

Annual
Report

2013



Sri Lanka Sustainable Energy Authority

Message from the Chairman



As a chairman, it is a great pleasure for me in adding a message to the annual report 2013 of the Sri Lanka Sustainable Energy Authority at the time when it enjoys fruitfulness in its long term journey.

In today's world, the energy resources are rapidly getting extinct. A serious focus is towards on its conservation. Why the reason is everything depends on energy. Therefore, energy becomes an indispensable source. Sri Lanka started its journey in its energy generation with hydro-power. However, the man has brought it up to depending on the sustainability in heat power, in terms of un-limited human needs and as well as technical and industrial sector needs. As we have no fuel or coal by our own, Sri Lanka has to depend on the importation of crude oil in generating energy source for its power generation. This cannot be considered as a mere fact. This would lead for an economic decline in future, because global demand for fuel is rapidly going up.

The responsible parties who realized this sort of adverse impact established Sri Lanka Sustainable Energy Authority by SLSEA Act No.35 of 2007 in order to find a sustainable solution for the existing problematic background with a dream of making Sri Lanka as energy secured country. Since this Authority has received special power by the said Act, it becomes a focal point to develop and implement the policy for improving renewable energy sector in the Island as well as in conservation of energy.

Authority's main objective is to assist and guide the government towards making energy conservation into a reality through facilitating to renewable energy, energy efficiency and effective power supply. The importance of this national policy concept has been emphasized in the vision of Mahinda Chinthanaya and through which it has been targeted by year 2020 to increase the power contribution from renewable energy by 20% for electricity network, and improve the saving trend by 8.7% to the actual power consumption. If this target is achieved, there will be no doubt that the improvement can be seen in use of sufficient non-conventional energy resource, energy efficiency in power sector and environment-friendliness in the country.

In Sri Lanka, taking the renewable energy sources into account, a special attention has been focused on small hydro power, wind power and biomass. In a country like Sri Lanka, it has taken place because energy can be generated easily from such energy sources.

It is a remarkable fact here that a future generation with a high access to energy depository should be built up. Here, we have kept more faith on the younger generation of our nation. If the children of our nation who succeed tomorrow's world are aware of knowledge on energy conservation and its importance, it would be easy for us to make our national dream into a reality. That is the reason why all arrangements have been made to include the subject of energy and energy conservation into school curriculum with the collaboration of National Institute of Education. In addition to that, a creative program has been initiated in order to feed the energy concept into the knowledge of our pre-school teachers. To strengthen the effort of moving the next generation of our nation towards energy conservation, a task of inclusion of the subject of energy conservation into scout proficiency

curriculum and introduction of competent scout emblem with the assistance of Sri Lanka Scout Association.

I take this opportunity to extend my sincere thanks to the Board of Directors, Director General and Staff of the Sri Lanka Sustainable Energy Authority who always

cooperate and contribute towards our journey of making Sri Lanka to an energy secured country.

Prasad Galhena
Chairman

Message from the Director General – Annual Report 2013



On behalf of the staff, it is with great pleasure I write this message in presenting the Annual Report of Sri Lanka Sustainable Energy Authority (SLSEA). It is a unique opportunity to appraise the key achievements of SLSEA in the year 2013. Along the lines of its objectives, SLSEA continued in 2013 to work closely with the stakeholders and thereby guide the nation towards achieving an energy secure Sri Lanka through the intervention in the broader sectoral areas of renewable energy, energy efficiency and knowledge management. SLSEA was able to achieve significant developments in all these areas through the optimum utilization of its resources with the untiring efforts of the dedicated team of staff. The year 2013 featured a though-provoking experience with the placement of SLSEA under the Ministry of Environment, persuading it to focus more on social and environment sustainability aspects when developing and implementing programmes in the energy sector. This would SLSEA to strengthen the relationships with other authorities and line agencies involved with project approval process, substantiating the one-stop concept.

During 2013, SLSEA has made significant progress in the new renewable energy (NRE) through resources mapping and related SPP project developments for enhancing the grid electricity capacity, particularly mini hydro, wind, solar and

biomass. In spite of the challenges arisen from non-availability of feeding tariff since 2012 and limitation in grid connectivity, sixteen mini hydro plants, one biomass plant and one wind plant were commissioned in 2013, which total installed capacities of 26.5 MW, 5.0 MW and 4.8 MW, respectively. This accounted for a total installed capacity of 351.6 MW of NRE and annual energy generation of 1168.7 GWh, which accounted for 9.74% of grid electricity generation, thus reaching the 10% target by 2015 ahead. Although there were no capacity additions in SPP solar, about 3MW of solar net metering projects were commissioned in 2013. Although the significance of the off-grid electricity sector was diminishing further through the expansion of the national grid, SLSEA continued to assist the existing micro hydro operational plants for repair and maintenance.

Several interventions for energy efficiency improvements and conservation were implemented during 2013 too, targeting all the end-use energy sectors. In the industrial and commercial sectors, the several training and awareness programmes were conducted for specific sub-sectors in line with regulations for the accreditation of energy managers and energy auditors published 2011, and the national energy management plan (EnMAP). The energy conservation in the domestic sector was realized through series knowledge management activities including, seminars, mass-media campaigns and development of printing materials. Through these interventions, SLSEA was able to achieve a significant energy saving of 22.6 GWh in the year 2013 in the domestic, industrial and commercial sector. In addition, a

significant saving of 19.6 million litres of oil and 200 ton of firewood has been achieved through the fuel switching programme.

Another important activity conducted in 2013 was the energy management programme in transport sector, which was launched in 2011. The year 2013 programme comprised of three sessions as Dialogue on the Cleaner Fuels and Vehicle Road Map, Training Programme on Development of Driving Cycle in Sri Lanka and Discussion Forum on Formulation of Action Plan for energy efficient and environmentally sustainable (E3ST) system.

As the energy and environment related challenges are still in the rise, and would be the driving factor of the future development pathways of the country. SLSEA will have more demanding responsibilities in the coming years. I believe that the programmes initiated and action plans developed by SLSEA would guide the country to achieve energy security, and thereby contributing to the inclusive economic development of the country.

Dr. Thusitha Sugathapala
Director General

Our Vision

A Sri Lanka with an energy secured country.

Our Mission

Guiding towards the national efforts for conservation of local energy resources and development of energy source through exploration, research, utility supply, studies and knowledge management, and thereby pave the way to ensure energy in Sri Lanka by developing and protecting natural resources, human resources and economic resources.



Management of the Board of Management - 2013

Chairman

Mr. Prasad Galhena

Members

Ms. Dhara Wijethilaka

Secretary

Ministry of Science & Technology

Mr. A.W.M. Sarathchandra

Director (Project, Technical)

Ministry of Transport

Mr. A. Abdul Majeed

Addl. Secretary (Development)

Ministry of Local Government & Provincial
Council

Mr. Damitha Kumarasinghe

Director General

Public Utilities Commission of Sri Lanka

Mr. M.A. Thajudeen

Addl. Secretary

Ministry of Industry & Commerce

Mr. Arosh Sandeepa Wijesinghe

CEO/Chairman

Omnipro Industries (Pvt.) Ltd.,

Ms. Thanuja Murugesan

Addl. Secretary (Admin)

Ministry of Land & Land Development

Mr. Ruwan Viraj Waidyarathne

Managing Director

Hayleys Advantis Ltd.,

Mr. A.L.A. Asoka Siriwardana

Addl. Secretary (Admin)

Ministry of Agriculture

Mr. Asoka Abeygunawardena

Executive Director

Energy Forum

Mr. Wimal Jayawardana

Addl. Secretary (Admin)

Ministry of Plantation Industries

Mr. C. Mahesh Edirisinghe

Senior Lecturer

University of Colombo

Mr. N.K.G.K. Nammewatta

Addl. Secretary (NR)

Ministry of Environment & Renewable
Energy

Mr. Vinod Samarawickrama

Director (Sales)

Ericsson Telecommunication Lanka (Pvt.)
Ltd

Mr. U.P. Wickramaratne

Addl. Secretary (Technical)

Ministry of Irrigation & Water Resource
Management

Mr. D.D. Ananda Namal

President

Sri Lanka Energy Managers Association

Mr. J.G.L.S. Jayawardana
Director
Ministry of Power & Energy

Mr. S.S. Mudalige
Director (Department of National Planning)
Ministry of Finance & Planning

Mr. Bhatiya Ranathunge
President - Small hydro Power Developers
Association
Eco Power (Pvt.) Ltd

Members of the Audit & Management Committee – 2013

Chairman

Mr. S.S. Mudalige

Director (Department of National Planning)

Ministry of Finance & Planning

Member

Mr. Gamini Gamage

Additional Secretary (Environment & Policy)

Ministry of Environment & Renewable Energy

Member

Mr. Sulakshana Jayawardhana

Director (Planning & Progress monitoring)

Ministry of Power & Energy

Observer

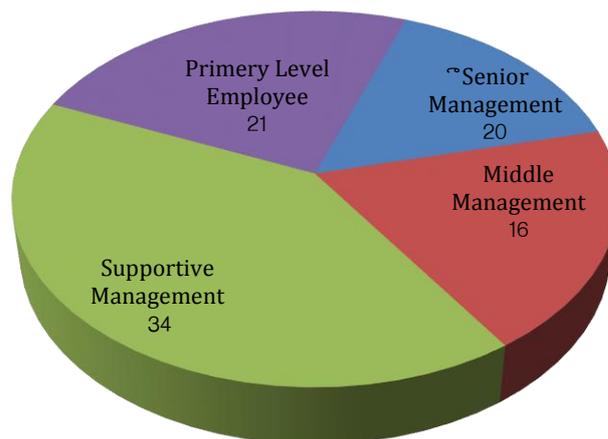
Mr. R. M. Rathnayake

Audit Superintendent

Auditor General's Department

Our Staff Composition – 2013

We are relatively young organization with a total of 91 persons.
The Composition of our staff is shown below.



Performance of Sri Lanka Sustainable Energy Authority (SLSEA)

National Energy Policy and Strategies of Sri Lanka place a strong emphasis on energy security from both national and individual perspectives. The policy envisions a situation wherein reliable, affordable, and clean energy will be made available to all the citizens at all times.

Sri Lanka Sustainable Energy Authority (SLSEA) is the focal government entity that promotes the increased adoption, and sustainable use of all forms of renewable energy in the country. The power sector of Sri Lanka is presently facing many challenges, especially in relation to supply of uninterrupted electricity for the entire country at affordable prices, and the severe adverse effect on the economy due to heavily depending on imported fossil fuel for thermal power generation. In order to arrest this situation the Government has set following targets;

- 20% grid electricity generation using New Renewable Energy sources by 2020 as an alternative to imported fossil fuel.
- 8.7% reduction in total energy consumption by 2020 through implementation of energy conservation measures.

The measures taken by SLSEA to achieve these targets in the year 2013-2014 are summarized below.

Abstract:

- A number of 93 renewable energy projects have been approved accounting for a total new renewable energy generation capacity of 217.685 MW.
- 'Lankagama' & 'Sunithyalokaya' projects were implemented for providing electricity to rural communities using off-grid electrification option.
- Execution of two ADB funded renewable energy projects
 - Estate Micro-Hydro Rehabilitation and Repowering Pilot Project; Development component of the project is to connect about 19 micro-hydro power projects to the grid providing 1.3 MW.
 - Solar Rooftop Power Generation Pilot; Development component of the project is to develop solar rooftop power generation subprojects at University of Moratuwa, University of Peradeniya, University of Jaffna & University of Ruhuna and develop solar rooftop power generation subprojects (approximately 800kW) involving private sector around the cities of Colombo, Kandy and Jaffna.
- A saving of 1,724MWh owing to the implementation of energy efficiency activities in the industrial and commercial sectors.
- A saving of 60,223 liters of diesel and 7,376 liters of furnace oil mainly owing to fuel switching initiatives.
- Ceiling fan labeling regulation had been presented on gazette in January 2013, accounting for an annual saving of approximately 22 GWh.
- Ceiling fan labeling test lab was established at the University of Moratuwa.



Progress Summary (January 2013- December 2013)

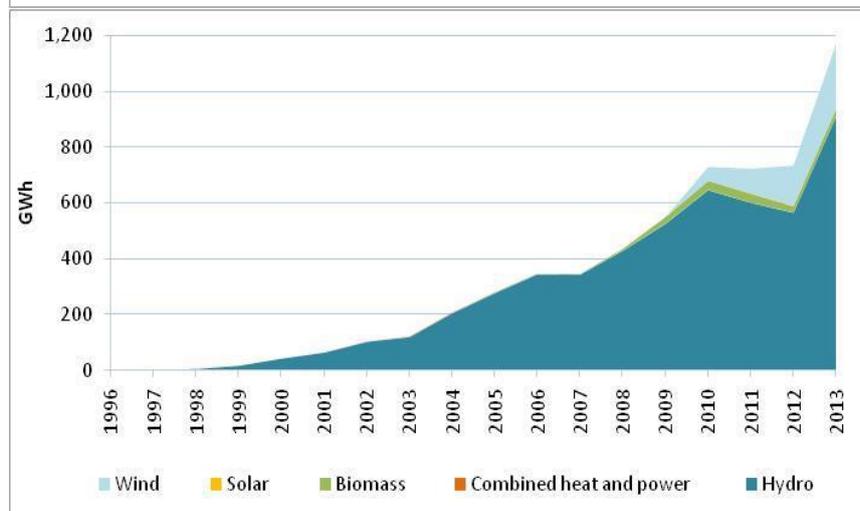
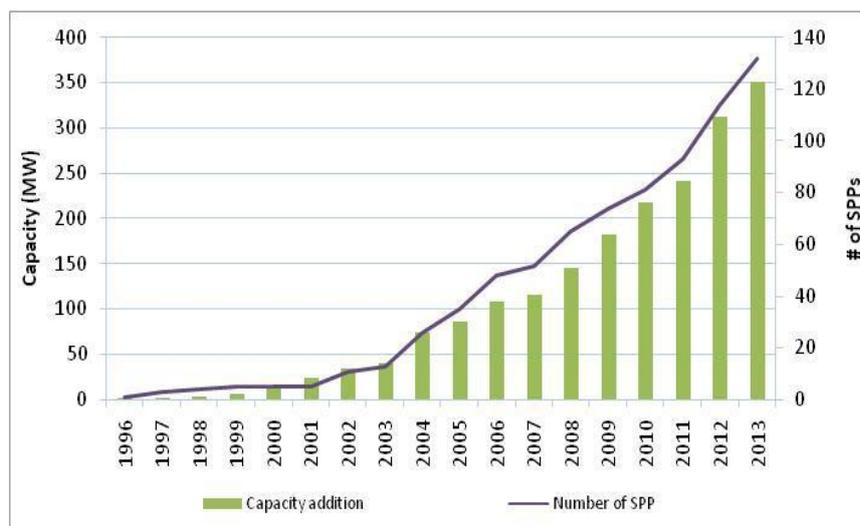
No Description Of Activity (Major Achievements)

Renewable Energy Development

1 Resource Allocation and Development Activities

Governed by the SLSEA Act No. 35 of 2007, SLSEA is the regulatory authority for granting Provisional Approvals (PA) and Energy Permits (EP) for all renewable energy development projects.

- ✓ During the year 2013,
 - **Seventy nine (79) Provisional Approvals have been issued** for new renewable energy (NRE) projects, and it is counted as **168.845 MW**
 - **Fourteen (14) no of projects have been given the Energy Permit** and it is counted as **48.84MW**
 - **Cumulative NCRE capacity addition is 351.59 MW**



Data source: Sri Lanka Energy Balance



- ✓ Two hundred and ninety eight (298) NRE projects that were in conflict with the Energy Permit obtained projects and commissioned projects or submitted as incomplete applications which had not been complying with the requirements laid down in section 16(2) of the SLSEA Act were cancelled.

Hydro Power Plant, Indurana (60 kW) and Solar Power Plant, Hambantota(1237 kW) are implemented with direct intervention of SLSEA and used as demonstration facilities of renewable energy technologies.

- ✓ **Renewable Energy Generation by SEA Pilot Projects:**
 - Generated 1,451,444 kWh of solar energy
 - Generated 188,929 kWh of hydro energy



*Inauguration of the Hambantota Solar Park by H.E. the President Mahinda Rajapakse
On 08th March 2013*

2 Renewable Energy Resource Assessment

- ✓ For the assessment of renewable energy resource potential in the country, wind and solar measuring stations were established and measurements are carried out on a long-term basis.



*New wind measuring equipment installation at Sampoor, Sooriyakanda, NuwaraEliya,
Kalamatiya and Balangoda*

- ✓ Further studies were carried out for the assessment of waste management systems and two proposals were developed on MSW (Municipal Solid Waste) and Agricultural Waste. They are presently at reviving stage.



3 Rural Energy Services

- ✓ 'Lankagama - ThirasaraGammana' & 'Sunithyalokaya' projects were implemented for providing electricity to rural communities using off-grid electrification option.



*Launching of ThirasaraGammana Project
09th June 2013*

- ✓ Under the 'Lankagama' project, distributed 500 stoves and 300 CFL bulbs among villagers and four operation and maintenance tool kits were given to the Electrical Consumers Society (ECS). Operational and Maintenance Technical Training was provided for 25 trainees including committee members and plant operators.



Distribution of cooking stoves and tool kits under 'Lankagama' project

- ✓ Signed the Memorandum of Understanding (MoU) with National Development Bank (NDB) for promoting net metering facility by giving consolatory loans.
- ✓ Initial discussions held to promote the biogas services to Provisional Councils to improve the Renewable Energy based thermal applications.
- ✓ Two awareness programmes were conducted for Chairmen of Local Authorities and Technical Officers regarding rural energy services in Uva Province, and a training programme was conducted regarding village hydro for the operators in Central Province.

Donor Funded Projects

- ✓ Executed two ADB funded renewable energy projects;
 - Estate Micro-Hydro Rehabilitation and Repowering Pilot Project: Development component of the project is to connect about 19 micro-hydro power projects to the grid providing 1.3 MW.
 - Solar Rooftop Power Generation Pilot: Development component of the project is to develop solar rooftop power generation subprojects at University of Moratuwa, University of Peradeniya, University of Jaffna & University of Ruhuna and develop



	<p>solar rooftop power generation subprojects (approximately 800kW) involving private sector around the cities of Colombo, Kandy and Jaffna.</p>
	<p><i>Energy Management</i></p>
	<p>The following energy savings were obtained during the year 2013;</p> <ul style="list-style-type: none"> ✓ A saving of 1,724MWh owing to the implementation of energy efficiency activities in the industrial and commercial sectors. ✓ a saving of 60,223 liters of diesel and 7,376 liters of furnace oil mainly owing to fuel switching initiatives. (Please note that the above figures are based on the feed backs received from industries. The actual savings would be higher than this).
1	<p><u>Energy Manager/ Energy Auditor Program</u></p> <p>Energy Manager/Energy Auditor Regulations were published in July 2011 (No.1250/12 dated 20.07.2011). In line with this,</p> <ul style="list-style-type: none"> ✓ So far 178 Energy Managers have been appointed and bulk consumer companies were encouraged to appoint Energy Managers ✓ Conducted 02 evening lectures , and a 4 day training for Energy Managers <p>Energy Managers and Energy Auditors regulation provides the accreditation scheme for Energy Auditors. Based on that Energy Management Division has initially appointed 6 Nos. of Accredited Energy Auditors and Certification Awarding Ceremony was held on the 11th July 2013 at Crystal Ball Room- Hotel TajSamudra.</p> <ul style="list-style-type: none"> ✓ The 2nd Energy Auditor Program was held during June/July, 2013 along with the practical sessions at four BOI factories in Export Processing Zone, Biyagama ✓ Appointed 6 Energy Auditors and another 6 had been screened and qualified for appointment <div style="display: flex; align-items: center; justify-content: center;">  <div style="margin-left: 20px;"> <p><i>Certificate awarding during the closing ceremony of the Energy Auditor Training programme June/July 2013</i></p> </div> </div> <ul style="list-style-type: none"> ✓ 356 hotels are involved in the implementation of energy efficiency activities (including Switch Asia programme). ✓ Through energy efficiency implementation programmes in the tea sector, a total of 930 MWh were saved. <p><u>Energy Management Program in Government Sector</u></p> <ul style="list-style-type: none"> ✓ So far 194 Energy Management Officers (EMOs) appointed for carrying out energy management activities in state sector institutes



	<ul style="list-style-type: none"> ✓ Designed Energy Management Guidebook for EMOs ✓ SLSEA along with the National Productivity Secretariat has conducted introductory workshops on 'Productivity Improvement for employees of public sector in the Uva, Eastern & North-Central provinces
2	<p><u>Introducing Standards and Regulations</u></p> <ul style="list-style-type: none"> ✓ Ceiling fan labeling regulation had been presented on gazette in January 2013, accounting for an annual saving of approximately 22 GWh. ✓ Ceiling fan labeling test lab was established at the University of Moratuwa. ✓ Publishing the 'Guidelines for Energy Efficient Lighting for Residential Applications' was held on 4th October 2013 at Hotel TajSamudra, with the distinguished participation of Hon. Susil Premajayanth, Minister of Environment & Renewable Energy and Hon. Pavithra Wanniarachchi, Minister of Power & Energy.
3	<p><u>Advisory and Counselling Services</u></p> <ul style="list-style-type: none"> ✓ As a part of the energize programme in the SME sector initiated in collaboration with the Institute of Material Flow Management of Birkenfield University of Germany., it was decided to conduct walk - through energy audits for SMEs, which was split in to two phases based on the geo-location of participant SME. The first phase for Colombo and suburb districts was held from 11th of November, 2013 to 3rd of December, 2013. ✓ Four numbers of government buildings were audited namely Supreme Court Complex, Tea Research Institute-Thalawakele, Department of Auditor General and Sri Lanka Standard Institute to energy utilisation efficiency and thereby reduce energy cost. ✓ 185 walk through energy audits have been carried out (including Switch Asia programme), which contributed to saving 14 GWh including both thermal and electrical energy. ✓ Equipment bank for energy auditing was functioned efficiently and 486 instrument days have been recorded
4	<p><u>Rewarding of Achievements</u></p> <ul style="list-style-type: none"> ✓ Presentation of Sri Lanka National Energy Efficiency Awards (SLNEEA) organized by Sri Lanka Sustainable Energy Authority in collaboration with the Ministry of Environment and Renewable Energy was held on 12th December 2013 at the BMICH with grand inauguration of Vidulka 2013 <div data-bbox="344 1653 1007 2038" data-label="Image"> </div> <p style="text-align: right;"><i>SLNEEA Awards Ceremony</i></p>



Economic Affairs

- ✓ Research & development activities related to sustainable energy was initiated with the technical assistance of New Energy Development Organization (NEDO) of Japan.
- ✓ Vidulka annual sustainable energy event was conducted for the 4th time, comprising of three items of engagement – presentation of Sri Lanka national energy efficiency award, energy symposium and energy exhibition.



Vidulka 2013- Exhibition and Symposium

- ✓ A conference was held in collaboration with the Faculty of Engineering, University of Peradeniya, on 'Innovative Technologies' for Sustainable Development.
- ✓ An international workshop on Energy and Sustainable Development was held in collaboration with the National Cleaner Production Centre
- ✓ Sustainable energy concepts were promoted among students at higher education level through EDEX exhibition and among general public through DeyataKirula exhibition
- ✓ 40 schools were engaged in school energy club programme, and the students were successfully involved in activities related to energy conservation and renewable energy



Financial Statement



**Sri Lanka Sustainable Energy Authority
Balance Sheet as at 31st of December 2013.**

		2013		2012	
		RS		Rs	
	Note				
ASSETS					
Non Current Assets					
Property, plant and equipment	3	1,227,936,857		1,355,913,508	
Work In Progress	4	49,461,726		7,551,235	
Investments	5	<u>58,528,095</u>	1,335,926,678	<u>55,507,154</u>	1,418,971,89
Current Assets					
Receivables	6	11,202,454		12,449,801	
Other current assets	7	15,678,223		23,593,415	
Cash and cash equivalents	8	<u>269,792,827</u>	296,673,504	<u>159,958,726</u>	196,001,942
Total Assets			<u><u>1,632,600,182</u></u>		<u><u>1,614,973,839</u></u>
EQUITY AND LIABILITIES					
Equity					
Accumulated fund	9	22,100,336		22,100,336	
Net Surplus		10,228,291		(25,434,679)	
Deferred Grant	10	1,269,692,912		1,356,059,136	
Sri Lanka Sustainable Energy Fund	11	215,182,618		142,222,496	
Sustainable Guarantee fund		<u>66,528,095</u>	1,583,732,252	<u>63,507,154.00</u>	1,558,454,442
Non current liabilities					
Gratuity		<u>7,298,903</u>	7,298,903	<u>6,328,608</u>	6,328,608
Current liabilities					
Other payables	12	38,395,891		47,058,212	
Short term provisions-audit fees		1,022,636		982,076	
Net deposit on land acquisition		<u>2,150,500</u>	41,569,027	<u>2,150,500</u>	50,190,788
Total equity and liabilities			<u><u>1,632,600,182</u></u>		<u><u>1,614,973,839</u></u>



Sri Lanka Sustainable Energy Authority
Income statement for the year ended 31st December 2013.

Final

	Note	2013 Rs.	2012 Rs.
Revenue			
Capital Grant for project expenses	13	4,008,039	37,502,139
Amortized deferred grant	14	168,836,532	161,433,593
Recurrent Grant		80,100,000	33,180,000
Other Income less VAT	15	100,906,982 (8,255,905)	98,848,394
Total Revenue		345,595,648	330,964,126
Expenditure			
Project Expenses	16	(45,268,770)	(62,473,123)
Salaries and allowances	17	(52,373,903)	(48,391,942)
Travelling and subsistence	18	(2,216,937)	(1,416,843)
Supplies	19	(7,804,909)	(6,610,976)
Maintenance expenses	20	(6,454,313)	(5,356,408)
Contract service	21	(23,117,830)	(19,732,818)
Depreciation expenses	22	(168,836,532)	(161,433,114)
Other recurrent expenses	23	(3,669,374)	(4,642,237)
Expenditure for Period		(309,742,568)	(310,057,461)
Prior year Adjustments		(190,107)	-
Surplus /(Deficit)		35,662,973	20,906,665



Sri Lanka Sustainable Energy Authority
Cashflow statement for the year ended 31st December 2013

	2013		2012	
	Rs.	Rs.	Rs.	Rs.
Cash flows from operating activities				
Surplus for the period	35,853,079		20,906,665	
Previous year adjustment	(190,107)			
Transfer to Guranty fund				
Adjustment for:				
Transferred to Gurantee fund	-			
Amortised Grant (for funds recived)	(168,836,532)		(161,433,114)	
Interest Income	(3,409,193)		(5,782,567)	
Service Gratuity Provision	1,062,527		860,127	
Depreciation	168,836,532		161,433,114	
	<u>33,316,306</u>		<u>15,984,225</u>	
(Increase)/decrease in Other current assets	9,162,537		20,170,207	
Increase/ (decrease) in current liabilities	(8,621,761)		(3,453,603)	
Cash generated from operations	<u>33,857,082</u>		<u>32,700,829</u>	
Net cash from operating activities		<u>33,857,082</u>		<u>32,700,829</u>
Cash flows from investing activities				
Purchase of property, plant and equipment	(33,416,828)		(12,630,337)	
Work in progress	(8,757,199)		(10,867,523)	
Interest Invested/Investments in FD & TBs	388,252		13,263,516	
	<u>388,252</u>		<u>13,263,516</u>	
Net cash used in investing activities		<u>(41,785,775)</u>		<u>(10,234,344)</u>
Cash flows from financing activities				
Deferred Grant	41,873,961		23,497,382	
Sri Lanka Sustainable Energy Fund	72,960,122		45,366,862	
Accumulated fund	-			
Sustainable Gurantee fund	3,020,941			
Gratuity Payment	(92,231)		(77,195)	
	<u>(92,231)</u>		<u>(77,195)</u>	
Net cash used in financing activities		<u>117,762,794</u>		<u>68,787,049</u>
Net Increase in cash and cash equivalents		<u>109,834,101</u>		<u>91,253,534</u>
Cash and cash equivalents at beginning of period		<u>159,958,726</u>		<u>68,705,192</u>
Cash and cash equivalents at end of period		<u><u>269,792,827</u></u>		<u><u>159,958,726</u></u>

The Accounting policies and notes appearing on pages 5 to 17 form an integral part of the financial statements.



Final

Sri Lanka Sustainable Energy Authority
Statement of changes in Equity for the year ended 31 December 2013

Description	Accumulated	Net Surplus /	Deferred Grant	Sri Lanka	Sustainable	Total
	fund	deficit		Sustainable	Guarantee Fund	
	(Rs.)	(Rs.)	(Rs.)	Energy Fund	(Rs.)	(Rs.)
Balance as at 31.12.2012.	22,100,336	(25,434,679)	1,356,059,136	142,222,496	63,507,154	1,558,454,443
Increase/ decrease for the year 2012	-	35,853,077	(86,366,224)	72,960,122.00	3,020,941	25,467,916
Previous year adjustment	-	(190,107)				(190,107)
Balance as at 31.12.2013	22,100,336	10,228,291	1,269,692,912	215,182,618	66,528,095	1,583,732,252

The Accounting policies and notes appearing pages 5 to 17 form an integral part of the financial statements.



Notes to the Financial Statements as at 31.12.2013

1. Corporate Information

1.1 General

Sri Lanka Sustainable Energy Authority (SEA) was established on 1st of October 2007. Located at room No. 3G-17 of the BMICH.

Energy Conservation Fund (ECF) Act No. 02 of 1985 was repealed by Sri Lanka Sustainable Energy Authority Act No. 35 of 2007. All the assets and liabilities of ECF as at 30th September 2007 are automatically transferred to the accounts of SEA from 1st of October 2007.

The Regional Center for Lighting (RCL) which was under the SL SEA was transferred to the Ceylon Electricity Board as per Instruction received from the Ministry of Power & Energy. Accordingly the assets and liabilities and employees of the RCL were transferred to the CEB in December 2012.

1.2 Principal Activities of Authority

Sri Lanka Sustainable Energy Authority; To develop renewable energy resources; to declare energy development areas; to implement energy efficiency measures and conservation to conduct programs to promote energy security, reliability and cost effectiveness in energy delivery and information management.

1.3 No of Employees

Number of employees as at 31.12.2013. - 91

2.1 Summary of Significant Accounting Policies

2.1.1 Basis of Preparation and statement of compliance

The Balance sheet, Income statement, Statement of changes in Equity and Cash flow statement of the Sri Lanka Sustainable Energy Authority (SLSEA) as at 31 December 2013 together with accounting policies and notes have been prepared in compliance with the Sri Lanka Public Sector Accounting Standards.

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



2.1.2 Comparative figures

Comparative figures have been adjusted to conform to the changes in presentation in the current financial year.

2.2.1 - Accounting for Government Grants and Disclosure of Government Assistance.

Government grants are divided into two categories as capital grant and recurrent grant. Recurrent grant is used to meet the expenses such as salaries of the staff, building rent etc. Capital grant is used to meet project/program expenses and purchase of fixed assets. As the project expenses comprises recurrent and capital expenses both are incurred from the capital grant.

Government capital grants are considered as deferred income which is recognized as income on a systematic and rational basis over the useful life of the asset.

Grants related to recurrent project/program expenditure are presented as a credit in the income statement, under the heading capital grant for project expenses.

2.2. Accounting for long –term Investments.

Investments are made in Govt. Treasury Bills and Fixed Deposits at National Savings Bank and stated at cost.

2.2.3- Revenue recognition

Revenue represents Energy permit fees, sale of electricity, Training course fees, income from Vidulka exhibition, hiring of instruments and other income.

Interest from Sustainable Guarantee Fund has been treated as income. While part of it has been re invested part has been utilized to meet the cost of maintaining /earning the income to the 2 funds.

2.2.4 Contingent Liabilities and Contingent Assets

As per the cabinet decision dated 31 March 2008 the SL SEA has to pay the Ceylon Electricity Board an estimated Rs. 897 million for purchase of electricity from non conventional renewable energy producers. The SL SEA currently has no means of making this payment, unless funds are granted by the treasury or from earnings through CESS, royalties etc ,These are subject to the approval of the General Treasury. Therefore this is disclosed only as a contingent liability.



2.3.1 Cost and valuation

Fixed Assets is stated at cost less accumulated depreciation. The provision of depreciation for fixed assets is calculated by using straight line method.

2.3.2 Depreciation

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

Depreciation for a month is shown below:

<u>Item</u>	<u>Rate of Depreciation</u>
Furniture & Office Equipment	25%
Motor Vehicles	20%
Photocopier	25%
Computers	33.33%
Electrical Goods	25%
Library Book	20%
Energy Instruments	33.33%
Exhibition Equipments	25%
Wind towers	20%
Building& structures	5%
<u>Solar Power Projects:</u>	
A. SolarPanels	5%
B. Steel Structure	10%
C. Building	5%
D. Switch gear	20%
E. Inverters	20%
F. Transformers	5%
G. Power Electronics	33.33%
I. Sanitary& Plumbing	5%
J. Cables	20%
K. Furniture Fittings equipment.	25% 33%
L. Tools	20%
M. Machinery	20%
H. Other	



2.3 Property, Plant and Equipment

2.4 Liabilities and provisions

2.4.1 Gratuity

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

2.4.2 EPF & ETF

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

2.4.5 Approval of the board

These financial statements have been approved by the board of management of the Authority on 30/12/2014.



Note 3 :
Property, Plant & Equipment

Fixed Assets

Description	Balance as at 31.12.2012. Rs.	Acquisition during the period 2013	Balance as at 31.12.2013. Rs.
Furniture & office equipment	11,590,111	2,271,385	13,861,495
Motor vehicles	45,811,750	204,800	46,016,550
Photocopier	1,963,791	1,030,400	2,994,191
Computers	25,430,487	3,742,082	29,172,570
Electrical Goods	218,468	61,792	280,260
Library Book	453,352	(0)	453,352
Energy Instruments	76,887,347	3,182,088	80,069,435
Wind towers and Instruments	28,644,898	16,970,253	45,615,151
Solar & Mini Hydro projects:		-	
A. Solar Panels	655,143,926	3,904,422	659,048,348
B. Steel Structure	222,261,738	0	222,261,738
C. Building	123,667,779	3,391,838	127,059,617
D. Switch gear	13,973,767	-	13,973,767
E. Inverters	78,637,410	-	78,637,410
F. Transformers	45,753,626	-	45,753,626
G. Power Electronics	25,473,252	5,784,688	31,257,940
I. Sanitary & Plumbing	166,360,476	113,424	166,473,900
J. Cables	100,224,571	-	100,224,571
K. Furniture Fittings & Office Equip.	2,964,429	50,155	3,014,584
L. Tools	13,977,290	-	13,977,290
M. Machinery	4,001,375	-	4,001,375
H. Other	59,891,677	147,987	60,039,664
		-	
Exhibition Equipments	354,853	0	354,853
	1,703,686,373	40,855,315	1,744,541,687

Depreciation Account

Description	Rate of Dep. %	Balance as at 31.12.2012. Rs.	Depreciation for the year 2013 Rs.	Balance as at 31.12.2013. Rs.	Net book Value as at 31.12.2013Rs.
Furniture & office equipment	25	10,037,147	1,176,175	11,213,322	2,648,173
Motor vehicles	20	39,937,573	5,741,771	45,679,344	337,206
Photocopier	25	1,370,979	1,598,473	2,969,452	24,739
Computers	33.33	17,406,918	3,054,716	20,461,634	8,710,935
Electrical Goods	25	218,468	7,073	225,541	54,719
Library Book	20	387,224	24,953	412,177	41,175
Energy Instruments	33.33	66,091,712	11,379,385	77,471,097	2,598,338
Wind towers and Instruments	20	11,562,529	7,781,052	19,343,581	26,271,570
Solar & Mini Hydro projects:				-	-
A. Solar Panels	5	49,811,143	32,944,499	82,755,642	576,292,706
B. Steel Structure	10	32,181,018	22,226,174	54,407,192	167,854,546
C. Building	5	9,435,385	6,184,571	15,619,956	111,439,661
D. Switch gear	20	5,398,085	2,794,753	8,192,838	5,780,929
E. Inverters	20	24,373,852	15,727,482	40,101,334	38,536,076
F. Transformers	5	3,373,096	2,287,681	5,660,777	40,092,849
G. Power Electronics	33.33	10,612,689	9,330,832	19,943,521	11,314,419
I. Sanitary & Plumbing	5	11,804,757	8,320,494	20,125,251	146,348,649
J. Cables	20	28,624,755	20,044,914	48,669,669	51,554,902
K. Furniture Fittings & Office Equip.	25	1,051,763	741,142	1,792,905	1,221,679
L. Tools	33.33	6,611,139	4,658,631	11,269,770	2,707,520
M. Machinery	20	188,705	800,275	988,980	3,012,395
H. Other	20	16,943,135	12,003,986	28,947,121	31,092,543
				-	-
Exhibition Equipments	25	350,791	7,500	353,725	1,128
		347,772,865	168,836,532	516,604,830	1,227,936,857



Note 4 : Work In Progress

	31.12.2013	31.12.2012
Renewable Energy Assessment	2,377,000	2,377,000
Hambantota solar park	4,332,591	3,517,591
Indurana mini hydro project	352,608	1,656,644
Balangoda wind tower	-	-
Refrigerato testing equipment	42,104,027	
WIP New Theater production	295,500	
	49,461,726	7,551,235

Note 5 : Investments**Fixed Deposits (Deposited in National Savings Bank, Borella)**

Date of Investment	Date of maturity	Rate of investment	Deposit Reg. No.	Deposit as at 31.12.2013.	Deposit as at 31.12.2012.
21.09.2011.			2-0061-05-10246		-
21.09.2011.			2-0061-05-10238		-
21.09.2011.			2-0061-05-10220		-
21.09.2011.			2-0061-05-10360		-
21.09.2011.			2-0061-05-10394		-
21.09.2011.			2-0061-05-10467		-
21.09.2011.			2-0061-05-10459		-
21.09.2011.	21.09.2014	10.5%	2-0061-05-10416	1,200,000	1,200,000
21.09.2011.	21.09.2014	10.5%	2-0061-05-10432	1,200,000	1,200,000
21.09.2011.	21.09.2014	10.5%	2-0061-05-10408	1,200,000	1,200,000
21.09.2011.	21.09.2014	10.5%	2-0061-05-10343	1,200,000	1,200,000
21.09.2011.	21.09.2014	10.5%	2-0061-05-10335	1,200,000	1,200,000
21.09.2011.	21.09.2014	10.5%	2-0061-05-10378	1,200,000	1,200,000
21.09.2011.	21.09.2014	10.5%	2-0061-05-10386	1,200,000	1,200,000
21.09.2011.	21.09.2014	10.5%	2-0061-05-10327	1,200,000	1,200,000
21.09.2011.	21.09.2014	10.5%	2-0061-05-10319	1,200,000	1,200,000
21.09.2011.	21.09.2014	10.5%	2-0061-05-10297	1,200,000	1,200,000
21.09.2011.	21.09.2014	10.5%	2-0061-05-10289	1,200,000	1,200,000
21.09.2011.	21.09.2014	10.5%	2-0061-05-102262	1,200,000	1,200,000
21.09.2011.	21.09.2014	10.5%	2-0061-05-10254	1,200,000	1,200,000
25.09.2011.	25.09.2014	10.5%	2-0061-04-12376	450,000	450,000
05.10.2011.	05.10.2014	10.0%	2-0061-03-09834	2,800,000	2,800,000
				18,850,000	18,850,000

Treasury Bills- Invested in People's Bank, Head Quarters

Date of Investment	Date of maturity	Rate of investment	Deposit Reg. No.	Deposit as at 31.12.2013.	Deposit as at 31.12.2012.
18.01.2011.	17.01.2014	10.85%	LKB00615C156	12,489,626	12,489,626
09.07.2011.	11.07.2014	10.25%	LKB00314J011	27,188,469	24,167,528
				39,678,095	36,657,154

Total Amount

58,528,095	55,507,154
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Note 6 - Receivables

Receivable interest on Fixed Deposits

Date of Investment	Date of maturity	Rate of investment	Deposit as at 31.12.2013	Receivable for 2013 Rs.	Receivable for 2012 Rs.
21.09.2011.					
21.09.2011.					
21.09.2011.					
21.09.2011.					
21.09.2011.					
21.09.2011.					
21.09.2011.					
21.09.2011.	21.09.2013	10.5%	1,200,000	33,000	43,275
21.09.2011.	21.09.2013	10.5%	1,200,000	33,000	43,275
21.09.2011.	21.09.2013	10.5%	1,200,000	33,000	43,275
21.09.2011.	21.09.2013	10.5%	1,200,000	33,000	43,275
21.09.2011.	21.09.2013	10.5%	1,200,000	33,000	43,275
21.09.2011.	21.09.2013	10.5%	1,200,000	33,000	43,275
21.09.2011.	21.09.2013	10.5%	1,200,000	33,000	43,275
21.09.2011.	21.09.2013	10.5%	1,200,000	33,000	43,275
21.09.2011.	21.09.2013	10.5%	1,200,000	33,000	43,275
21.09.2011.	21.09.2013	10.5%	1,200,000	33,000	43,275
21.09.2011.	21.09.2013	10.5%	1,200,000	33,000	43,275
21.09.2011.	21.09.2013	10.5%	1,200,000	33,000	43,275
21.09.2011.	21.09.2013	10.5%	1,200,000	33,000	43,275
21.09.2011.	21.09.2013	10.5%	1,200,000	33,000	43,275
25.09.2011.	25.09.2013	10.0%	450,000	11,875	16,228
05.10.2011.	05.10.2013	10.0%	2,800,000	66,111	100,975
			18,850,000	506,986	679,777

Receivable interest on Treasury Bills

Date of Investment	Date of maturity	Rate of investment	Deposit as at 31.12.2013	Receivable for 2013	Receivable for 2012
18.01.2011.	17.01.2013.	10.85%	12,489,626	1,309,954	1,050,908
09.07.2011.	11.07.2013	10.25%	27,188,469	1,315,997	1,448,396
			39,678,095	2,625,951	2,499,304



Receivable Income-Energy Instrument Hiring

	31.12.213	31.12.2012.
Barndes Finishing Ltd. - 2005	4,850	4,850
BMI Holding (Pvt.) Ltd-2005	7,200	7,200
Hayleys Industrial Solutions -2005	500	500
Enerfab (Pvt) Ltd-2006	3,750	3,750
Access Energy Solutions	500	500
Access Energy Solutions	500	500
Brandix	2,650	2,650
DIMO	1,600	1,600
Energy Solve Int.	5,750	5,750
National Cleaner Production center	750	750
MAS Active	2,400	2,400
Engineering Design center	5,000	5,000
Glide (Pvt) Ltd	150	150
SLEMA	250	250
	<hr/>	<hr/>
	35,850	35,850
Recivable -Vidulka income	374,675	472,175
Power generation -Indurana	-	80,270
Training program		
Power generation -hambanrthota	2,812,500	8,682,425
Prior year adjustment		
Recivable employees	2,138	
VAT Credit from Dept of Inland revenu	4,702,660	
Peoples Travel Pvt Ltd	95,550	
	<hr/>	<hr/>
	8,023,373	9,270,720
Total Amount	<hr/>	<hr/>
	11,202,454	12,449,801



Note 7: Other current assets**Advances**

CFL loan	-	194,673
Recivable from Energy Fund TO Fund of Authority		7,269,950
Recivable from Fund of authority to Energy Fund	7,444,270	
Borrowed by Ministry of Power & Energy		8,000,000
Receivable from CEB		
Festival Advance		
Medical Insurance	500	500
Advance A/C	98,500	
National Water Resources Board		
Advance Deposit fuel ect	136,500	136,500
Special Advance		
Distress loan		
Hambantota - CEB deposit	52,000	52,000
Indurana- CEB Deposit	62,500	62,500
Telephone Deposit	8,775	8,775
Telephone Deposit - Mobitel	2,000	
Deposit SWRDB National Memorial fund	38,886	240,000
Advance employee training programmes	187,450	80,000
Advances for programes	137,333	161,185
Deposit -Hambanthota hostel rent	132,000	
Advance deposit- Spring Water Pvt ltd.,	3,500	
	8,304,214	16,206,083

Revolving Fund

Distress loan	7,288,521	7,314,344
Special Advance	5,000	500
Festival Advance	80,489	72,489
	7,374,010	7,387,332
	15,678,223	23,593,415

Note 8: Cash and cash equivalents

National Savings Bank-Borella	207,151,805	149,942,180
People's Bank-SEA-078-1-001-8-8-503576	12,387,146	5,798,073
People's Bank-SEA-078-1-002-7-8-503576	4,578,684	3,082,245
Bank of Ceylon-Trington - Revolving fund	1,463,745	1,136,228
Bank of Ceylon-Trington - fund of authority	44,211,447	
	269,792,827	159,958,726

Note 9 : Accumulated fund

Accumulated fund of Energy Conservation Fund (ECF) as at 30 September 2007 transferred to Sri Lanka Sustainable Energy Authority (SLSEA) on 1 October 2007. It consists the following :

Accumulated fund as at 30 September 2007	7,076,392	61,244,579
Initial Capital	5,000,000	5,000,000
Capital Grant - Ministry of Power And Energy	5,761,145	5,761,145
Capital Grant UNDP	3,612,560	3,612,560
Donor Grant - Food & Agriculture Organisation	650,239	650,239
Sustainable Gurantee Fund		
Total	22,100,336	76,268,523



	2013	2012
Note 10: Deferred Grant		
Capital Grant 2008	33,687,060	33,687,060
Capital Grant 2009	11,705,408	11,705,408
Foreign Grant 2009-Japanese	24,165,380	24,165,380
Capital Grant 2010-Hambantota solar park (WIP)	46,693,991	46,693,991
-Unamortised capital grant	10,563,444	10,563,444
Foreign Grant 2010-Japanese	11,419,569	11,419,569
Capital Grant 2011-Indurana mini hydro project (WIP)	15,523,945	15,523,945
-Unamortised capital grant-Indurana MHP	68,548,216	68,548,216
Foreign Grant 2011-Japanese	1,155,016,402	1,155,016,402
- Korean	191,097,075	191,097,075
Deffered grant -Foreign aid -2012 -ADB	15,082,346	15,082,346
Treasury capital grant-2012	23,497,861	23,497,861
Differed Grant -ADB- 2013	40,560,683	
Differed Grant -KOIKA- 2013	35,662	
Treasury capital grant/FARDF -2013	41,873,961	
Less:		
-Depreciation-2013	(168,836,532)	
-Depreciation-2012	(161,433,593)	(161,433,593)
-Depreciation-2011	(63,289,946)	(63,289,946)
-Depreciation for previous years	(26,218,020)	(26,218,020)
	<u>1,269,692,912</u>	<u>1,356,059,138</u>

Note 11:

Sri Lanka Sustainable Energy Fund

RE income	193,172,615	130,426,630
Instrument hiring and energy auditing	12,284,781	10,769,803
Interest on Savings A/C - NSB	15,725,222	7,026,063
Withdrawal for awareness thru mass media programes	(6,000,000)	(6,000,000)
	<u>215,182,618</u>	<u>142,222,496</u>

Note 12: Other Payables

Sustainable Energy Fund	7,444,270	
Payable to Fund of the Authority		7,269,950
Sustainable energy gurantee fund	-	
Switch Asia control A/C	4,548,176	3,051,737
Ministry of Power and Energy	500	500
Accrued expenses	23,208,177	29,294,019
Creditors		
Renewable Energy-E Net Solutions (Private) Ltd.	1,667,500	1,667,500
Acquisition of Energy Instruments		
- E-Net Solutions (Pvt.) Ltd	326,025	326,025
Retention	519,392	3,634,360
Retention	-	
Narahenpita Jathika Pola	99,405	99,405



Sundry creditor

Sri Lanka Custom	310,748	310,748
Welfare Society SEA	442	442
Sundry payable		984,269

Refundable deposits:

E-Net solutions (Pvt) Ltd	10,000	10,000
ENL Consultant	150,000	150,000
E-Net solutions (Pvt) Ltd		
Zigma Technologies	10,000	10,000
Renco Renewable Energy Co. (Pvt.) Ltd	30,000	30,000
Gamini Senannayake		-
vidulka exhibition	9,256	9,256
vehicle diposal tender	8,000	156,000
Ceylon petrolium	54,000	54,000
	38,395,891	47,058,212



	31.12.2013.	31.12.2012.
Note 13 : Capital grant for project expenses		
Capital grant received from Treasury	43,600,000	61,000,000
Transfer payments under FR 295 (1)	-	
FASRDF -2013	2,282,000	
Less:		
Hambantota Solar Park	-	-
Work in progress	8,457,133	10,867,523
Capital assets acquired during the current year	33,416,828	12,630,338
	4,008,039	37,502,139
Note 14 : Amortized deferred grant		
Depreciation for current year	168,836,532	161,433,593
Depreciation for previous years		
	168,836,532	161,433,593
Note 15 : Other Income		
Energy permit fees	39,075,970	30,269,950
Interest on Fixed deposits and Treasury bills	3,409,193	5,782,567
SAARC Energy centre		528,917
Distress loan interest	296,166	294,114
Special advance interest	2,953	2,293
Income from power generation-Hambanthota	32,700,680	37,278,565
Income from power generation-Indurana	2,403,238	80,270
Vidulka exhibition (sponsorship)	2,750,000	9,707,415
Vidulka exhibition (stalls)	2,925,801	
Switch Asia programme		-
accreditation of energy managers	2,509,200	1,639,300
Other Income	2,628,936	269,692
Income from energy fund		6,000,000
Regional centre for lighting	16,200	6,995,311
Prior year adjustment		
Transferred from Energy fund for Vat payment	3,932,740	
Value added tax on taxable income	8,255,905	
	100,906,982	98,848,394
Note 16 : Project Expenses		
Renewable Energy		
Hydrogen from surplus wind potential - transport application		
Development of Electric Vehicle Technology	12,990	680
Biogas generation from market garbage demonstration project	294,899	5,738
Preparation of bio-fuel standards		
Promotion of efficient wood stoves		228,285
Develop a small scale WECS suits to complex terrain in Sri Lanka		
Creating a suitable mechanism for data vending		
Assist pvt sector in developing CDM documents		



	31.12.2013.	31.12.2012.
Develop a comprehensive wind data base embracing all historical and existing wind measuring stations		
Develop renewable energy resource maps for each resource type & Report on estimated RE potential	402,231	1,460,244
Determine the optimum penetration level of RE		
Encourage energy plantations & set up 1 bio mass zone		1,165
Establish 10 long term wind/Solar measuring stations ,establish 3 wind measuring stations in Northern SL, Initiate wave energy resource assessment.	1,437,640	414,647
Amendments to the Regulations to fully utilize the potential of a given resource site		15,755
Establish a fully fledged energy park for grid connected solar power generation	8,290,344	7,102,263
Establish a fully fledged energy park for grid connected 100 MW wind farm	900	150,580
Ratify the already proposed new methodology for project approval process as depicted in the presidential task force report	126,000	67,256
Engage other relevant Institutions to promote the development of NCRE industry as a national priority	243,997	
Allocation of renewable energy resources	652,056	
Energy sector investment promotion (pvt) sector facilitation	1,268,635	
Engage other relevant institutions to promote the development of NCRE industry as a national priority		933,034
Establish a primary contact within the SEA to offer services with regard to land issues		489,092
Resolution of project approval related issues		
Allocation of renewable energy resources		1,031,084
Dispute resolution		
Energy sector investment promotion of RE projects		
Energy sector investment promotion (pvt sector facilitation) realizing the full economic potential in hydro power in GIS countries		186,623
Identify potential areas for off-grid applications and resource options available for such areas		8,925
Electrify 10 villages using off grid electrification option	1,383,733	6,545,905
Progress monitoring & impact assessment of post installation of RE projects at selected locations	32,256	7,990
Sri Lanka Energy balance	1,407,068	1,554,677
Sustainable power sector support projects	270,008	
Clean energy & network efficiency improvement project	71,110	
	15,893,866	20,203,943
Energy Management		
Measures for Systematic Energy Management Approaches in Bulk Energy Consuming Organizations		1,554,199
Energy Labeling Programme		207,661
Establishment of Laboratory facility (Through ADB Assistance)		
Incorporation of the Code into the UDA building approval process, reference manuals and review of the code		19,800
establishment of motor testing facilities		250,700
Sector specific programmes		57,965



Establishment of E2 shop		
Establishment of E2 zones		
Street Lamp code		
Instrument Bank		63,170
Energy auditing in government sector institutions		31,514
Strengthening ESCO's		671,904
Energy efficiency improvement facility		
Introduction of policy guide lines		
Develop a transport energy policy/fuel economy standards		57,510
Awareness programmes through media		5,325,141
Vidulka Energy Week		9,554,421
Dayata Kirula		2,267,449
Printing and Publication		3,533,181
Sri Lanka National Energy Efficiency Award		3,767,879
Training programme for school children and office staff		2,434,820
Introduction of Co-generation		
Maintenance of web site		74,361
Establishment of bench marks		482,000
Study on tri generation thermal storage & establishment of data base on equipment		1,120
Establishment of E2 shop		67,012
Establishment of E2 zone		889
Repair & maintenance of wind instruments		124,856
Regional Centre for Lighting		11,721,628
Establishment of energy management cells	1,599,685	
Introduction of standards & regulations	2,399,567	
providing advisory & counselling services	442,164	
Rewarding of achievements	983,021	
Promoting ISO 5001	67,000	
Carrying out reserch & development	1,392,418	
Establishment of pilot project for future replication	10,575	
Introdusing market based instruments	-	
Secure funds	-	
	6,894,429	42,269,180
Knowledge Management		
Vidulka Energy Exhibition	6,096,665	
Energy symposium	150,987	
Sri Lanka National Energy Efficiency award	4,000,000	
Event Branding	5,227,809	
Awareness thru electronic & print media	1,186,055	
Education & awareness for school children	1,663,694	
Education & awareness for public & corporate sector	335,809	
Education & awareness for general public	2,542,808	
Development of educational & promotional tools	989,267	
Biogas Generation	286,691	
Other programs	690	
	22,480,475	
	45,268,770	62,473,123



Recurrent Expenses

Note 17 : Salaries and allowances

Salaries for staff	29,666,211	33,474,859
Cost of living allowance	7,183,345	5,986,013
Allowances for staff	4,410,459	
E.P.F. 12%	4,631,189	4,233,838
E.T.F. 3 %	1,192,542	1,047,061
Overtime & Holiday Pay	3,188,743	2,790,044
Gratuity	1,062,527	860,127
Compensation payment un utilized leave	1,038,886	
	<u>52,373,903</u>	<u>48,391,942</u>



	31.12.2013.	31.12.2012.
Note 18 : Travelling & Subsistence		
Travelling- Local	765,651	864,889
Travelling- Foreign	1,451,286	551,955
	<u>2,216,937</u>	<u>1,416,843</u>
Note 19 : Supplies		
Printing, Stationary & office requisites	2,483,958	2,247,951
Fuel & Lubricants	5,197,124	4,279,789
Others- News Papers & Miscellaneous Service	123,827	83,236
	<u>7,804,909</u>	<u>6,610,976</u>
Note 20 : Maintenance Expenditure		
Maintenance of Vehicles and Insurance & License fees	5,879,835	5,027,580
Maintenance of Office Equipment	574,478	328,828
	<u>6,454,313</u>	<u>5,356,408</u>
Note 21 : Contract Service		
Office Rents and hire charges	19,896,097	17,467,060
Postal and Telecommunication charges	2,402,832	1,858,127
transport	218,901	57,630
Audit fees	600,000	350,000
	<u>23,117,830</u>	<u>19,732,818</u>
Note 22: Depreciation Expenses		
Furniture & office equipment	1,176,175	1,406,196
Motor vehicles	5,741,771	7,236,969
Photocopier	1,598,473	312,465
Computers	3,054,716	3,140,658
Electrical Goods	7,073	683
Library Book	24,953	28,413
Energy Instruments	11,379,385	10,380,701
Wind towers and Instruments	7,781,052	5,446,151
Hambantota Energy park	138,065,434	133,466,606
Exhibition Equipments	7,500	14,272
	<u>168,836,532</u>	<u>161,433,114</u>
Note 23 : Other Recurrent Expenses		
Office & other miscellaneous Expenses	988,577	3,036,643
Translation Fees	46,486	65,406
Allowances for Board Members	452,000	718,000
Refreshment Charges	886,708	339,630
Local Training Program	514,702	482,558
Bank charges	2,307	
Vidulka and public awareness	469,237	
National Building tax (NBT)	309,356	
	<u>3,669,374</u>	<u>4,642,237</u>





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கணக்காய்வாளர் தலைமை அநிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல.
My No.

EH/SLSEA/FA/2013

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

May 2015

The Chairman
Sri Lanka Sustainable Energy Authority

Report of the Auditor General on the Financial Statements of the Sri Lanka Sustainable Energy Authority for the year ended 31 December 2013 in terms of Section 14(2)(c) of the Finance Act, No. 38 of 1971

The audit of the financial statements of the Sri Lanka Sustainable Energy Authority (SLSEA) for the year ended 31 December 2013 comprising the statements of financial position as at 31 December 2013 and the statements of income, statements of changes in equity and statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 50(3) of the Sri Lanka Sustainable Energy Authority Act, No. 35 of 2007 and Section 13(1) of the Finance Act, No 38 of 1971. My comments and observations, which I consider should be published with the Annual Report of the Authority in terms of Section 14(2) (c) of the Finance Act, appear in this report. A detailed report in terms of Section 13(7) (a) of the Finance Act will be issued to the Chairman of the Authority in due course.

1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.



1.3 **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Standards of Supreme Audit Institutions (ISSAI 1000 -1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgments, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

1.4 **Basis for Qualified Opinion**

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

2. **Financial Statements**

2.1 **Qualified Opinion**

In my opinion, except for the effect of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Sri Lanka Sustainable Energy Authority as at 31 December 2013 and its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.





2.2 Comments on Financial Statements

2.2.1 Accounting Deficiencies

The following observations are made.

- (a) A land with extend of 50 acres acquired from the Mahawali Authority and the buildings constructed therein for Hambantota Solar Park Project had not been valued and brought to the financial statements even in the year under review.
- (b) The fully damaged wind tower had not been removed from the fixed asset and as a result, the property plant and equipment shown in the financial statements as at 31 December 2013 had been overstated by Rs. 2,377,000.
- (c) According to the financial statements income from power generation – Hambantota had been Rs. 36,355,017. However, according to the sale invoices, it was Rs.44,153,180 thus, the income and receivables shown in the financial statements as at 31 December 2013 had been understated by Rs 7,798,163.
- (d) Although the audited financial statements of the previous year had been restated, it not been disclosed in the financial statements of the year under review in terms of Sri Lanka Public Sector Accounting Standards 3 – Accounting Policies, Changes in Accounting Estimates and Errors.

2.2.2 Accounts Receivable and Payable

Age analysis had not been prepared in respect of receivables and payables amounting to Rs. 15,872,896 and Rs. 37,698,530 respectively shown in financial statements. Further, confirmations for those balances as at 31 December 2013 had not been called for. Therefore, the accuracy and the reliability of these balances could not be ascertained in audit.

2.2.3 Unreconciled Differences

The following observations are made.

- (a) A difference of Rs. 13,624,445 was observed between the property, plant and equipment shown in the financial statements and the detailed schedule furnished to audit.





- (b) The balance of Sustainable Energy Fund and Sustainable Energy Guarantee Fund had not been tallied with the respective investments and the differences of Rs. 8,030,813 and 8,000,000 were observed between those two figures respectively.

2.3 **Non-compliances with Laws, Rules and Regulations**

Instances of non-compliances observed in audit are given below.

Reference to Laws, Rules and Regulations etc.	Non-compliance
(a) <u>Finance Act, No. 38 of the 1971</u>	
(i) Section 8(1)	The budget of the Authority for the year 2013 which was required to be approved by the Board of Directors before 30 September 2012 had been approved only on 16 January 2013.
(ii) Section 14(1)	Annual draft report of the Authority had not been submitted to the Auditor General along with the financial statements for the year under review.
(b) <u>Treasury Circulars</u>	
(i) Circular No. 842 of 19 December 1978	A fixed assets register as per the Circular instruction had not been maintained.
(ii) Circular No. IAI/2002/02 of 28 November 2002	A register for computer hardware and software had not been maintained.
(d) Financial Regulation 396	Prompt action had not been taken for outstanding cheques valued at Rs. 459,910.



3 Financial Review

3.1 Financial Results

According to the financial statements presented, the operation of the Authority for the year under review had resulted in a surplus of Rs. 44,490,201 as compared with the corresponding surplus of Rs. 20,906,665 for the preceding year, thus indicating an improvement of Rs. 23,583,536 in the financial results. The increase of recurrent grant, energy permit fees and income from power generation (Indurana) by 51,503,137 were mainly attributed for this improvement.

3.2 Operating Inefficiencies

3.2.1 Development of Three Prototype Electric Vehicles

As pointed out in my previous year audit report, a sum of Rs. 7.888 million or 87.66 per cent of the agreed price had been paid as at 31 December 2009 to develop three prototype electric vehicles within 18 months from the date of 28 September 2007. It was observed that the developer had failed to complete even a single vehicle up to the date of audit inspection in May 2014, even though the project period had been dragged for nearly five years excessively without formal time extension.

3.2.2 Supply, Fabrication, Installation and Commission of Ten Wind Measuring Masts

The following positions reported in my previous audit reports had remained unchanged even the end of May 2014.

- (a) It was observed that the physical performance of wind measuring data collection was remained around 51 per cent level. Therefore, the Authority could not able to achieve the expected objectives such as identify the sites for establishing the Wind Measuring Masts, collection of measuring data of wind and reporting those data etc. from the establishment of Wind Measuring Masts.
- (b) It was observed that the cost incurred to install the Tower in Nadukuda amounting to Rs. 2,377,000 become fruitless expenditure due to the Tower installed was not in the required standards.





3.2.3 Switch – Asia Programme

As pointed out in my previous year audit report, a sum of Rs. 3,135,202 out of Rs. 7,334,354 received under Switch Asia Programme had been paid to all officers of the Authority as professional allowance during the years 2010 and 2011 in contrary to the provisions in the Public Enterprises Circular No. 95 of 04 June 1994 and Public Finance Circular No. PF/PE/5 of 11 January 2000.

The Secretary to the Ministry of Power and Energy had instructed the Chairman of the Authority by his letter No. PE/IA/22/vol. II dated 03 December 2012 to recover this payment from all officers or from the Chairman of the Authority. However meaningful actions had not been taken to recover this unauthorized payment even up to the date of audit inspection on 26 May 2014.

3.3 Human Resources Management (HRM)

Proper personal management was not in operation within the Authority and the present recruitment procedure of the Authority had not been approved by the Department of Management Services.

3.4 Transactions of a Contentious Nature

Interest income amounting to Rs. 39,618,010 received during the period from 2008 to 2013 on the investments of money of the Sri Lanka Sustainable Energy Fund and Sri Lanka Sustainable Guarantee Fund had been utilized by the Authority without being remitted to the relevant Funds.

3.5 Unauthorized Payments

The Authority had encashed the employees a sum of Rs. 1,038,866 for unutilized leave without proper authority from the Department of Management Services and Salaries and Carder Commission.

3.6 Unsettled Foreign Advances

A Director of the Authority had obtained two advances amounting to Rs. 15,880 and Rs.116,991 for purchase of warm cloths to attend a foreign training program. However, those advances had not been settled even at the date of audit inspection on 26 May 2014.





4 Accountability and Good Governance

4.1 Budgetary Control

Significant variances were observed between the budgeted and the actual income and expenditure for the year under review, thus indicating that the budget had not been made use of as an effective instrument of financial management control.

5 Systems and Controls

Deficiencies observed in systems and controls during the course of audit were brought to the notice of the Chairman of the Authority in time to time. Special attention is needed in respect of the following areas of control.

- (a) Budgetary Control
- (b) Assets Management
- (c) Accounting
- (d) Implementation of Projects
- (e) Human Resources Management
- (f) Payment Procedure

W.P.C. Wickramaratne
Acting Auditor General



My No: SEA/IA/CH/14/02

2015.01.20

Auditor General

Auditor General's Department

No. 306/72

Polduwa Road

Battaramulla.

Dear Sir,

Auditor General's Report on the financial statements for the year ended at 31st December 2013 of the Sri Lanka Sustainable Energy Authority, in terms of the section 14(2) (c) of the Finance Act No. 38 of 1971

The replies on the said report are submitted herewith.

Prasad Galhena

Chairman

Sri Lanka Sustainable Energy Authority

Copies: 01. Mr. R.M. Ratnayake - Assistant Auditor General, Auditor General's Department.

2. 2 Comments on Financial Statements

2.2.1 Accounting Deficiencies

- (a) Having obtained the cabinet approval SLSEA has initiated the acquisition process and now we are waiting for the land deed from Mahaweli Authority. Action will be taken to secure valuation and include its correct value in the assets register in immediately after receiving the deed. Below the 2013 balance sheet this was quoted as a foot note and the correct value will be mentioned in the accounts when receive the real amount of the land valuation.
- (b) F.R. 104 application with relevant documents have been submitted to the ministry reporting this loss and action to write off will be taken after receiving the F.R. 109 approval.
- (c) This discrepancy between the cash book balance and balance of the final accounts has happened due to some entries subsequently corrected in the cash book after forwarding the draft accounts. considering the audit query now this difference of entries have been rectified and correct figures are stated in the final statements.
- (d) Investment of Sri Lanka Sustainable Guarantee Fund has been shown separately in 2013 final accounts in line with the other related investments.
- (e) Understated Property plant and equipment pointed out by your audit observation is due to the amount transferred from WIP. These amounts included in WIP have not been taken as assets acquired during the year.
- (f) These unidentified deposits are receivings directly deposited to our bank account by our customers. Most of them have now been identified and brought into the account.
- (g) We have already taken action to rectify the error and CFL loan balance is now shown correctly in the final accounts for 2013.
- (h) This observation of auditor is correct and accepted. This Rs 6.9 Mn of capital grant has been erroneously mentioned under recurrent grant. But this has now been rectified in the final accounts for 2013.
- (i) This has been explained under (e) above.
- (j) Motor vehicle security system (GPS) is considered as rehabilitation and an improvement of capital assets which considered as capital expenditure.



- (k) Depreciation for Solar Panels & Energy Instruments has now been rectified. The difference in computers is not related to a purchase during the year.
- (l) The financial statement figure is the net balance of these deposits of land acquisitions. The reason for the discrepancy in land acquisition amount is that the information obtained by operating division which does not include the subsequent payment made to Divisional Secretariats etc. from the amount deposited by investors.
- (m) The information available in operational division is based on the month in which the power was generated. But the accounting information is keeping correctly based on invoice date by the accounts branch. Hence the discrepancy.

2.2.2 Receivables and Payables

- (a) Action has been taken to prepare an age analysis of receivable payment for year 2013 to be submitted to the auditor.
- (b) Observed Rs. 8 Mn loan to the Ministry has been completely settled to us in 2013 and this transaction has been correctly accounted for the amount relating to the loan from Energy Fund has been rectified in final accounts.

2.2.3 Un reconciled Differences.

- (a) } These differences are occurred due to the entries passed to adjust the accounts for
- (b) } year 2012. These adjustments were made to response to the audit quarries.

2.3 None Compliance with Laws Rules & Regulations

- (a) The budget for the year can be prepared only after receiving the written budget ceilings from the Department of Budget. 2013 budget ceiling was received by the treasury in November 2012. Therefore the budget cannot be prepared and approved 3 months prior to commencement of the year as pointed out in the audit draft report.
- (b) A fixed asset register has been maintained for many years at the SLSEA. The only drawback was maintaining inventory information was not properly categorized. Now action has taken to categorize the item separately and properly maintained the fixed assets register.
- (c) The register for computer hardware / software too is maintained in different sections in the above register maintained for fixed assets.
- (d) Now action has been taken to act according to F.R.396.



3 Financial Review

3.2 Financial Results

Observation of the Auditor general is comprehended.

3.3 Operating Inefficiencies

3.3.2 Development of Three Prototype Electric Vehicles

The developer who undertook the above task managed to complete the chassis assembly and drive train on 25 November 2013 and demonstrated a short test drive. A video clip of this achievement can be viewed at <http://youtu.be/nrYFROJL25c>. The developer is now attending to the work of affixing the body shell to the chassis, at a slow pace, constrained by financial limitations. Legal action was initiated by referring the breach of agreement to the Department of Attorney General and was acknowledged (Ref. C/154/14/SLSEA) by the Attorney General on 30 July 2014.

3.3.2. Supply, Fabrication, Installation and Commission of Ten Wind Measuring Masts

- (a) Above statement is partially correct and the Authority was able to produce 3 wind met-masts data only as at 08th of February 2013. This is due to the fact that some measuring instrument used for wind data campaign had reached their end of operational life time and only 3 wind met-masts could be accessed with remote login facility by the time Auditor General's department visit to the Authority. Even if remote access and data collection were limited to few wind-met masts, regular site visits to observe the actual condition of these wind-met mast and to initiate necessary action, manual data collection had been carried out during past few years. These wind data are available for wind project developers usage apart from the Authority's regional wind resource assessments.

Even though this statement is correct the operational life span of wind met-masts and related equipment in coastal environment are expected as 2-3 years. Thus most of the wind met-masts located in coastal belt of the country have already reached to the end of their expected operational life span. Wind measurement campaigns cannot be continued further unless major refurbishments for these wind met-masts and equipment replacement are performed. Moreover 2 year data are considered to be adequate for Wind Resource Assessment purposes, and the Authority has been able to



collect satisfactory level of wind data for most of these wind met-masts. Furthermore the data which were collected using these met-masts have been used for identifying wind characteristics, distribution, regional wind energy potentials and finally to develop regional wind resource maps. These data have also been used for the development of wind power projects in these regions. Many wind power project development activities have been in progress since 2010 where the total installed wind power capacity stands at 88.45 MW by May, 2014. These wind project developers found these wind met-masts data very useful when their projects were developed.

The Authority's objective through this project is to identify prospective areas for use of wind energy technologies for utility-scale power generation and off-grid wind energy applications and provide wind power project developers with ground level wind data for their project development activities. Therefore the authority has successfully achieved intended objective.

- (b) The tower erected in Nadukuda had been operation for 1 year before this tower was removed to facilitate the erection of new 80m wind met-mast for the ADB programme "Master Plan for Wind Power Development in Mannar District". Previous 50m wind met-mast and related equipment (including stay wires) can be produced for Auditor General's department inspection.

During this one year operation of Authority's wind met-mast, it could be identified that this site was an excellent site for wind power project development. Therefore this wind-met mast was removed and the same location was used for establishing this state-of-the-art 80m wind met-mast for more comprehensive wind measuring campaign (above mentioned programme) under the Ministry of Power and Energy.

The 80m wind met-mast's data have been used for the ADB study to identify regional wind patterns. Detailed wind resource map for Mannar Island and surrounding regions has already been developed under the same program. As a result of this study it has been identified that the region's total wind power project development capacity is 375 MW. It is reported that 100 MW of this estimated potential shall initially be developed as a wind park concept. The Sustainable Energy Authority as the implementation authority for above ADB programme has the access to this new wind met-mast's data and its findings. These data will be used for the wind power project development activities in future.



3.2.3. Land Acquisition for the Renewable Energy Project

According to the section 30 of SLSEA Act, a land required by the Authority for any purpose of the Authority deemed to be a public purpose (including Renewable Energy development), may be acquired under the Land Acquisition Act. Based on past experience, it has been noted that this process needs a minimum 72 week period. Several institutions are involved and acquisition process depends on the contribution of these institutions such as Ministry of Land & Land Development, Ministry of Environment & Renewable Energy, Sri Lanka Sustainable Energy Authority, Relevant Divisional Secretariat Office, Survey Department, Department of Government Printing, Valuation Department, Department of Land Registration, Sri Lanka Police Department, Court of Law, Attorney General's Department etc.

Out of the eleven projects on which money was deposited for acquisition of lands, three were dropped based on the request of developers themselves, as they have purchased the lands from the land owners by them. In another three projects, SLSEA has inquired from the developers whether land acquisition is still required and waiting for their response. The Land Acquisition process of balance projects are in progress.

3.2.4. Switch – Asia Programme

The advice of the Auditor General in this regard was to act according to the instructions given by the Secretary and also to arrive at an amicable solution discussing the matter with the Treasury and the Secretary. Based on that, activities in relation to the matter were taken, and the details are given below.

The way the matter was processed was informed to the Secretary, Ministry of Power & Energy through a letter dated 05.12.2012, and approval from the Treasury was requested through a letter dated 24th January 2013, sent to the Secretary to the Treasury, through Secretary, Ministry of Power & Energy. In subsequence to that, after SLSEA became under the purview of Secretary, Ministry of Environment & Renewable Energy, the letter to the Treasury was sent through that Ministry after obtaining advice from the Secretary to the Ministry. Further a letter dated 02.12.2014 was sent to the COPE secretary through the secretary of Ministry of Environment & Renewable Energy with copies to the Treasury and to The Auditor General by completely explaining the situation.



3.4 Human Resources Management (HRM)

Action will be taken to prepare the Scheme of Recruitment (SOR) immediately after receiving the approval for the cadre from Department of Management Service (DMS).

3.5 Transactions of a Contentious Nature

Some amount of the interest from the Guarantee Fund has to be used by the authority to meet the expenses of SLSEA some amount of the interest from the guarantee fund has to be used by the authority to meet the expenses of SLSEA due insufficient imprest received from the treasury. However this will be re considered by the higher management of SLSEA in future.

3.6 Unauthorized Payments

The payment has been done under the board approval of paper SEA 23 /2013 on the date of 30/07/2013. As per the board direction a request letter was sent to obtain approval from the Department of Management Services and Salaries & Cadre Commission on 29.08.2013. The chairman has given his approval for this payment on the reply letter of DMS received on 30.12.2013. This scheme was introduced mainly with the purpose of motivating employees.

3.7 Unsettled Foreign Advances

As per the financial regulation this advance for warm clothing could be settled by forwarding a letter stating that the amount has been spent on the real purpose. Such a letter has not been produced by the said employee who is no more working in this office. A reminder has already been sent to him to settle this advance.

