guidelines, CEB submitted a second tariff proposal on May 15, 2023, proposing a 3.15% tariff reduction. However, PUCSL approved a 14.2% tariff reduction. During the July-August dry period, thermal power was used extensively to meet the increased demand. With ongoing drought conditions, an extraordinary tariff proposal was submitted on September 4, 2023. Subsequently the government adjusted the tariff period to a quarterly basis and the PUCSL granted an 18% tariff increase on October 17, 2023.

Source: Ceylon Electricity Board (2023), Annual Report 202, pp. 15-16. [Available online](#)

Foreign-Exchange and Fuel-Supply Risk

Risk	Impact	Risk Level	Mitigation Strategy
Interest Rate Risk	- CEB has borrowed up to the maximum credit limit. - All term loans are based on a Weighted Prime Lending Rate (WPLR). Therefore, all loan interest rates have been drastically increased resulting a high cash outflow.	High	- Negotiation with banks for reduction of the spread. - Persuasion for fixed interest rate financial instruments.
Exchange Rate Risk	- Increases in input prices such as coal, fuel, and spares. - Hindrance to the supply chain due to delays in LC.	High	- Persuasion of the forward contract. - Persuasion of billing in foreign currency. - Negotiation of payment terms. - Advance currency bookings.
Credit Risk	Impact on liquidity by delaying payments from customers.	Low	Mapping payments for suppliers against payments from customers.
Commodity Risk	- Increase in generation cost. - Cost over-run of the projects.	High	- Fixed price contracts - Negotiated contracts
Liquidity Risk	- High penal charges. - Issues in the supply chain. - Power shedding.	High	- Debt moratorium. - Negotiated settlements. - Restructuring the facility.

Fuel Supply Risk

Fuel security is essential to ensure an uninterrupted power supply in CEB, as nearly 50% of electricity generation is based

Source: Ceylon Electricity Board (2022), Annual Report 2022. [Available online](#)

Financial Risk Management

In the pursuit of sustainable financial stability, CEB meticulously navigated various risks inherent in its operational landscape during the fiscal year 2023. This chapter explains the key financial risks encountered by CEB, their respective impacts, and the proactive mitigation strategies employed.

Interest Rate Risk

CEB, knowing of the prevailing market dynamics, recognized the susceptibility to fluctuations in interest rates. Given the utilization of the maximum credit limit and the reliance on term loans tied to the Average Weighted Prime Lending Rate (AWPLR), the organization has been vigilant in managing interest rate exposures. As a countermeasure, CEB strategically issued debentures at a fixed coupon rate of 9.35% over a five-year tenure. Furthermore, adherence to timely repayment schedules for all loan installments underscores CEB's commitment to mitigating interest rate risk.

Exchange Rate Risk

Amidst a backdrop of diminishing exchange rates, CEB took proactive measures to mitigate potential adverse impacts. By methodically developing a priority list for imports and carefully managing Letters of Credit and Telegraphic Transfers in accordance with this list, CEB shielded itself from undue exchange rate volatility. This strategic approach ensured prudent management of exchange rate risk throughout the fiscal year.

Commodity Risk

The geopolitical turmoil stemming from the Russia-Ukraine conflict reverberated across global commodity markets, impacting world oil prices. However, CEB navigated this challenge adeptly by capitalizing on the favorable coal prices relative to the previous year. Furthermore, CEB maximized the utilization of hydro and other non-conventional energy sources, thereby mitigating commodity price risk and enhancing operational resilience.

Liquidity Risk

Tariff adjustments necessitated the settlement of previous dues, underscoring the importance of effective liquidity management. To address liquidity risk, CEB prioritized due payments for Non-Conventional Renewable Energy (NCRE) and Independent Power Producers (IPP). This strategic allocation of resources ensured the uninterrupted operation of essential services while fortifying CEB's liquidity position.

In conclusion, CEB's robust financial risk management framework, characterized by proactive identification, assessment, and mitigation of risks, underscores its commitment to sustaining financial resilience and operational continuity. By leveraging strategic mitigation strategies tailored to specific risk exposures, CEB navigated a complex financial landscape with prudence and agility, thereby safeguarding its financial integrity and bolstering stakeholder confidence.

Source: Ceylon Electricity Board (2023), Annual Report 2023. [Available online](#)

Financial and Liquidity Risk

Interest Rate Risk

CEB, knowing of the prevailing market dynamics, recognized the susceptibility to fluctuations in interest rates. Given the utilization of the maximum credit limit and the reliance on term loans tied to the Average Weighted Prime Lending Rate (AWPLR), the organization has been vigilant in managing interest rate exposures. As a countermeasure, CEB strategically issued debentures at a fixed coupon rate of 9.35% over a five-year tenure. Furthermore, adherence to timely repayment schedules for all loan installments underscores CEB's commitment to mitigating interest rate risk.

Operational and Supply-Security Risk

Network Expansion Risk - Delay in Network Expansions

To evacuate power from future power plants and also to serve the increasing energy demand in a more reliable manner, network expansions for high, medium and low voltages are planned. These include construction of new transmission and distribution circuits, augmentation/construction of new substations, grid quality enhancements, etc. Construction of new transmission lines to evacuate power from generating plants has to be properly timed with the generation project implementation as delay in the former causes delay in power evacuation from the latter. Also, the time has arrived to analyze the reliability of certain

Hydrological and Climate Risk

The anticipated Southwest monsoon rains failed from May to July, leading to decreased water levels in hydro reservoirs. During this period, the electricity generation mix was managed by increasing thermal power. Urgent supplementary power was procured from ACE Power Embilipitiya and Matara power plants. Despite an outage at LVPP Unit 2 and a 100-day overhaul at Unit 3, continuous power supply in the country was maintained during the dry period in August 2023. Extraordinary rainfall from mid-September to December significantly increased hydro power generation with hydro capacity reaching about 1200 GWh by the year's end.

Source: Ceylon Electricity Board (2023), Annual Report 2023. [Available online](#)

Labor and stakeholder risk

HR Risk - Challenges in Maintaining a Skilled and Motivated Workforce

Having a skilled workforce is an intangible asset and it is vital for sound maintenance of network equipment. Worker motivation is important to maintain CEB's core business that envisages delivering a quality service to the nation. Also, employee satisfaction is key to avoid industrial disputes. CEB maintains a skilled workforce through continuous training programs. Though Covid-19 pandemic has impacted badly the continuity of this exercise, efforts were made to carry out extensive on-line programs for capacity development and worker motivation for maintaining this expertise. The prevailing policies of the country and the poor economic situation has made it challenging to retain the skilled workforce.

Risk of Public Perception and Challenges to Utility Plans

Electricity accounts for only 14% of the total energy use in the country. Nevertheless, electricity sector draws more attention from media, NGOs, environmental pressure groups, etc., possibly due to high commercial interest, than to rest of the 86%. Power system is a highly specialized area that needs in-depth experience and exposure to understand, that is often beyond the understanding of general public. Thus, it is very difficult to justify and convince general public and media about utility plans and decisions. Since power sector offers highly attractive business opportunities, there is a significant risk of pressure from groups with vested business interests to change plans and policies to support the business areas that they can engage in and to make way for technologies that they trade.

Source: Ceylon Electricity Board (2022), Annual Report 2022. [Available online](#)

Renewable Energy and Energy Diversification

Municipal solid waste, dendro and biomass are the power generation sources in Sri Lanka currently categorized under NCRE (Other). The total energy purchased from NCRE (Other) IPPs for the year 2022 was 2,589.8 GWh and total energy purchased from rooftop solar for the year was 530 GWh. The total renewable energy contribution in 2022 was 52.1% including CEB hydro and wind generation.

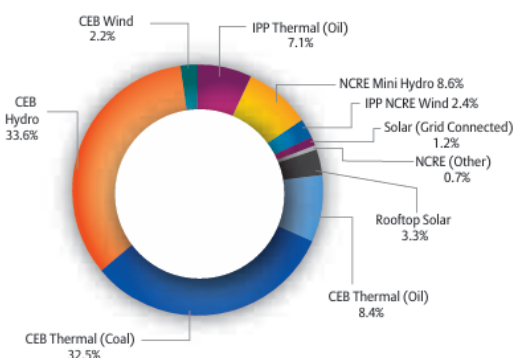


Figure T1: Energy generation mix for year 2022

Note : Including Broadlands Power Station Generation

Source: Ceylon Electricity Board (2022), Annual Report 2022. [Available online](#)

Energy mix of the year 2023

The total electrical energy generation for 2023 was 15,576 GWh reflecting a 2.3% decrease compared to 2022 due to reduced energy demand in the country. The average daily generation, including auxiliary supplies was 44.3 GWh/day, closely aligning with the forecasted value of 45.0 GWh/day in the beginning of the year.

During the year, 50% of the country's electrical energy requirement was generated from renewable resources, a significant achievement compared to the global average of 26%. Non-Conventional Renewable Energy contributed 21% to the energy mix in 2023. Approximately 59% of Sri Lanka's installed power generation capacity came from renewable power plants. Solar power accounted for about 5.5% of the energy mix, including rooftop solar generation, while wind power contributed around 5.3%. Major hydro power contributed 4,573 GWh, or 29.4% of the energy mix, aligning closely with the CEB's forecasted value of 4,500 GWh in the beginning of the year.

Firm power generation during the year was sourced from coal and oil based power plants owned by both the CEB and the private sector. Coal power contributed 29.8% to the energy mix, and oil-based power contributed 20.1%. Private power, including renewable sources, accounted for 25.6% of the energy mix. The maximum demand reported in the year was 2,415 MW, representing an 11% reduction compared to last year.

Renewable power promotion

During the year, 150 MW of renewable power plant capacities were integrated into the national grid. This includes 117 MW of rooftop solar power plants, 9 MW of ground solar power plants, 15 MW of wind power plants, 5 MW of mini hydro power plant, and 4 MW of biomass power plants. CEB played a significant role in promoting rooftop solar by streamlining Net Metering, Net Accounting, Net Plus, and Net Plus Plus business models. The new Net Plus Plus model enabled the leasing of roofs to third parties, allowing additional rooftop solar capacities to be integrated. An attractive feed-in tariff was offered to developers of rooftop solar to encourage more installations considering the investment, life cycle costs of the project, project returns.

CEB took effective measures to facilitate the integration of large quantities of renewable power into the national grid by formulating reports on the "Way Forward of Integration of Renewable Energy Resources to the National Grid from 2023 to 2026 and from 2027 to 2030." These efforts promoted renewable energy in the country. Additionally, CEB formulated the report "Way Forward of Developing Transmission Facilities 2023 to 2030" to expedite the development of transmission infrastructure.

Source: *Ceylon Electricity Board (2023), Annual Report 2023.* [Available online](#)

Sustainability & Long-Term Resilience

MORE RENEWABLE ELECTRICITY TO ENRICH NATIONAL GRID

February 9, 2024 1:05 am

Nimal Wijesinghe



The Sri Lanka Sustainable Energy Authority (SLSEA) has been invigorated to go on with the master plan for achieving the target of sharing the national grid with 70 percent of renewable electricity resulting from the enforcement of Electricity Act (amendment) No. 16 of 2022, by 2030.

SLSEA Chairman Ranjith Sepala told the Daily News that Minister Kanchana Wijesekara has instructed the Authority to work in collaboration with the CEB to add a minimum of 2,550 MW renewable electricity to the national grid during the period 2023 – 2026.

SRI LANKA'S FIRST LARGE-SCALE SOLAR PROJECT UNVEILED

Lakdhanavi ties up with CEB for 100 MW Project

February 9, 2024 1:23 am



In a historic move towards sustainable energy, Rividhanavi (Private) Limited and the Ceylon Electricity Board (CEB) entered into a 20-year Power Purchase Agreement (PPA) for a groundbreaking 100 MW Solar PV Project at Siyambalanduwa on 8th February 2024. This milestone venture stands as the first large-scale solar initiative in Sri Lanka, symbolizing a pivotal shift towards cleaner and more

POWER SECTOR INFRASTRUCTURE GETS US\$ 200 MN BOOST

November 26, 2024 1:16 am



- ADB loan will facilitate integration of renewable energy, a key Govt goal
- Will also reduce power interruptions and minimise transmission and distribution losses

The Asian Development Bank (ADB) has approved a \$200 million loan to upgrade Sri Lanka's power sector infrastructure, enhancing the reliability of transmission and distribution networks and facilitating greater integration of renewable energy. [Government](#)

Source: [dailynews.lk](https://www.dailynews.lk)

Financial Sustainability

Revision of end user electricity tariff.

The Division is strategically responsible for formulating and implementing cost-reflective electricity tariffs. However, the tariff remained unchanged since the year 2014, though all the cost factors related to the power business increased immensely. Meantime, the "Tariff Methodology" was revised in January 2021 and the responsibility of filling the "Uniform National Tariff (UNT)" has been transferred to CEB from the Public Utilities Commission of Sri Lanka (PUCSL). On the other hand, fuel prices were revised in several instances and the Government decided to float the local currency against USD in the year 2022. Accordingly, CEB requested a 229% tariff increase from PUCSL in June 2022. In response to the soaring expenditure, after eight silent years, PUCSL has approved an increase of end user electricity tariff by 75% with effect from 2022-08-10, with an approved scheduled power cut for 3 hours daily.

However, amidst the tariff revision and scheduled power cuts, CEB has made a total net loss of LKR 272.9 billion for the year 2022 depicting the insufficiency of the 75% approved tariff by PUCSL.

By the end of 2023, CEB's financial health had significantly improved. The accumulated arrears to rooftop solar power producers and local suppliers were fully settled and the arrears to NCRE power producers including interest was brought down to LKR 26.2 billion. Outstanding payments to IPPs were reduced to LKR 52.6 billion from LKR 96.6 billion. The outstanding payments to CPC were brought down to zero from LKR 71.3 billion. The capital infusion of LKR 126.2 billion from the General Treasury helped to settle outstanding payments to CPC and IPPs. The total

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Source: Ceylon Electricity Board (2023),
Annual Report 2023. [Available online](#)

Source: Ceylon Electricity Board (2022),
Annual Report 2022. [Available online](#)

Infrastructure and Grid Resilience

Transmission Division (Contd.)

Highlights

Transmission Division has achieved significant milestones in 2022, playing a crucial role in ensuring reliable and efficient transmission of electricity across the country. The highlights of the Division for the year 2022 is presented below.

Planning for Future

The Long-Term Generation Expansion Plan (LTGEP) 2023-2042 was submitted to the Public Utilities Commission of Sri Lanka (PUCSL) for approval. A significant level of RE capacity additions (especially wind and solar PV) has been proposed in this plan throughout the planning horizon, with 5,646 MW of RE capacity additions envisaged during the 2023-2030 and 8,180 MW during the 2031-2042 to achieve the 70% renewable energy policy targets declared by the government.

Save the Planet

CEB is committed to meet 70% of the country's electricity demand using renewable energy sources by the year 2030 in line with the government policy declared to mitigate global climatic changes. To make this commitment a reality, the report "A Way Forward of Renewable Energy Resources to the National Grid from 2023-2026" was published on 2022-11-23. This report will provide a guide to optimize renewable integration to the national grid with minimum infrastructure developments and make the path to achieving a 70% renewable target by 2030.

System Developments

Following power stations, grid substations and transmission lines were connected to the transmission network during the year 2022.

Table T4: Transmission system developments - year 2022

Network Element	Capacity or Length
Broadlands Power Station	35 MW
Kalutara GS (132 kV / 33 kV)	63 MW
Kesbewa GS (132 kV / 33 kV)	63 MW
New Habarana SS (220 kV / 132 kV)	500 MW
Hambantota SS (220 kV / 132 kV)	500 MW
Biyagama SS (220 kV / 33 kV)	126 MW
Padukka – Pannipitiya 220 kV Line	19.2 km
Kalutara – Matugama 132 kV Line (In and out connection)	4.8 km
Kesbewa 132 kV (In and out connection)	6.5 km

Source: Ceylon Electricity Board (2022), Annual Report 2022. [Available online](#)

Facilitating the addition of large scale power plants to the national grid

The 350 MW combined cycle power plant at Kerawalapitiya (Sobadhanavi) is the first base load thermal power plant to commence construction in Sri Lanka after an eight-year lapse. The Power Purchase Agreement (PPA) for its construction was signed on 19th June 2021. During the year 2022 due to financial and economic crisis prevailed in the country, ADB led loan for the project was suspended and also the construction cost of the power plant has increased considerably deviating from the financial parameters given in the PPA. Due to this the Developer has declared "Force Majeure" on 30th June 2022. The Developer has informed that parameters of the PPA has to be adjusted to make the project bankable and to obtain financing from Sri Lankan banks replacing the ADB led loan.

In this regard, negotiations were initiated for the power purchase tariff revision and amendments to the PPA were signed on November 28, 2023. Despite the challenging economic situation in the country, the Developer maintained steady project progress and planned to complete the Simple Cycle with the commissioning of a 212 MW gas turbine by mid-2024. In 2023, significant progress was achieved and construction work was successfully carried out to meet the main milestones.

Source: Ceylon Electricity Board (2023), *Annual Report 2023*. [Available online](#)

Operational Efficiency and Reliability

CEB has a statutory responsibility for building, maintaining, and operating the transmission infrastructure and also, for managing the flow of electricity over the transmission grid and ensuring that the system remains reliable and secure. In addition, it is the duty of CEB to have adequate generation to meet the forecasted electricity demand of the country.

To ensure the proper execution of the above statutory obligations, the following operational objectives have been assigned to the Transmission Division:

- Develop and maintain an efficient, coordinated, reliable, and economical transmission system.
- Procure and sell electricity in bulk to distribution licensees to ensure a secure, reliable, and economical supply of electricity to consumers.
- Ensure that there is sufficient generation capacity to meet the forecasted demand of electricity.
- Maintain the system transmission voltage variations within $\pm 10\%$ for 132 kV & 220 kV and frequency within $\pm 1\%$ of 50 Hz.

In 2022, the Board decided to divide the Transmission Division into two Divisions viz. Transmission Wired Operations Division and Transmission Non-wired Operations Division to achieve the objectives entrusted to the Division more efficiently and effectively.

Source: Ceylon Electricity Board (2022), *Annual Report 2022*. [Available online](#)

Network Expansion Risk - Delay in Network Expansions

To carry power from future power plants and also to serve the increasing energy demand in a more reliable manner, network expansions for high, medium and low voltages are planned. These include construction of new transmission and distribution circuits, augmentation/construction of new substations, grid quality enhancements, etc. Construction of new transmission lines to evacuate power from generating plants must be properly timed with the generation project implementation as delay in the former causes delay in power evacuation from the latter. Also, it is required to analyze the reliability of certain switchgear including compact gas insulated substations in the medium voltage network which have served 20 years or more. The reliability of such substations serving core utility services such as water supply, petroleum and to industries such as export processing areas have to be looked at with a fresh perspective to ascertain whether alternative power supply options are available to ensure uninterrupted supply to such key services and industries. Further, there are ageing grid equipment that need to be replaced to improve grid reliability. Securing funding to such replacements and obtaining interruptions to carry out such work amidst lack of redundancy in both generation and transmission networks is a severe challenge. Risks associated with network equipment are minimized to some extent by adopting asset management principles that enables to foresee failure events in advance, so that early rectification action could be initiated without down time delay or causing catastrophe.

Source: Ceylon Electricity Board (2023), *Annual Report 2023*. [Available online](#)

Bangladesh: financing, energy security, and post-crisis reform evidence

ITFC and Bangladesh Sign \$2.75 Billion Annual Financing Plan to Ensure Energy and Food Security

12-01-2025



ITFC has signed a landmark annual financing plan with the Government of Bangladesh for US\$2.75 billion to support the country's energy and agriculture sectors.

The financing plan will facilitate the importation of petroleum products, Liquefied Natural Gas (LNG) and fertilizers by Bangladesh Petroleum Corporation (BPC), Bangladesh Oil, Gas & Mineral Resources Corporation (Petrobangla) and Bangladesh Agricultural Development Corporation (BADCO) respectively. The financing plan will cover the period from July 2025 to June 2026.

Source: International Islamic Trade Finance Corporation (2025). [View source](#)

Govt plans to generate 10,000 MW of solar power by 2030: cabinet secy



Cabinet Secretary Nasimul Ghani spoke at a press briefing at PID at the Secretariat today. Photo: PID

DHAKA, April 16, 2026 (BSS) - Cabinet Secretary Nasimul Ghani today said the government has set a target to generate 10,000 megawatts of solar electricity by 2030 to address the energy crisis.

"For this purpose, the cabinet meeting discussed approval of the 'Renewable Energy Policy 2025', 'facilitating investment in renewable energy projects', and proposals for expanding renewable energy," he told a press briefing at PID at the Secretariat here.

Source: Bangladesh Sangbad Sangstha (2026). [View source](#)

IMF Executive Board Concludes Bangladesh Combined Third and Fourth Reviews under the Extended Credit Facility, Extended Fund Facility, and Resilience and Sustainability Facility

June 23, 2025



- The IMF Executive Board concluded the combined third and fourth reviews of Bangladesh's arrangements under the Extended Credit Facility (ECF) and Extended Fund Facility (EFF) and approved an extension, augmentation and rephasing of access. This decision provides Bangladesh with immediate access to about US\$884 million.
- The IMF Executive Board also concluded the combined Third and Fourth Reviews of Bangladesh's arrangement under the Resilience and Sustainability Facility (RSF), making available about US\$453 million to support the Bangladesh economy's resilience to climate change.

Source: International Monetary Fund (2025a). [View source](#)

India: coal logistics and power-crisis response evidence

Failure to load: India's power crisis is a coal management crisis

May 29, 2022

Source: Centre for Research on Energy and Clean Air (2022). [View source](#)

Going by coal stocks in thermal power stations (TPPs), India's current power crisis is unlikely to be resolved soon. The onset of the southwest monsoon will further hamper mining and transportation of coal from mines to power stations. At the start of May 2022, non-pithead power stations have only six days of coal left, against the stipulated 20-26 days. On the other hand, pithead power stations have coal stock enough for 13 days of coal stock. While the former are power stations that depend on long-distance transport and imported coal for their coal needs, the latter have their captive transportation systems from the mines directly.

Indian railways cancels 1,100 passenger trains to facilitate movement of coal rakes

Source: Xinhua Editor: huaxia 2022-05-05 22:42:28



NEW DELHI, May 5 (Xinhua) -- India's federal ministry of railways has decided to cancel around 1,100 passenger trains over the next 20 days to make way for coal rakes, local media reported Thursday.

The cancellation of trains includes 500 trips of express trains and 580 trips of passenger trains.

"Around 1,100 trips of various trains have been cancelled across India to allow faster movement of coal carriages to tackle critically low stocks at power plants," a report said.

The move comes in the middle of blackouts and outages in many states amid scorching heat that has led to a significant surge in the demand for electricity across the country.

Many states have flagged a crisis of depleting coal stocks to the federal government and power

Source: Xinhua (2022). [View source](#)

Azadi Ka
Amrit Mahotsav

Imported Coal

प्रतिष्ठित तिथि: 03 AUG 2022 4:12PM by PIB Delhi

About 80% of coal produced domestically is supplied to power sector. Some TPPs (Thermal Power Plants) are designed for exclusively using high GCV imported coal while other TPPs have also been importing coal for blending purposes for various reasons. In order to address increased coal requirements following recent surge in power demand, Ministry of Power issued an advisory on 28.04.2022 for power plants to import 10% coal for blending purpose. Ministry of Power through its latest advisory dated 01.08.2022 to State Governments and State GENCOs and IPPs has decided that now onwards, States/PPs and Ministry of Coal may decide the blending percentage after assessing the availability of domestic coal supplies. Through another advisory of 01.08.2022 to NTPC and DVC, the Ministry of Power has *inter alia* decided to direct the NTPC and DVC to bring down the blending percentage to 5% at Genco level and keep monitoring the situation closely.

Domestic coal is supplied to GENCOs at notified prices except IPPs and are revised only periodically. On the other hand, the international price of coal varies frequently based on demand supply situation, shipping and logistic considerations and other international factors. In recent times, the international price of coal has shot up steeply. Various Central GENCOs, State Governments and State GENCOs are involved in the import of coal each year and the rates at which they import coal are not shared by them with the Ministry. However, overall coal import data obtained by Ministry of Coal from DGFT for past years shows that the average price/rate of imported coal is always higher than that of the domestic coal.

As per the advisory of Ministry of Power dated 28.04.2022, the import of coal could be made by the powerhouses through their own means or through coal import to be made by Coal India Limited (CIL). Accordingly, CIL was advised by Ministry of Coal to act as a central agency for import of coal for willing consumers. In terms of the above advisory of the Government, CIL floated open tenders for import of coal for the period from July'22 – June'23 for supply to the willing powerhouses and awarded the assignment to the successful L1 bidder through the aforesaid tender.

This information was given by the Union Minister of Coal, Mines and Parliamentary Affairs Shri Pralhad Joshi in a written reply in Lok Sabha today.

MG/RK

(रिलीज़ आईडी: 1847897) आगंतुक पटल : 1475
इस विशिष्टि को इन भाषाओं में पढ़ें: Urdu

Source: Government of India, Ministry of Coal (2022). [View source](#)

IMF Influence on CEB's Recovery and Reform

Table 2. Sri Lanka: Structural Benchmarks and Prior Actions

	Date	Status
Prior Action		
Restore cost recovery electricity pricing		
Amend BSTA guidelines, in line with 114 of the MEFP, to ensure the BSTA tariff adjustments are automatic and binding.		
Fiscal, SOE, and Social Safety Net Reforms		
Set retail fuel prices to their cost-recovery levels with monthly formula-based adjustments, and compensate the CPC for providing any fuel subsidies with on-budget transfers	Continuous	Met
Maintain cost-recovery level of the end-user electricity tariff schedule (overall across different types of final consumers) with quarterly formula-based adjustments, on a forward-looking basis in January, April, July and October each year (effective from January 1, April 1, July 1, and October 1 respectively); the CEB submits tariff revision requests to the Public Utility Commission of Sri Lanka by end-October (for January tariff revisions), end-January (for April tariff revisions), end-April (for July tariff revisions) and end-July (for October tariff revisions); compensate the electricity sector for providing any residual subsidies with on-budget transfers; and use tariff surcharges in the interim, in case CEB is making losses	Continuous	Not met between January 17, 2025 and June 11, 2025
Track and report the updated quarterly Key Performance Indicators (KPIs) of tax compliance (Annex I)	End-February 2025, end-May 2025, end-August 2025, end-November 2025, end-February, and end-May 2026	Not met for end-February 2025. Implemented with delay on March 5, 2025. Met for end-May 2026
Parliamentary approval of the 2025 Appropriation Act and the spending allocations in line with program parameters	End-March 2025	Met
Formulation and publication of a VAT compliance improvement program identifying, assessing, and prioritizing compliance risks for key taxpayer segments and determining a detailed plan to address those risks	End-May 2025	Met

12. Maintaining cost-recovery electricity pricing is paramount to contain fiscal risks. It is also important to repay Ceylon Electricity Board (CEB) legacy debt and facilitate appropriate investments to allow lower costs in the future. The Public Utilities Commission of Sri Lanka (PUCSL)—the independent electricity regulator—approved a 20 percent electricity tariff cut in January 2025, despite the CEB having proposed an unchanged tariff. This resulted in Rs18 billion (0.05 percent of GDP) operating losses of CEB in 2025Q1. The losses were covered by bank overdrafts and arrears to suppliers, creating significant contingent fiscal risks. The situation was exacerbated by foregoing the scheduled tariff revision in April and an automatic tariff adjustment based on the Bulk Supply Transaction Account (BSTA) (next paragraph). Cost-recovery pricing was restored in June for the remainder of 2025, with a 15 percent average tariff increase (PA). This increase is estimated to be sufficient to bring CEB's remaining 2025 operating balance to at least zero and cover the scheduled repayments of CEB legacy debt. CEB's financial performance in Q2 will be assessed in the coming months and worse-than-expected outturn may require another tariff increase in October. Staff remain concerned about governance elements of electricity cost-recovery

7. Program performance is generally strong with some implementation risks being addressed (MEFP Table 1). The 20 percent electricity tariff reduction in January changed the assessment of the continuous structural benchmark (SB) on cost-recovery electricity pricing to not met. This tariff reduction has led to significant operating losses by the electricity company (see 112). The implementation of the two prior actions (PAs) on restoring and safeguarding cost-recovery electricity pricing will help contain fiscal risks. Most indicative targets (ITs) for end-March 2025 were met, including the IT on social spending. A correction in the stock of government expenditure arrears has been incorporated into the program.

14. To mitigate fiscal risks from the energy SOEs, we will maintain cost reflective electricity pricing. We have restored cost-recovery electricity pricing for the remainder of 2025 (**prior action**). This was achieved by setting the tariffs at the level that will eliminate expected operating losses of CEB in the rest of 2025. The tariff will also allow for the scheduled repayments of CEB legacy debts, in line with the recently adopted cabinet decision. Subsequently tariffs will be maintained at the cost recovery level (overall across different types of final consumers) with quarterly formula-based adjustments on a forward-looking basis (**continuous SB**). We are in the final stages of amending the Electricity Act, which will lead to significant changes to the sector's structure and governance. We will also review the existing tariff methodology by November 2025 and revise it if necessary, in line with the amended Electricity Act and in consultation with IMF staff (**new SB**). We have amended and published the Bulk Supply Transaction Account (BSTA) guidelines to eliminate the clause that states "CEB shall bring the balance of the BSTA to zero through working capital financing," and to ensure that BST Bank Account reports submitted by CEB determine the thresholds for the automatic tariff adjustments (**prior action**). This will ensure that the BSTA is used to trigger an automatic 10 percent increase of the tariff whenever CEB's buffers reach the lower threshold two weeks in a row. PUCSL will reserve the right to audit CEB's BSTA submission and take appropriate actions based on the finding. We will monitor CEB's financial performance on a continuous basis ensuring that CEB does not run arrears, and its short-term debt will not be allowed to increase to avoid triggering the automatic tariff increase. We stand ready to use tariff surcharges in the periods between revisions to restore cost recovery in case CEB is making losses. The dispatch audit of CEB's operational costs, which would assess the scope for efficiency gains in electricity generation and transmission, is facing delays, and we now expect to finalize it by end-August 2025. We will continue to set monthly retail fuel prices at cost recovery (**continuous SB**). We will continue to comply with the program IT related to on-budget transfers.

15. We will improve the transparency of electricity tariff revisions and strengthen accountability of the regulator towards CEB's finances. We will amend the PUCSL Act to mandate PUCSL to submit to parliament quarterly reports on maintaining cost recovery electricity pricing and publish the reports (**new SB**).

16. We will press ahead with structural reforms to improve financial viability of SOEs.

- **CPC.** A small margin in the fuel pricing formula is utilized by CPC to repay US\$251 million of the old financial obligations. Of this amount, US\$146 million remains to be repaid as of end-March 2025, and we will ensure that these repayments continue.
- **CEB.** We plan to settle CEB's remaining legacy debt (incurred prior to 2023), estimated at about Rs. 180 billion as of end-2024. Repayment of this debt is included in the electricity tariff calculation starting in June 2025.

Source: International Monetary Fund (2025b), Sri Lanka: Fourth Review under the Extended Fund Facility. [Available online](#)

Recommendation

Domestic

Customer Category D-1

This rate applies to supply of electricity used for domestic purposes in private residences.

There are two types of Domestic Tariff Categories.

- Block Tariff
- Time of Use Tariff (TOU) : The optional tariff for domestic consumers

Block Tariff

Consumption blocks are based on a 30 day billing period and the number of units in a block would be prorated according to the number of dates in each billing period.

Domestic Low Users (if monthly consumption is 60 unites per month or less than 60 units)

Consumption per month(kWh)	Energy Charge (LKR/kWh)	Fixed Charge(LKR/month)
0-30	2.50	30.00
31-60	4.85	60.00

Domestic-Users over 60 units per month

Consumption per month(kWh)	Energy Charge (LKR/kWh)	Fixed Charge(LKR/month)
0-60	7.85	-
61-90	10.00	90.00
91-120	27.75	480.00
121-180	32.00	480.00
More Than 180	45.00	540.00

Optional Time of Use (ToU) Tariff to for Domestic Customers

Time of Use (ToU)	Energy Charge (LKR/kWh)	Fixed Charge (LKR/ Month)
Off Peak (22:30 – 05:30 hrs)	13.00	
Day (05:30 – 18:30 hrs)	25.00	540.00
Peak (18:30 – 22:30 hrs)	54.00	

Source: Public Utilities Commission of Sri Lanka, Domestic Tariff. www.pucsl.gov.lk

CEB LONG TERM GENERATION EXPANSION PLAN 2025-2044

This report presents the Long Term Generation Expansion Plan (LTGEP) 2025–2044, prepared by the Transmission and Generation Planning Branch of the Ceylon Electricity Board (CEB). It includes information on the existing generation system, system demand forecast, candidate technologies, generation planning methodology, environmental implications and investment and implementation schedules for projects included in the Base Case plan. This plan was prepared in line with the General Policy Guidelines in Respect of the Electricity Industry issued in January 2022.

The proposed capacity additions in the LTGEP 2025–2044 are predominantly from renewable energy sources, while thermal additions are mainly flexible power plants enabling higher renewable energy integration while maintaining system reliability. The renewable capacity additions are led by solar power, followed by wind, mini hydro and biomass respectively. Aligning with Sri Lanka's 2050 carbon neutrality objectives, thermal additions are based on low-emission energy technologies such as liquefied natural gas (LNG) and LNG-hydrogen blends. Additionally, nuclear power will be introduced into the energy mix during the end of the planning horizon following the retirement of the Lakvijaya coal power plant. 70% of electricity generation within the country is expected to be sourced from renewables by year 2030, and this share is maintained throughout the planning horizon. The plan also includes adequate integration of energy storage solutions, including battery energy storage systems and pumped storage power plants to optimize the utilization of renewable energy. Additionally, an interconnection with India is anticipated to be operational by the end of the next decade.

Source: Ceylon Electricity Board, Long Term Generation Expansion Plan 2025–2044, Transmission & Generation Planning Branch. www.ceb.lk

Selection of Perimeter of the DDO

The selection of the perimeter of the DDO took into account the necessity to maintain financial sector stability. Accordingly, for short term instruments (Treasury bills) only the Treasury bills held by the CBSL were included for treatment given the necessity to maintain liquidity in short term debt instruments for the government. Accordingly, out of the 1.5% GDP required reduction in the GFN, the effort of the banking sector (CBSL and other banks) accounted for a 1% GDP reduction of the GFN.

With regard to Treasury Bonds, 32.5% of outstanding bonds were held by state banks, 11.9% were held by other banks, 36.5% by the Employees Provident Fund (EPF), and 19.2% held by others including insurance companies, the Employees Trust Fund, SOEs, among others. Accordingly, other than the superannuation funds including the EPF, the

Source: Government of Sri Lanka, Domestic Debt Optimization. www.treasury.gov.lk

Decision on Feed in Tariffs

1. Background

In terms of Section 29 (3) of the Sri Lanka Electricity Act No. 36 of 2024 (Amended), the Commission is required to set feed in tariffs to be included within the Standard Power Purchase Agreements (SPPA). Accordingly, a methodology was developed to establish the basis of the calculation of these tariffs. The methodology has been finalized and approved through a consultative process. The approved methodology is published on the Commission's website (www.pucsl.gov.lk).

The Feed in tariffs are calculated based on the above methodology and considering the information submissions by the stakeholders. The provisional Feed in tariffs were opened for stakeholder consultation, in terms of Section 17 (b) of PUCSL Act No. 35 of 2002, from July 11, 2026, to July 22, 2026. The stakeholder consultation also included an oral consultation session, with the participation of stakeholders representing the government, utilities, consumers, academia and the renewable energy developers. The summary of key comments/inputs from the stakeholder consultation is provided as Annex – 1 to this document.

This decision, made on August 21, 2026, as per the powers vested with the Commission, in terms of the Section 29 (3) of Sri Lanka Electricity Act No. 36 of 2024 (Amended), considered the approved Tariff Methodology, the Government Policy, submissions by the stakeholders and other related legal provisions. The approved Feed in tariffs (Annex – 2) are effective from August 25, 2026, until the next tariff revision. The Licensees are required to implement the approved Feed in tariffs, in accordance with the conditions provided as Annex – 3 to this document.

2. Parameters Considered for Tariff Determination

The feed in tariffs are calculated considering the approved methodology and the parameters specified therein. The parameter values and the basis for the parameters used in the calculations are detailed below.

It is to be noted that the term 'Escalable' used in this document refers to the expandability/inflatability/ability to grow or made larger.

2.1. Common Parameters

2.1.1. Cost of Debt

Cost of Debt has been calculated as follows:

$$\text{Cost of Debt} = 12 \text{ month Average AWPR} + \text{Premium}\%$$

The 12-month average AWPR has been calculated considering the CBSL published rates from August 2025 to July 2026. The Commission has initiated the process of developing a standard Cost of Capital determination methodology for renewable energy power development projects. However, pending the outcome of the above process, the Commission has considered a 2% premium for this tariff revision, in line with prevailing market rates. Thus, the Cost of Debt is considered as 10.92%.

2.1.2. Cost of Equity

Cost of Equity has been set combining a risk-free rate (Government bond rate) with an equity risk premium. The Commission decided to provide a 3% equity risk premium, while considering the 12-year treasury bond rate published by CBSL as the risk-free rate. Thus, the Cost of Equity of 14.19% has been used in the calculations.

Page | 3 Public Utilities Commission of Sri Lanka

Source: PUCSL, Decision on Feed-in Tariffs (2026).

Lanka Law

Sri Lanka Legal AI

Sri Lanka Electricity (Amendment) Act, No. 14 of 2025

1. Introduction

The *Sri Lanka Electricity (Amendment) Act, No. 14 of 2025*, certified on 18th August 2025, introduces significant reforms to the *Sri Lanka Electricity Act, No. 36 of 2024*. This legislation addresses structural reforms in the power sector, enhances regulatory clarity, and aligns the electricity industry with national energy policy, renewable energy commitments, and international best practices.

2. Key Amendments

2.1 National Electricity Policy & Governance

- The long title of the Act amended to emphasize formulation of the National Electricity Policy as part of the broader National Energy Policy.
- The National Electricity Advisory Council is replaced by a Minister-appointed committee, reducing institutional independence but ensuring alignment with Cabinet-approved policy.
- Committee members must have 15+ years of expertise in relevant fields (energy, economics, finance, renewable energy, planning) and are subject to strict disqualification rules (conflict of interest, insolvency, criminal conviction, etc.).

2.2 Electricity Market Reforms

- The term "Wholesale Electricity Market" replaced with "National Electricity Market".
- Market structure broadened to include:
 - Competitive wholesale spot market (day-ahead/intra-day),
 - Long-term contract market,
 - Ancillary services market (frequency control, reactive power, black-start services),
 - Retail electricity market.
- The Minister empowered to direct the National System Operator (NSO) to design market models within 3 years.

2.3 Policy Objectives

- Emphasis on continuous and reliable electricity supply.
- Clear policy mandate to minimize the carbon footprint, promote renewable energy, and optimize use of indigenous resources, in line with Sri Lanka's international climate commitments.
- Shift from "least cost economic dispatch" to "security constrained economic dispatch", prioritizing system reliability and stability along with cost.

2.4 Institutional Restructuring of CEB

- The Ceylon Electricity Board (CEB) to be unbundled into multiple successor companies covering:
 - Generation (hydropower, Norochcholai coal plant, Mannar wind plant, Trincomalee power, etc.),
 - Transmission & Grid management,
 - Distribution divisions,
 - Subsidiaries (e.g., LTL Holdings, Lanka Electricity Company).
- All shares of successor companies to be initially held by the Secretary to the Treasury, with permanent state ownership of hydropower assets.
- Boards of Directors appointed by the Minister with representatives from Treasury, Ministry, and experts in generation, transmission, distribution, finance, law, and procurement.

Source: Source: *Sri Lanka Electricity (Amendment) Act, No. 14 of 2025*. lankalaw.net

Group Members

2022/C/016	D.L.H.Adithya
2022/C/020	G.W.S.A.P De Silva
2022/C/026	H.M.M.A.M.Aberathna
2022/C/030	H.K.G.P.Dayarathna
2022/C/056	M.N.F.N Baanu
2022/C/063	P.G.C.S Premarathna
2022/C/082	S. R. N. Sudasinha
2022/C/093	W.M.I.M.Ranasinha
2022/C/103	B.L.Y.C.V.De Silva
2022/C/105	K.Y.W.C. Yapadikari
2022/C/120	K. M. H. N. Dayarathna
2022/C/126	P.N.P.Ranathunga
2022/C/131	W.M.K.Kumari