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ANNUAL REPORT 2020

ஆண்டறிக்கை

2020

2050 இல்

காபன்

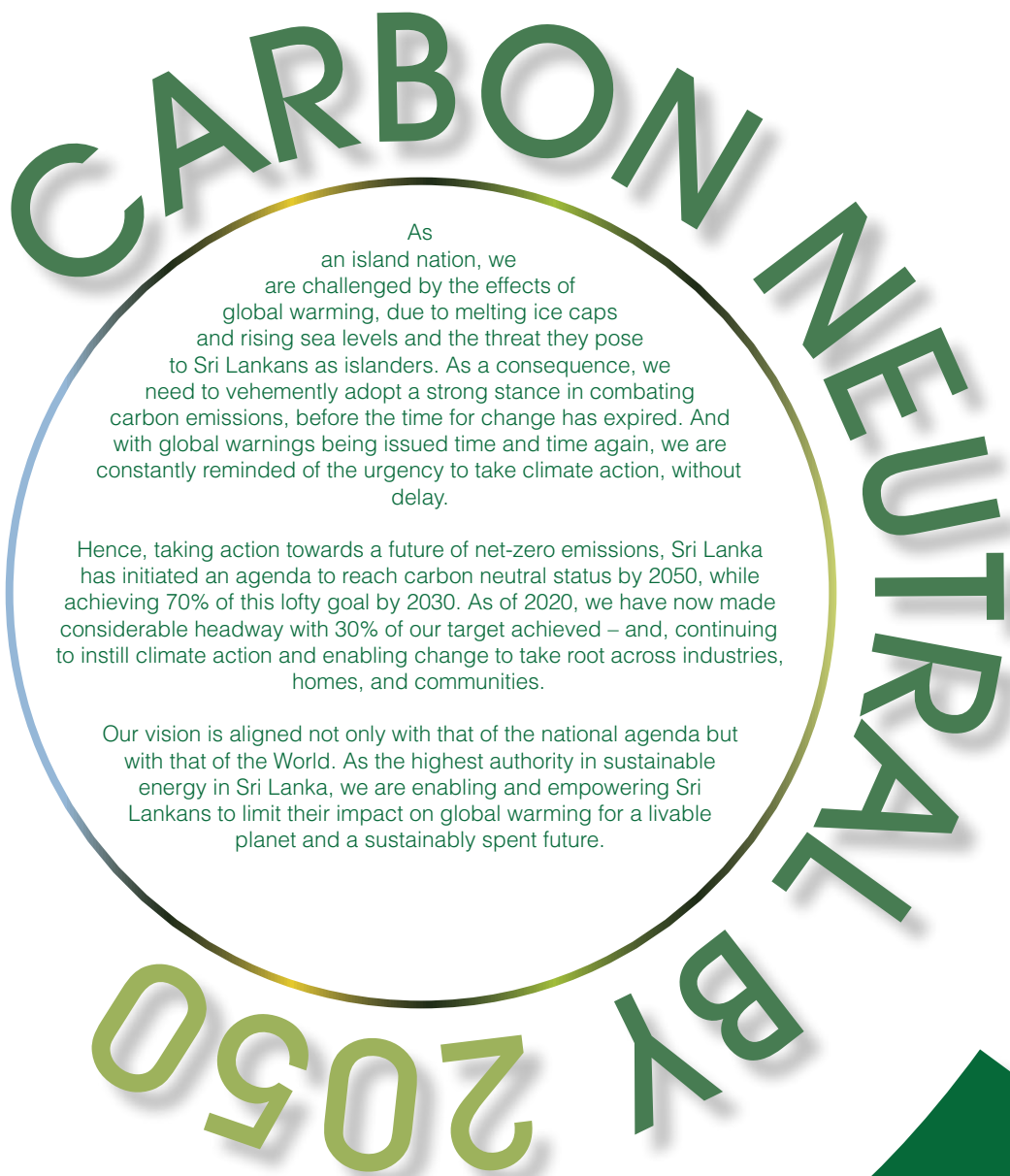
நடுநிலை

2020 වෛර්ෂ වාර්ෂික වාර්ෂික වාර්ෂික වාර්ෂික

CARBON NEUTRAL BY 2050







CARBON NEUTRAL BY 2050

As an island nation, we are challenged by the effects of global warming, due to melting ice caps and rising sea levels and the threat they pose to Sri Lankans as islanders. As a consequence, we need to vehemently adopt a strong stance in combating carbon emissions, before the time for change has expired. And with global warnings being issued time and time again, we are constantly reminded of the urgency to take climate action, without delay.

Hence, taking action towards a future of net-zero emissions, Sri Lanka has initiated an agenda to reach carbon neutral status by 2050, while achieving 70% of this lofty goal by 2030. As of 2020, we have now made considerable headway with 30% of our target achieved – and, continuing to instill climate action and enabling change to take root across industries, homes, and communities.

Our vision is aligned not only with that of the national agenda but with that of the World. As the highest authority in sustainable energy in Sri Lanka, we are enabling and empowering Sri Lankans to limit their impact on global warming for a livable planet and a sustainably spent future.

COMMITMENT



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OUR VISION



**An Energy
Secure
Sri Lanka**



To guide the nation in all its efforts to develop indigenous energy resources and conserve energy resources through exploration, facilitation, research & development and knowledge management in the journey of national development, paving the way for Sri Lanka to gain energy security by protecting natural, human and economic wealth by embracing best sustainability practices.

OUR MISSION



ABOUT US



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



SLSEA is the governing body responsible for pioneering the sustainable energy revolution in Sri Lanka. It was established with the objective of forming a key institution which would drive energy efficiency throughout Sri Lanka and proactively identifying renewable energy resources which could facilitate meeting the energy needs in an effective, efficient and eco-friendly manner. As an organisation handling such a critical area of Sri Lanka's future growth, we aim to facilitate the continuous development of our nation's rich renewable energy resources that includes solar, wind, hydro and bioenergy.

At SLSEA, we strive to drive strategic investments in the energy sector, which will thereby pave the way for Sri Lanka to make transition to cleaner, sustainable and indigenously sourced energy solutions in the future. While aiming to develop our energy sources, we also attempt to facilitate research & development and knowledge transfers that will enable us to develop innovative energy solutions and processes to meet the nation's requirement for sustainable energy.



ABOUT THIS REPORT

We present you the Sri Lanka Sustainable Energy Authority (SLSEA) Annual Report along with the Audited Financial Statements for the year 2020 providing our stakeholders with a comprehensive picture of the organisation and its overall performance during the period.

REPORTING STANDARDS AND PRINCIPLES

The SLSEA confirms that the information disclosed in the Annual Report is in compliance with the statutory requirements, the requirements of the organisation's governing structure and as well as the Audited Financial Statements are in accordance with the Sri Lanka Accounting Standards (SLFRS & LKASs) duly audited by the Auditor General's Department.

SCOPE AND BOUNDARY

A section is allocated in the Annual Report specially to the review of the operations of the organisation. All information presented in this Annual Report is principally connected to its business operations from 1st January 2020 to 31st December 2020.

AUDIT REPORT FROM NATIONAL AUDIT

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ABOUT US





PERFORMANCE HIGHLIGHTS

Renewable Electricity Generation

GWh **1,866** 2020
1,579 - 2019

Cumulative Capacity from Small Hydropower Projects

MW **421** 2020
419 - 2019

Cumulative Capacity from Solar Projects (Ground Mounted)

MW **75** 2020
57 - 2019

Cumulative Capacity from Wind Projects

MW **148** 2020
128 - 2019

Cumulative Capacity from Biomass Projects

MW **53** 2020
43 - 2019

Cumulative No. of Solar Rooftops Connected to National Grid

No. **31,165** 2020
24,696 - 2019

Energy Saving from Efficient Appliances

GWh **780** 2020
738 - 2019

Cumulative Capacity from Solar Rooftop Projects

MW **337** 2020
261 - 2019



Description	Unit	2019	2020
Performance Highlights			
Renewable Electricity Generation	GWh	1,579	1,866
Cumulative capacity from small hydropower projects	MW	419	421
Cumulative capacity from solar projects (ground mounted)	MW	57	75
Cumulative capacity from wind projects	MW	128	148
Cumulative capacity from biomass projects	MW	43	53
Cumulative no. of solar rooftops connected to national grid	No.	24,696	31,165
Cumulative capacity from solar rooftop projects	MW	261	337
Generation from solar rooftop projects	GWh	362	250
Energy saving from efficient appliances	GWh	738	780
CO2 avoided	Metric Tonnes	2,090,338	2,259,749
Human Capital			
Total staff of SLSEA	No.	104	100
No. of Employees more than 10 years	No.	54	54
No. of Employees more than 5 years	No.	77	79
Total payment for employees	LKR Mn	92	
Social and Relationship Capital			
No. of energy audits conducted	No.	25	5
No. of energy managers	No.	7	2
No. of equipment hiring days	Days	1,710	900
No. of energy labelling standards published	No.	2	1
No. of visitors for the Hambantota solar park	No.	1,100	560
No. of solar services companies registered by SLSEA	No.	327	442
No. of solar standards published	No.	1	1
No. of research facilitated	No.	6	1
No. of publications	No.	8	7

AUDIT REPORT FROM
NATIONAL AUDITFINANCIAL
STATEMENTSMANAGEMENT DISCUSSION
AND ANALYSISCORPORATE
GOVERNANCEABOUT
US



KEY MILESTONES



2007

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

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

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

2010

2011

2014

2015

2017

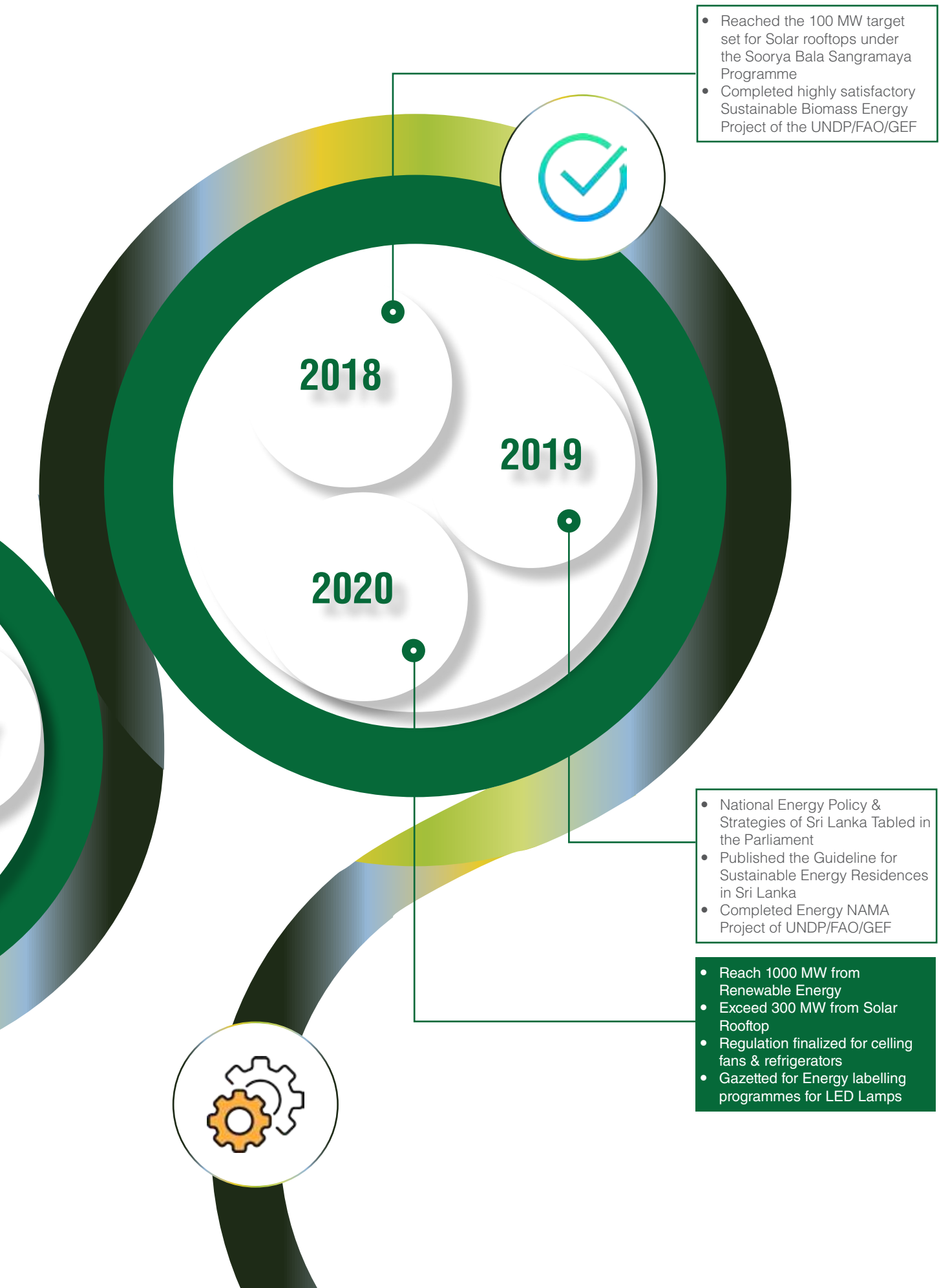
2016

- Published Solar Resource Atlas of Sri Lanka

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

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

- Establishment of SLSEA
- Sustainable Energy subject was introduced to National Science Curriculum from Grade 6 to 11





CHAIRMAN'S MESSAGE

Although the year 2020 was one of the most challenging year in recent memory due to the COVID-19 pandemic, I am privileged to have been presented with the opportunity to lead the Sri Lanka Sustainable Energy Authority (SLSEA) through this testing period. Amidst such a backdrop, the SLSEA achieved reasonable progress during the year, and it gives me great pleasure to present the Annual Report for the year 2020.

NEW TARGETS FOR RENEWABLE ENERGY

The newly elected Government in the "Vistas of Prosperity and Splendour" Vision for Sri Lanka he outlined the importance of renewable energy and how it is a vital component as part of the overall energy mix of a country, which consists of Hydro, Thermal, Coal and alternative renewable energies. It stated that by 2030, the country's renewable energy mix is to be increased to 40% of the total portfolio while hydro and renewable energy together would account for 80% of the overall energy mix by 2030. In order to achieve the policy targets of the new Government, priority was given to sustainable energy development initiatives, keeping Sri Lanka aligned with the current global trends in the energy industry.

intended at attracting human resources necessary for achieving the objectives of the Authority has been a challenge for several years. I am proud to state that the Scheme of Recruitment was successfully implemented during the year. Another key achievement of the year was the finalising of the 5-year Renewable Energy Resource Development Plan which was compiled in order to meet the statutory requirement in Section 8 of Sri Lanka Sustainable Energy Authority Act. We accelerated the activities related to renewable energy development parks in Siyambalanduwa, Pooneryn and Mannar and successfully achieved the set goals giving us a solid platform to make more progress in 2021.

Due to the restrictions in the country, we were only able to utilise part of the Asian Development Bank (ADB) approved US\$50 million loan for Sri Lanka's Rooftop Solar Power Generation Project and we are hopeful to disburse the remaining funds during the first half of 2021. During the year, Sri Lanka received a US\$ 100 million loan from the Government of India for the installation of solar rooftop systems on Government buildings. The funds will be utilised to provide solar power systems to low-income households in the districts of Anuradhapura, Moneragala, Hambantota and Trincomalee.

The Code of Practice for Energy Efficient Buildings 2020 was finalised and opened for public comments during the year. This code will be introduced for commercial buildings as a mandatory requirement with the objective of improving energy utilisation efficiency in the commercial buildings sector. Steps were taken to complete energy labelling for electrical equipment and the

THE YEAR 2020 RECAP

Given the visionary leadership of the new President and the new path the country was set to take during 2020, there was great hope for the year and significant plans were made to accelerate towards our renewable energy goals. However, the onset of the COVID-19 pandemic during the early parts of the year triggered long lockdowns in the country and greatly disrupted the activities of all organisations in Sri Lanka as the Government battled to curb the spread of this deadly virus. As a responsible organisation, we took carefully planned steps to ensure that the lives of our employees and their families were never at risk as they continued with SLSEA activities. Overall, despite numerous challenges, I am happy to state that we were able to give a successful service throughout the year.

The most significant achievement of the year was when we reached the key target of generating 1,000 MW of renewable energy for the first time in our history. This is indeed a remarkable achievement by the country and augers well for our future goals. The SLSEA was established in 2007 and commenced operations obtaining the services of the employees of its predecessor, the Energy Conservation Fund. Obtaining relevant approvals for the proposed Scheme of Recruitment

entire process is expected to be completed by 2021 with the first labels set to be unveiled to stakeholders in early 2021.

SLSEA conducted various training programmes whenever possible given the pandemic restrictions and one of the notable programmes was a five-day comprehensive training-of-trainers workshop in collaboration with the Ministry of Defence. The energy education programme for school children and pre-school levels, as well as the School Energy Club programme, Scout programme and pre-school teacher training were all disrupted due to the pandemic given that all schools were closed for the year. We are hopeful 2021 will allow us to make significant progress in all of them.

Supporting local communities in rural areas of Sri Lanka was another aspect of our activities that got pushed back due to the pandemic. Accordingly, in 2021 we plan to provide electricity to several remote villages located inside the Knuckles range. While working with certain Government institutions can be challenging at times due to various reasons, the Authority took bold measures and engaged constructively with all relevant stakeholders in order to drive towards our targets set for the year.



FUTURE OUTLOOK

Glancing ahead into 2021, it is clear that the impact of the pandemic will continue for the foreseeable future. This would mean that almost all aspects of the country's economy will be negatively affected. However, we are determined to work together with all our stakeholders and find a way to power ahead with our various initiatives and activities in order to meet our medium and long-term goals. We shall strive to make progress on all fronts especially given the fact that achieving energy security by increasing our renewable energy capabilities will provide a much-needed boost to the Sri Lankan economy in today's uncertain economic landscape.

ACKNOWLEDGEMENTS

Before I conclude my message, I would like to take this opportunity to convey my deep gratitude to the key individuals at the Ministry of Power & Energy, notably the Hon. Minister, the Hon. State Minister and the Secretary, together with other Ministry Officials, for their unstinted support and guidance given during the year. I would like to thank the Board Members and the Principal Officials of the SLSEA for their important insights and to every member of the SLSEA team for their hard work, commitment and perseverance, especially given the fact that all activities were significantly affected by the deadly pandemic. I am thankful to the help given by all other stakeholders throughout the year. Together, we have all navigated our way through the uncharted waters of a pandemic-hit year. Let us all continue to work as one team to lead the country forward towards our goal of energy sustainability.

Ranjith Sepala
Chairman



DIRECTOR GENERAL'S REVIEW



We have come to the end of a year full of unforeseen challenges and yet the SLSEA has come out strong on numerous fronts to record a year of success. As the Director General of SLSEA, I am proud to recap the performance of the organisation during the year and provide my views on our progress.

HIGHLIGHTS OF 2020

The year 2020 was certainly one of the toughest in recent times due to the arrival of the COVID-19 pandemic that disrupted day-to-day activities across the world and brought entire countries to a standstill. At SLSEA, I am proud to state that we were one of the first Government organisations to respond to the challenges posed by the pandemic by rapidly implementing a Work from Home (WFH) scheme whereby most of our officers were able to contribute to their full capacity despite the dangers caused by the pandemic and the restrictions of the countrywide lockdowns. By leveraging the power of technology we were able to continue our services to the general public and the Government with little or no delays and disruptions.



Under the “Vistas of Prosperity and Splendour” Vision for Sri Lanka of His Excellency the President Gotabaya Rajapaksa, the country’s renewable energy target to be achieved by the year 2030 is 70% which is higher than the initial 50%. While this is a progressive step, it also means that we have to increase our efforts significantly to make this target possible. During the year, we finalised the 5-year Renewable Energy Resource Development Plan which was compiled in order to meet the statutory requirement in Section 8 of Sri Lanka Sustainable Energy Authority Act and shared it with all relevant stakeholders.

One of the key highlights of the year was when we successfully reached the milestone of generating 1,000 MW of renewable energy for the first time in our history, an outstanding achievement for the Authority as well as the country. This comprised 423 MW of Mini Hydro, 178 MW of Wind, 286 MW of Rooftop Solar, 72 MW of large-scale solar.

During the year, we were able to successfully navigate past the difficulties of the pandemic to once again provide our fullest support to enable renewable energy to be added to the national grid. Although there were severe limitations due to the pandemic, we were able to closely monitor the progress of all projects and commission some of them within the given time period. When it comes to Rooftop Solar, we were able to build on the 200 MW achieved in 2019 by extending to 338 MW during the year under review. We were also able to register 74 new solar installation companies during the year, while over 200 existing companies extended their registration thereby making it a grand total of over 280 solar installation companies in Sri Lanka. A number of training programmes were successfully carried out for key individuals in those companies such as Engineers and other technical personnel using online platforms when physical training programmes were not possible due to the pandemic.

Initial development work of the Siyambalanduwa 100 MW solar power park, the first large-scale solar power park in the country, was carried out, and all the necessary approvals were obtained, including the Environmental Impact Assessment (EIA). With

the support of the Asian Development Bank (ADB) and IFC of the World Bank, preliminary surveying of the Pooneryn energy park project site was completed, and the activities related to the land acquisition process were initiated. Bird study, which is a main requirement for the wind project component, was also conducted while arrangements were made to implement the Environmental & Social Impact Assessment (ESIA). We also commenced work on the balance wind power generation potential in Mannar where the first 100 MW project has been developed by the CEB. Initiatives were taken to develop another 100 MW of wind power on Mannar Island. Arrangements were made for a pre-feasibility study, ESIA, wind measuring campaign and land acquisition process for the projects that were initiated.

With the target of realising 1,000 MW rooftop solar power capacity in 2025, rooftop solar project Soorya Bala Sangramaya was supported with funding of US\$ 100 million from Export-Import Bank of India (Exim Bank). The funds will be used for solar rooftop systems on Government buildings, and to provide solar power systems to low-income households in the districts of Anuradhapura, Moneragala, Hambantota and Trincomalee. During the year, we initiated the first offshore wind roadmap development where I was able to visit the United Kingdom and negotiate with the World Bank to obtain their technical assistance for this project. The project was initiated, and the World Bank has already appointed the consultant to carry out the physical study and develop the road map.

In terms of Demand Side Management, during the year, various activities continued to bring about proper regulatory interventions and create awareness to manage energy efficiency improvement in industrial, domestic and commercial sectors. Accordingly, Energy Labelling programme for Ceiling Fans and Refrigerators was finalised while the Energy Labelling programme for LED lamps was gazetted. Energy Labelling standards for TV, rice cooker, water pump and LED panels were initiated. The Sri Lanka Energy Balance, the annual analysis of the Energy Sector performance in Sri Lanka for the year 2018 was published.

LOOKING AHEAD

As the pandemic is expected to affect all lives and businesses for the coming months and years, the economy will be impacted negatively, and the country will require a united effort to rebuild and move forward. With the ambitious but achievable 70% renewable energy by 2030 target a decade away, the focus will be to align all our initiatives to reach this goal. While all the large-scale projects are expected to play a crucial role, we will also require close cooperation with key stakeholders such as the Ministry and CEB to accelerate our progress towards this 2030 goal.

APPRECIATIONS

I would like to state my appreciation to the Minister of Power and the State Minister of Solar, Wind and Hydro Power Generation Projects Development, their respective Secretaries and other Ministry officials for their unstinted support given to us during this challenging year. My sincere thanks go out to the Board

Members and the Principal Officials of the SLSEA for their invaluable insights and to every member of the dynamic SLSEA team who overcame significant odds by demonstrating commitment and passion throughout the year. I am also grateful to the support offered to us by the Asian Development Bank, World Bank, Exim Bank and all such organisations. A warm ‘Thank You’ also goes out to all other stakeholders for their continued cooperation. The power of working together as one team was demonstrated this year as all of us came together to face unexpected challenges of the pandemic and made remarkable progress. I am confident that this successful template will encourage and motivate us to strive harder to reach our goals in the coming months and years.

Dr. Asanka Rodrigo
Director General



BOARD OF MANAGEMENT

Mrs. Wasanatha Perera

SECRETARY MINISTRY OF POWER

Mr. Chinthaka S. Lokuhetti

FROM JANUARY TO AUGUST

Ms. E A R RenukaADDITIONAL SECRETARY (DEVELOPMENT)
MINISTRY OF LANDS AND LAND DEVELOPMENT**Ms. Anjalika K. Gunasekara**DIRECTOR, DEPARTMENT OF NATIONAL PLANNING MINISTRY OF
FINANCE, ECONOMIC AND POLICY DEVELOPMENT**Mr. Damitha Kumarasinghe**DIRECTOR GENERAL
PUBLIC UTILITIES COMMISSION OF SRI LANKA**Mr. Rohana Thalpavila**

APPOINTED MEMBER

Mr. Boopathi Kahathuduwa

APPOINTED MEMBER

Mr. Lakshman SilvaAPPOINTED MEMBER
FROM JUNE**Mrs. Kulani H W Karunarathna**DIRECTOR (ENVIRONMENT PLANNING & ECONOMICS)
MINISTRY OF ENVIRONMENT**Mr. A M R J K Jayasinghe**

SNR ASSISTANT SECRETARY (ADMIN.) MINISTRY OF TRANSPORT

Mr. Janaka Ambagahawatta**Ms. Lathisha Liyanage**ADDITIONAL SECRETARY (POLICY & PROJECT EVALUATION)
MINISTRY OF AGRICULTURE**Mr. Ravindra Hewawitharana**SECRETARY
MINISTRY OF PLANTATION INDUSTRIES AND EXPORT AGRICULTURE**Mr. K D Chitrapala**

FROM JANUARY TO JULY

Mr. Nishad UpendraAPPOINTED MEMBER
FROM MAY**Mr. Chandrarathna Vithanage**SENIOR ASSISTANT SECRETARY GENERAL
THE CEYLON CHAMBER OF COMMERCE (FROM JUNE)**Mr. W J L S Fernando**APPOINTED MEMBER
FROM JUNE
SL ENERGY MANAGEMENT ASSOCIATION**Mrs. Nayana Nathavitharana**ADDITIONAL SECRETARY
MINISTRY OF PUBLIC SERVICES
PROVINCIAL AND LOCAL GOVERNMENT



AUDIT AND MANAGEMENT COMMITTEE

MEMBERS:

Ms. Anjalika K Gunasekara

DIRECTOR, DEPARTMENT OF NATIONAL PLANNING, MINISTRY OF FINANCE, ECONOMIC AND POLICY DEVELOPMENT

Ms. Nayana Nathavitharana

ADDITIONAL SECRETARY, MINISTRY OF PUBLIC ADMINISTRATION, HOME AFFAIRS, PROVINCIAL COUNCILS AND LOCAL GOVERNMENT

Mr. Boopathi Kahathuduwa

BOARD MEMBER, SLSEA

OBSERVERS:

Ms. H A D Chandani

SUPERINTENDENT OF AUDIT, NATIONAL AUDIT OFFICE

Mrs. B A D Abeywardena

CHIEF INTERNAL AUDITOR, MINISTRY OF POWER



CORPORATE GOVERNANCE

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

BOARD OF MANAGEMENT

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

RESPONSIBILITY

The Board of Management also bears the ultimate responsibility of meeting the objects set out in the Act, exercising the powers vested in it by the Act, proper functioning of systems of internal controls and for the integrity of the financial information provided. The affairs of the Authority are carried out by the Director General of the Authority who is the Chief Executive Officer subject to the general direction and control of the Board. The Board is supported by a sub-committee to oversee the financial aspects of the Authority name the Audit & Management Committee. Similarly, the Board is supported by external advisory committees when the need arises to make decisions on matters of great technical complexity, beyond the capacity of the Board.

All procurement activities of the Authority are carried out in strict compliance with the Government Procurement Guidelines. These activities are undertaken by the officials of the Authority with the guidance of independent Technical Evaluation Committees and two Procurement Committees depending on the value of the procurement envisaged.

COMPOSITION

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

BOARD MEETINGS

Board Meetings are scheduled on a fixed calendar with at least one monthly sitting. At these meetings the Board sets out the strategic direction of the Authority, reviews the performance and progress of all activities, the recurrent and the capital expenditure programmes. These meetings also provide the forum for the officials of the Authority to submit proposals to meet the objects of the Authority for the consideration of the Board. The Board members are given appropriate documentation in advance of each Meeting. The level of participation of the Board of Management at these meetings during the year 2020 are as follows:

No.	Date of Meeting	Participation
1	2020 11 Feb	12
2	2020 21 May	15
3	2020 18 Jun	18
4	2020 28 Jul	18
5	2020 25 Aug	17
6	2020 22 Sep	16
7	2020 30 Nov	16
8	2020 15 Dec	16

COMPLIANCE WITH LEGAL REQUIREMENTS

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

RISK MANAGEMENT

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

RISK CULTURE

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

RISK IDENTIFICATION

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

RISK MANAGEMENT

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

Accordingly, SLSEA has undertaken a risk management strategy of transforming the sustainable energy market to the least possible cost condition, so even under a low fossil fuel price condition, the demand for sustainable energy services will not diminish. Development of renewable energy through several approaches undertaken by the electricity utilities are thus supported by SLSEA, realising significant capacity additions. The solar industry is nurtured by allowing a large number of start-up companies to become service providers to encourage competition in the solar rooftop industry, again bringing out solar electricity to become price competitive. Similarly, the energy services companies are nurtured and supported so these companies can continue to serve the industry and commence delivering energy efficiency services, even at lower electricity and fossil fuel prices.

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

RISK OF LOSING RESOURCES

The valuable renewable energy resources of the country are adversely affected by change of land use patterns and human activities. Vast swathes of productive wind energy resource sites are lost due to expanding settlements. Similarly, good hydropower resources which exhibited excellent streamflow characteristics in the past have started to behave erratically, due to deforestation of catchment areas, again due to expansion of commercial plantations and also due to changing rainfall rhythms, a direct result of climate change. Further compounding these natural causes are the increased legal actions taken by the civil society organisations being utilised against renewable energy project development. Number of law suits brought against project developers in which SLSEA was made a respondent rose to 12 in 2020, causing severe delay of productive renewable energy resources.

RISK OF LOW PRICES OF ENERGY SERVICES

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

RISK MONITORING AND REVIEW

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



A photograph of a wind farm at sunset. The sky is a mix of orange, yellow, and blue, with soft clouds. In the foreground, a large wind turbine is silhouetted against the sky. In the background, many other wind turbines are visible on a hillside. The overall tone is warm and serene.

MANAGEMENT DISCUSSION



PERFORMANCE REVIEW

PERFORMANCE OF PROGRAMMES IN 2020

In the 'National Energy Policy & Strategies' gazetted in 2019, energy security and sustainability are given high focus. In this context, providing reliable, affordable and clean energy through sustainable pathways was identified to be important, and the programmes for the year-in-concern were planned in the particular context. Further, as it was a milestone in the contribution of the nation towards global greenhouse gas (GHG) emission reduction targets, where the energy sector is a key player, the country had to give momentum to the sustainable energy development activities, especially for the upcoming decade. Above all, with the high attention received from the Government to sustainable energy, the subject came to the forefront in the energy sector activities. Programmes of 2020 were carried out in this highly conducive background settings directly connected to the focal subject area of the implementation of programmes of SLSEA as the key national institute related to the subject.

Sri Lanka Sustainable Energy Authority Act, No. 35 of 2007, spells out the framework of programmes for the institute: developing all forms of renewable energy, improving energy efficiency across all sectors, formulating conducive policies for energy sustainability, energy information management and ensuring necessary investments in the sustainable energy sector. Programmes were implemented by SLSEA with this wide focus, and the activities were carried out with the following medium-term targets for the time horizon of 2025.

- Realizing a 25% New Renewable Energy share in central electricity generation
- Realizing 1,000 MW capacity in rooftop solar PV systems
- Realizing an electricity saving of 1,500 GWh

Programmes were implemented in Supply Side Management and Demand Side Management areas as mentioned below.

(A) SUPPLY SIDE MANAGEMENT (SSM)

• Renewable Energy Development

Objective: to directly involve in the implementation of renewable energy development programmes for achieving national renewable energy targets.

• Strategy

Objective: to carry out renewable energy development planning and initial project development work in large-scale renewable energy projects.

(B) DEMAND SIDE MANAGEMENT (DSM)

• Energy Efficiency Improvement & Conservation

Objective: to directly involve in implementing energy management programmes towards achieving national energy saving targets

• Knowledge Management

Objective: to implement energy education programmes towards creating an energy-conscious nation

In addition to the general programmes, SLSEA extended assistance for the policy initiatives towards a more-focused future journey of sustainable energy development, led by the Ministry of Power and State Ministry of Solar, Wind and Hydro Power Projects Development, the revision of Nationally Determined Contributions (NDCs) led by Ministry of Environment and all other sustainable energy development initiatives of various stakeholders encompassing both the public sector and the private sector.

Details of activities under major programmes are given below.

A. SUPPLY SIDE MANAGEMENT PROGRAMMES

RENEWABLE ENERGY DIVISION

• Issuance of Approvals for Renewable Energy Projects

SLSEA undertakes the issuance of Energy Permits (EP) & Provisional Approvals (PA) for on-grid renewable energy projects under the approval of Project Approving Committee (PAC). Applications for the implementation of renewable energy projects are screened, evaluated and submitted to the Project Approving Committee (PAC) for approval, where the decisions are taken in accordance with the provisions given in the Act. SLSEA is playing a focal role in the entire project approval and implementation process. Conducting PAC meetings and Appeal Committee meetings, coordinating with other project approving agencies and declaring Energy Development Areas are the key activities attended by SLSEA in the regulatory process related to the subject. SLSEA carries out facilitating the developers in the entire process, and monitoring the progress of project implementation and post implementation status are also carried out. The projects tendered by CEB - 1 MW solar projects, 10 MW solar projects and 10 MW wind projects are also coming under this. Through the processing of applications throughout the past period, an aggregate capacity nearing 700 MW has been connected to the national electricity grid; and the details are given below.

• Facilitating the Developers for Resolving Land Matters



Vavunathivu site

1. Valachchenei 10 MW CEB tendered solar power project: The land was re-surveyed and new tracing – No – BT/KPN/2020/71 was prepared by the District Surveyor's office of Batticaloa. New Land has been cleared from archeological and other institutional issues.
2. Vavunathivu 10 MW CEB tendered solar power project: Land Commissioner General's Department has submitted for final approval of the Land Minister.
3. Represented the court cases of Suntact MHP, Baharanda and Bohil MHP.
4. Ranmudu oya MHP: Land acquisition was completed.
5. Siri oya MHP: Valuation report has been requested from the Valuation Department office, Rathnapura for preparing the land lease agreement.
6. St. Heliers MHP: Land Ministry has requested the recommendation of the Minister of Power to issue section 50 for old acquisition proposals.

• Soorya Bala Sangramaya

Soorya Bala Sangramaya, which is a crash programme for implementing rooftop solar power systems was continued with the 3 schemes - Net metering, Net Accounting and Net Plus, in collaboration with Ceylon Electricity Board (CEB) and Lanka Electricity Company (Pvt) Ltd. (LECO). Projects were implemented in households, religious places, hotels, commercial establishments and industries. The programme has supported realizing a 337 MW solar power capacity, which is equivalent to 3% of national electricity demand, through 31,165 rooftop solar PV systems.

Implementation of projects has been carried out by solar service provider companies registered with SLSEA, whereby ensuring product quality and the standards of installation are coming under direct scrutiny of SLSEA. Interventions of SLSEA include the following.

- Conducting the training programmes for Engineers technicians and institutional staff
- Conducting solar rooftop services providers performance testing
- Conducting approving committees for granting the approval for import of equipment and installation of rooftop solar systems
- Coordinating with other approving agencies
- Maintaining and updating data-information system
- Providing technical support for the Government institutions for implementing rooftop solar projects
- Resolving issues related to the clients based on solar rooftop services providers' performance.
- Conducting a client care service
- Conducting NVQ student training programmes
- Updating the standards.

• Registration of Solar Service Providers

Companies seeking new registration have to present their company background and the technical staff details including their qualifications and the instruments (inverters and panels) they expect to import, based on which the Committee takes decision on eligibility and approves the registration. Those seeking renewal have to do a presentation to show the installations they have done. At the presentations, in addition to the formal processing of renewal applications, the panelists instruct to improve the quality of the delivery of their work. Complying with the product standards & installation standards is a key criterion applied in the registration and renewal processes.

270 solar service providers were registered with SLSEA by mid 2020, which has led to 8,500 direct jobs and 3,700 indirect jobs at various capacities.



PERFORMANCE REVIEW

• Training Programmes for Security Forces

SLSEA conducts training programmes as a frequent intervention. Special attention was given to training women in the programmes conducted in this year, as opportunities for women as energy service providers are extremely limited, and therefore the potential remains unfulfilled. SLSEA conducted a five-day comprehensive training-of-trainers workshop, 'Capacity Development of Women Workforce of Sri Lanka Armed Forces on Solar Energy' in collaboration with the Ministry of Defense. 21 women officers and other rankers of Sri Lanka Army, Sri Lanka Navy, Sri Lanka Air Force and the Department of Civil Security participated the programme. Programme comprised of lectures, observation visits on solar panel and cable manufacturing plants and on-site practical training at Solar Energy Park, Hambantota from 18 – 22 Aug 2020.



Training was also conducted for Sri Lanka Police. Programme was held at the Police Communication Division, Mirihana.

• Training of NAITA Students on Solar PV Technology

Training of NAITA students on solar PV technology was done as part of the solar panel prototype manufacturing project conducted by the Ministry of Skill Development, Vocational Training, Research & Innovation.



A discussion on the project at State Ministry of Skill development, Vocational Education, Research & development

An advanced training programme was planned to start at Hambantota solar park for those who have successfully completed the 5 months theoretical course at NAITA.

• **Operation of Renewable Energy Demonstration Plants**

Hambantota solar power plant and Indurana mini-hydro power plant were operated, along-with carrying out general maintenance activities of the solar power system. Elephant encroaches were observed to be a serious difficulty for the Hambantota power plant, and therefore the necessary repair work of the electrical fence was carried out. Initiatives were made to expand the demonstration facility of Indurana as a turbine museum.

Panel washing activities are done by the site staff



A Governor part



Flywheel parts





PERFORMANCE REVIEW

STRATEGY DIVISION

• Renewable Energy Development Plan

In the process of sustainable energy development, renewable energy development needs to be done in an optimal approach for harnessing resources. When the long-term renewable energy development process is considered in this context, identification of appropriate sites for large-scale renewable energy projects is the prime focus given in the renewable energy development planning. In the past few decades, Geographic Information Systems (GIS) have been widely used to assist in searching for suitable sites for renewable energy development. GIS provides the functionalities of integrating a large spectrum of geospatial information into the decision-making of renewable energy development. Therefore, optimal lands for the development of renewable energy resources – solar, wind and biomass were done through GIS Optimization Model, using land-use layers pertinent to different land-use criteria, and considering different constraints for obtaining lands for the purpose of renewable energy development. The criteria chosen for modeling the suitability of RE plant locations were resource potential, land use, distance to roads, terrain, distance to grid substations (GSS), urban centers and exclusionary areas (i.e., areas where forest and wildlife reservations, archaeological reservations, coastal conservation areas, urban centers, airports and roads).

- Land-use types selected for renewable energy development

• Siyambalanduwa 100 MW Solar Power Park

Initial development work of the Siyambalanduwa 100 MW solar power park, which is the first large-scale solar power park in the country, was carried out. All the necessary approvals for the project were obtained, and the Environmental Impact Assessment (EIA) was completed for the project site as well as for the transmission line pathway. Detailed discussions were carried out with the Forest Department, Divisional Secretariat – Siyambalanduwa, CEB and all the stakeholders in order to plan the future project development activities, and thus it is expected to go for the next phases of the project including the obtaining of lands with speedier interventions.



• Pooneryn Wind-Solar Hybrid Energy Park

Pooneryn area is one of the areas with the largest wind energy potentials in the country, also with a high solar resource potential. The land areas being scrublands are non-arable, and due to these most favourable conditions for renewable energy development, Pooneryn area has been selected for a large-scale wind-solar hybrid renewable energy project. The total estimated capacity of the project is 239 MW of wind & 150 MW of solar power, and the total project area is 1,170 ha. Preliminary surveying of the project site was completed by the Survey Department, and the preliminary activities related to the land acquisition process were initiated. Bird study, which is a main requirement for the wind project component, was carried out. Arrangements were made to carry out the Environmental & Social Impact Assessment (ESIA).

• Mannar Phase II 100 MW Wind Power Park

Initiatives were made to proceed with the balance wind power generation potential in Mannar, which is one of the best wind resource sites in the country, where the first 100 MW project has been developed by the CEB. Preliminary studies for identifying the existing further capacities available have shown that 150 MW wind power potential in Mannar Island and 290 MW potential in inland areas of Mannar district. So, initiatives were taken to develop another 100 MW of wind power in Mannar Island. Arrangements were made for a pre-feasibility study, ESIA, wind measuring campaign and land acquisition process for the project were thus initiated.

B. Demand Side Management (DSM) Programmes

An effort was made to elevate the energy efficiency improvement and conservation programme (EEI&C) from the prevalent voluntary approach to a focused mandatory approach. As the first step in this direction, a regulation was drafted to elicit information related to energy performance of certain end user groups. This regulation will enable the end user groups to understand their level of energy performance against the rest of the end users in the category, prompting them to increase their energy performance.

The legislation is expected to be implemented in the year 2021, and quickly lead to a mandatory reporting regime of energy indicators and output levels of a given end user. As the next step, the under performing end users will be required to undertake a comprehensive energy audit of their respective facilities and arrive at a plan of improvement. In essence, this will result in a forced implementation of EEI&C regime in the country.

• Energy Efficiency Improvement & Conservation

Objective: to directly involve in energy management programmes towards achieving national energy efficiency targets.

In the area of energy conservation, programmes have been implemented focusing Commercial, Industrial and Domestic sectors under the following three categories.

- Regulatory interventions
- Strengthening the energy efficiency services
- Training and awareness.

Programmes implemented in the year 2020 shown in the following sections.

1. Establishment of Energy Management Systems

SLSEA facilitates the energy conservation in commercial and industrial sectors through long term programmes such as Energy Manager programme, Energy Auditor programme, establishing energy consumption benchmarks etc. At the moment, 226 Energy Managers & 22 Energy Auditors have been registered with SLSEA. Apart from that, district wise workshops for energy management officers on energy conservation and renewable energy have been continued from 2018. In line with that, a workshop was conducted covering Matara, Galle & Hambantota (100 participants) districts in 2020. Applications were called for registering Training Providers for energy managers/ energy auditors and other energy management programmes. Also initiatives were taken to publish a regulation on energy benchmarking as a mandatory energy efficiency improvement programme.

2. Introducing Standards and Regulations

Different activities are being carried out by SLSEA to formulate proper regulatory interventions along with creating awareness to manage energy efficiency improvement in industrial, domestic and commercial sectors. Accordingly, Code of Practice for Energy Efficient Buildings 2020 is being finalized and opened for public comments. This code will be introduced for commercial buildings as a mandatory requirement with the objective of improving energy utilization efficiency in the commercial buildings sector. Apart from that, 'Guideline for Sustainable Energy Residences' which was published in English is being translated to Sinhala & Tamil languages. The progress of the Appliance Energy Labelling programme is as follows.

Description	Progress
Minimum Energy Performance Standard for LED Panels	Preparation of the standard is in progress.
Energy Labelling programme for Ceiling Fans	Public awareness is conducted through mass media about energy label for ceiling fans of diameter of 1400 mm. It is proposed to extend the Energy Labeling programme for ceiling fans of other diameters and as the first step it is initiated for ceiling fans of 1200 mm diameter.
Energy Labelling programme for refrigerators	Draft standard is finalized for refrigerators and ready to publish as SL standard.
Energy Labelling programme for LED lamps	Gazette for the mandatory energy labeling of LED lamps is published.
Energy Labelling programme for TV, rice cooker and water pump	Preparing the Labeling Standards for TV, rice cooker and water pump was initiated.

3. Advisory and Counselling Services

SLSEA assists industries, commercial and state sector institutes to solve their energy related issues by providing consulting services by answering queries, awareness programmes upon request etc. A well maintained instrument bank is available for hiring to use in energy auditing activities. Instrument utilization for 2020 is about 900 No of days. Procurement for purchasing ultrasonic flow meter, flue gas analyzer, thermal imaging camera, air flow meter and steam trap tester for the instrument bank is also initiated. Energy Services companies (ESCO) have been registered to provide particular services in carrying out energy audits and implementation of energy efficiency improvement projects and at the moment 50 ESCOs are being registered under SLSEA. Further, consultancies and energy audit services were provided to Government Analyst Department, Sugathadasa Sport Complex, Finance Commission, Disaster Management Department and SLIDA in 2020.



PERFORMANCE REVIEW

4. Energy Balance

The Sri Lanka Energy Balance is an analysis of the energy sector performance in Sri Lanka. SLSEA publishes the Energy Balance annually and the compilation & designing of Energy Balance of 2018 is in progress. Further to that, introducing a web based database to the National Energy Balance is initiated and the preparation of bidding documents for developing Energy Balance database is in progress.

5. Establishment of Pilot Projects

Tri-generation or Combined Cooling, Heat and Power (CCHP) refers to the simultaneous generation of electricity and useful heating and cooling from one source of energy. 80% of the energy in primary fuel can be utilized by tri-generation. This is one of the best methods available for maximum utilization of energy. In this context, SLSEA has decided to explore the possibilities of introducing tri-generation to industries. Study for the implementation of Tri-generation system at Biyagama Export Processing Zone was completed and a presentation was conducted regarding the feasibility study to BOI officials and short listed factories in Biyagama Export Processing Zone.

6. Operation Demand Side Management (ODSM) Programme

Progress of the ODSM programme which is conducted under following thrust areas is as follows.

Thrust Area	Work Carried Out
Efficient Air Conditioning	Specification and funding proposal for a AC test facility were prepared and submitted to several donor agencies. Proposal was sent to ERD approval.
Efficient Refrigerators	Bidding documents are being prepared for the procurement of refrigerant cylinders for the pilot study under the refrigerator replacement programme.
Efficient Chillers	TOR is being prepared for a chiller survey.
Efficient Fans	Data validation of the household appliance survey was completed and data migration to the Department of Census & Statistics is in progress.
Smart Homes	Booklet on Energy Efficient practices in the domestic sector is published.
Eliminating Incandescent Lamps	Phase 1 of the LED distribution programme is completed.

KNOWLEDGE MANAGEMENT

• Energy Education Programme

Energy Club evaluation programme have been postponed due to the pandemic situation.

- Online teachers 'Knowledge Dissemination Programme' for the teacher-in charge of the Energy Clubs scheduled to be developed on the request of the Ministry of Education.
- Draft Activity Guide for the Training of Trainers has been completed.
- Procurement for the development of Visual Learning Material is being conducted

• Publishing Sanraksha

SLSEA publishes Sanraksha quarterly education magazine to disseminate novel knowledge to the students and public. Desktop publication has been completed for the third quarter publication, and the last two have been distributed.

• Pre-School teacher Training

- Training materials have been developed
- Training programme for the pre-school teachers have to be postponed due to a pandemic situation.

• Scouts Programme

Scouts Association and SLSEA have planned to distribute 100,000 leaflets through the scouts to aware domestic customers on energy management activities. Artwork of the leaflet has been completed and distribution activities postponed due to pandemic situation.

• Energy Labeling Promotion

Promotion of label for ceiling fans has been conducted jointly with all government media

• Printing of Reading Materials

Regular publications have been updated and it will be printed based on the future requirements.

• Media Strategic Plan

Terms of Reference for a comprehensive Media Strategic Plan was being developed



ACTION PLAN 2021

SUPPLY SIDE MANAGEMENT (SSM) PROGRAMMES

Renewable Energy Division

RE 01 - Resource Allocation

Renewable energy resource allocation for the prospective developers will be carried out along-with providing the necessary facilitation in the land matters and other required interventions.

RE 02 - Renewable Energy Project Monitoring

Monitoring the progress of project implementation will be carried out along-with the related assessments.

RE 03 - Renewable Energy Pilot projects

Renewable energy pilot projects will be carried out in order to create enabling environments for different new technologies. Piloting of floating solar power, hydrogen technology with wind power and hybrid of solar and biomass have been planned under this.

RE 04 - Renewable Energy Services

With the target of realizing 1000 MW rooftop solar power capacity in 2025, Sooryabala Sangramaya project will be carried out introducing the necessary interventions for strengthening the same. Necessary steps for ensuring quality & standards and system performance will be taken, and the capacity building programmes on solar rooftop system installation will be conducted. Project finance facilitation programmes will be carried out using ADB rooftop solar PV power generation project and the proposed Indian Credit Line facility.

RE 05 - Donor Funded Projects

ADB assisted Electricity Supply Reliability Improvement Project and the UNDP assisted Biomass Energy Development Project will be continued.

RE 06 - Hambantota Solar Park

Operation of the Hambantota solar power plant will be carried out along-with interventions for the necessary improvements enhancing the security system for wild elephants and the introduction of a water pressurized system. Establishing a training centre will also be carried out.

RE 07 - Indurana Mini Hydro Power Plant

Operation of Indurana mini-hydro power plant will be carried out.

Strategy Division

ST 01 - Renewable Energy Development Plan

Renewable energy resource development planning is carried out as a continuous process based on the Renewable Energy Resource Maps and Renewable Energy Resource Inventory, in collaboration with the Generation & Transmission Planning Division of the Ceylon Electricity Board.

ST 02 - Wind Resource Assessment

Island-wide wind resource assessment carried out using the national wind mast network in the past period has supported to establish large-scale and medium-scale wind power projects implemented by the CEB and the private sector. The measurement programme will be continued for support further wind data for the future projects.

ST 03 - Pooneryn Wind-Solar Hybrid Energy Park

Preliminary activities of the Pooneryn wind-solar hybrid energy park are being continued. Shorebird study and bat study, which is in the final stage, will be completed, and the Environmental & Social Impact Assessment, Geotechnical Study and Archaeological Impact Assessment have been planned. Land acquisition of process will also be carried out.

ST 04 - Siyambalanduwa 100 MW Solar Park

Initial project development activities of the Siyambalanduwa 100 MW solar park are in progress, where the Environmental Impact Assessment has been completed. Carrying out on-site measurements and land acquisition related activities have been planned, on completion of which the project will be ready for tendering.

ST 05 - Mannar phase II

The overall wind power potential in Mannar has been identified to be 375 MW, and the initial 100 MW has been developed by the CEB. The second phase of it with a capacity of 100 MW has been initiated, and pre-feasibility study and Environmental & Social Impact Assessment have been planned.



ACTION PLAN 2021

DEMAND SIDE MANAGEMENT (DSM) PROGRAMMES

Energy Management Division

EM 01 - Establishment of Energy Management Systems

Establishment of energy consumption benchmarks will be carried out, introducing a data reporting software system. Regulatory infrastructure on this will be created by way of introducing the regulations on energy consumption benchmarks. Certification schemes for Energy Managers, Energy Auditors, Energy Services Companies (ESCOs) and training providers will be continued.

EM 02 - Enforcing the Code of Practice for Energy Efficient Buildings and Households

The Code of Practice for Energy Efficient Buildings will be published, and the capacity building programmes on the same will be carried out. Regulatory infrastructure will be introduced for making mandatory the code. Awareness creation on residential energy efficiency guidelines will be conducted.

EM 03 - Energy Labelling Programme for Appliances

Energy labeling programme will be continued and LED panels, refrigerators, air-conditioners, motors, water pumps, rice cookers, gas cookers, TV, computers, etc. have been included in the programme.

EM 04 - Energy Information

Collection and dissemination of energy data will be continued, and the Energy Balance 2020 will be published. Software systems will be developed for data collection, including the necessary systems for NDC/SDG data reporting. A consumer survey will be carried out on cooking energy patterns.

EM 05 - Operation Demand Side Management (ODSM) Programme

LED distribution programme will be continued with the objective of phasing out incandescent lamps from the system. A study will be carried out on suitable technologies for street lighting, and the regulations will be published. Programmes will be implemented on efficient chillers, efficient refrigerators and efficient lighting.

EM 06 - Advisory and Counselling Services

Industrial and commercial sectors will be facilitated for improving their energy systems by way of energy auditing, instrumentation support and energy efficiency consultancy services.

EM 07 - Rewarding of Achievements

In consideration of the importance of promoting energy efficiency improvement in residential buildings through the residential energy efficiency guideline, an energy efficient home award scheme will be introduced and included in the Sri Lanka National Energy Efficiency Award programme.

EM 08 - R & D/ Pilot Projects

Research & pilot projects on energy efficient technologies will be conducted.

KNOWLEDGE MANAGEMENT DIVISION

KM 01 - Energy Education Programme

Energy education programme for school children and the pre-school levels, School Energy Club programme, Scout programme and pre-school teacher training programmes will be carried out.

KM 02 - Communication Programme

Communication programmes on sustainable energy will be carried out for enhancing energy awareness in the society through different communication channels such as media, reading materials, promotional videos, exhibitions, etc.

KM 03 - Women empowerment Programme

Energy efficiency related computer applications will be developed specifically targeting women empowerment in the sustainable energy development process.

KM 04 - Activation of Indurana

Development activities in the Indurana hydro power training centre will be carried out, including education sector resource person training and the system establishment for fluid mechanics practicals for university students.

FINANCIAL STATEMENT



Income Statement

For the year ended 31st December 2020 (All amounts in Sri Lanka Rupees)	Note	2020	2019 Restated
INCOME			
Operational Income	3	294,715,582	280,933,012
Non Operational Income	4	41,367,716	85,770,181
TOTAL INCOME		336,083,298	366,703,193
EXPENDITURES			
PROJECT/ACTIVITY EXPENSES			
	5		
Renewable Energy	5.1	35,919,399	48,476,570
Energy Management	5.2	14,219,330	33,195,655
Knowledge Management	5.3	5,736,895	8,963,770
Strategic Activities	5.4	5,727,915	9,667,808
		61,603,539	100,303,803
RECURRENT EXPENSES			
	6		
Salaries And Allowances	6.1	108,185,111	92,202,463
Travelling And Subsistence	6.2	769,938	1,647,123
Supplies	6.3	4,648,745	3,976,402
Maintenance Expenses	6.4	8,359,168	10,288,766
Contract Service	6.5	54,835,600	56,708,875
Depreciation Expenses	6.6	46,326,457	44,125,670
Other Recurrent Expenses	6.7	11,166,182	11,115,186
		234,291,201	220,064,485
TOTAL EXPENDITURE		295,894,740	320,368,288
SURPLUS/(DEFICIT)		40,188,558	46,334,905

FOR AND ON BEHALF OF THE SRI LANKA SUSTAINABLE ENERGY AUTHORITY.

Director (Finance)

Director General

Chairman

The Accounting policies on pages xx to xx and Notes on pages xx to xx form an integral part of these Financial Statements. The Board of Management is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Management and signed on their behalf.

Director Name

Signature

1.

2.



Statement of Financial Position

As at 31st December 2020 (All amounts in Sri Lanka Rupees)	Note	2020	2019 Restated
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	10		
Freehold	10.1	474,698,637	505,929,113
Leasehold	10.2	37,449,436	38,977,984
Intangible Assets	11	2,472,914	2,285,407
Work in Progress	12	71,726,510	70,759,244
Investments	13	111,803,519	102,332,758
TOTAL NON-CURRENT ASSETS		698,151,016	720,284,505
CURRENT ASSETS			
Receivables	14	23,312,323	29,747,743
Other Current Assets	15	40,449,258	33,993,375
Cash and Cash Equivalents	16	458,733,159	437,313,627
TOTAL CURRENT ASSETS		522,494,740	501,054,745
TOTAL ASSETS		1,220,645,756	1,221,339,250
EQUITY AND LIABILITIES			
EQUITY			
Accumulated Fund	17	22,100,336	22,100,336
Net Surplus/Deficit		198,550,939	181,091,009
Deferred Grant	18	338,856,524	377,274,934
Sri Lanka Sustainable Energy Fund	20	385,061,629	370,902,975
Sustainable Guarantee Fund		115,895,545	107,419,486
Revaluation Reserve		101,217,000	101,217,000
TOTAL EQUITY		1,161,681,973	1,160,005,740
NON CURRENT LIABILITIES			
Gratuity Provision		34,010,857	24,427,119
TOTAL NON CURRENT LIABILITIES		34,010,857	24,427,119
CURRENT LIABILITIES			
Other Payables	19	19,903,441	31,856,906
Net Deposit on Land Acquisition		5,049,485	5,049,485
TOTAL CURRENT LIABILITIES		24,952,926	36,906,391
TOTAL EQUITY AND LIABILITIES		1,220,645,756	1,221,339,250

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



Statement of Changes in Equity

Year ended 31st December 2020
(All amounts in Sri Lanka Rupees)

Description	Accumulated Fund	Net Surplus / Deficit	Deferred Grant	Revaluation Reserve	Sri Lanka Sustainable Energy Fund	Sustainable Guarantee Fund	Total
Balance as at 31.12.2018	22,100,336	189,150,948	423,846,967	101,217,000	335,605,770	98,275,578	1,170,196,599
Prior Year Adjustments		(9,953,731)					(9,953,731)
Restated Balance as at 2019.01.01	22,100,336	179,197,217	423,846,967	101,217,000	335,605,770	98,275,578	1,160,242,868
Increase/ (Decrease) for the Year 2019		46,334,905	(46,572,033)				(237,128)
Transferred to Guarantee Fund		(9,143,908)				9,143,908	-
Transferred to Energy Fund - income		(44,628,149)			44,628,149		-
Transferred to Energy Fund - Project expenditure		9,330,944			(9,330,944)		-
Land Revaluation							
Balance as at 31.12.2019	22,100,336	181,091,009	377,274,934	101,217,000	370,902,975	107,419,486	1,160,005,740
Prior Year adjustment		(93,915)					(93,915)
Increase/ (Decrease) for the Year 2020		40,188,558	(38,418,410)				1,770,148
Transferred to Guarantee Fund		(8,476,059)				8,476,059	-
Transferred to Energy Fund - income		(19,817,444)			19,817,444		-
Transferred to Energy Fund - Project expenditure		5,658,790			(5,658,790)		-
Land Revaluation							
Balance as at 31.12.2020	22,100,336	198,550,939	338,856,524	101,217,000	385,061,629	115,895,545	1,161,681,973

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

Statement of Cash Flows

For the year ended 31st December 2020 (All amounts in Sri Lanka Rupees)	Note	2020	2019 (Restated)
Cash Flows from Operating Activities			
Surplus/ (Deficit) for the Year		40,188,558	46,334,905
Adjustment for:			
Loss and Damage		-	-
Interest Income	3, 8	(22,439,783)	(21,829,607)
Amortised Grant (for Funds Received)	7	(38,418,410)	(46,572,033)
Transfers From Energy Fund		-	-
Gratuity Provision		9,917,344	2,035,590
Vehicle Donation		(7,800,000)	-
Profit from Disposal of Fixed Assets		-	(12,359,442)
Depreciation	5.6	46,326,457	44,125,670
Operating Profit / (Loss) before Working Capital Changes		27,774,166	11,735,083
(Increase)/Decrease in Other Current Assets		(1,015,167)	(22,482,644)
Increase/ (Decrease) in Current Liabilities		(11,953,465)	12,676,245
Cash Flow generated Operating Activities		14,805,534	1,928,684
Gratuity Paid		(333,606)	(1,516,201)
Net Cash Flows Generated from Operating Activities		14,471,928	412,483
Cash Flows from/(Used in) Investing Activities			
Purchase of Property, Plant and Equipment	9.1	(3,928,516)	(13,650,053)
Intangible Assets		(2,026,415)	(600,400)
Work in Progress	11	(967,266)	(26,702,037)
Investments in Fixed Deposits and Treasury Bills	12	(9,470,761)	(8,745,716)
Interest Income	3, 8	23,434,485	21,431,414
Disposal of Fixed Assets		-	12,359,442
Loans Disbursed to Developers		-	-
Net Cash Flow from/(Used in) Investing Activities		7,041,527	(15,907,350)
Cash Flows from/(Used in) Financing Activities			
Deferred Grant	18	-	-
Sri Lanka Sustainable Energy Fund		-	-
Accumulated Fund		(93,923)	-
Sustainable Guarantee Fund		-	-
Loans Repayable to Foreign Donors		-	-
Loans from ADB (L 2892 SRI)	13	-	-
Disbursement of Loan ADB (L 2733 SRI)	13	-	-
Net Cash Flow from/(Used in) Financing Activities		(93,923)	-
Net Increase/(Decrease) in Cash and Cash Equivalents		21,419,532	(15,494,867)
Cash and Cash Equivalents at Beginning of the Year	16	437,313,627	452,808,494
Cash and Cash Equivalents at End of the Year		458,733,159	437,313,627

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



Notes to the Financial Statements

1. Corporate Information

1.1 General

Sri Lanka Sustainable Energy Authority (SLSEA) was established on 1st of October 2007. It is located at No 72, Ananda Coomaraswamy Mawatha in Colombo 07.

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

1.2 Principal Activities of Authority

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

1.3 Funds of the Authority

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

1.3.1 Fund of the Authority

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

1.3.2 Sri Lanka Sustainable Energy Fund

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

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

1.3.3 Sustainable Guarantee Fund

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

1.4 Number of Employees

Number of employees as at 31st December 2020 – 101

2.1 Summary of Significant Accounting Policies

2.1.1 Basis of Preparation and Statement of Compliance

The Balance Sheet, Income Statement, Statement of changes in Equity and Cash flow statements of SLSEA as at 31st December 2020 together with accounting policies and notes have been prepared in compliance with the Sri Lanka Public Sector Accounting Standards.

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

2.1.2 Comparative Figures

Comparative figures have been adjusted to conform to the changes in presentation in the current Financial Year. The comparative figures for year 2019 have been restated.

2.2.1 Accounting for Government Grants and Disclosure of Government Assistance

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

Government Capital grant used in purchase of fixed assets are considered as income for the year.

Grants related to activities/programme expenditure are presented as a credit in the income statement, under the heading capital grant for programmes/activity expenses.

2.2.2 Accounting for Foreign Aid

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

2.2.3 Accounting for Long-term Investments

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

2.2.4 Revenue Recognition

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

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

2.2.5 Contingent Liabilities and Contingent Assets

As per the cabinet decision dated 31 March 2008, SLSEA has to pay the Ceylon Electricity Board an estimated Rs. 897 million for the purchase of electricity from non-conventional renewable energy producers. Currently, SLSEA has no means of making this payment, unless funds are granted by the Treasury or earnings through cess, royalty, etc. are received, which is subject to the approval of the General Treasury. Therefore, this is disclosed only as a contingent liability.

Further, SLSEA sells the electricity generated from the Hambantota solar power plant to the CEB on monthly basis. However, the payment for the production sold during the last few months of 2020 was paid only in 2021.

2.3 Property, Plant and Equipment

2.3.1 Cost and Valuation

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

Hambantota solar power plant was revalued in 2018.



Notes to the Financial Statements

2.3.2 Depreciation

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

Item	Rate of Depreciation
Furniture & office equipment	25%
Motor vehicles	20%
Photocopiers	25%
Computers	33.33%
Electrical goods	25%
Library books	20%
Energy instruments	33.33%
Exhibition equipment	25%
Wind towers	20%
Building & structures	5%
Refrigerator testing laboratory	20%
Solar Power / Mini Hydro Projects	
A. Solar panels	8.33%
B. Steel structures	8.33%
C. Buildings	5%
D. Switch gears	8.33%
E. Inverters	8.33%
F. Transformers	8.33%
G. Power electronics	8.33%
H. Sanitary & plumbing	8.33%
I. Cables	8.33%
J. Furniture fittings & office equipment	25%
K. Tools	8.33%
L. Machinery	20%
M. Other	20%

2.3.3 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, these assets are stated in the Statement of Financial Position at cost, less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any.

Software 5 Years

2.3.4 Fully Depreciated assets still in use as at 31st December 2020

Furniture & Fittings	18,720,462/-
Motor Vehicles	51,186,495/-
Photocopy Machines	2,994,191/-
Computer	34,810,610/-
Electrical	429,197/-
Library Books	1,438,352/-
Energy Instrument	91,583,387/-
Wind Towers	47,238,802/-
Refrigerator Testing Lab	42,165,337/-
Solar Power/Mini Hydro Projects	
Furniture & Fittings	3,014,514/-
Machinery	4,001,375/-
Other	60,039,664/-
Exhibition Equipment	354,853/-
UNDP Project Equipment	19,500/-

2.4 Liabilities and Provisions

2.4.1 Gratuity

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

2.4.2 EPF & ETF

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

2.4.3 Indurana Land

The title deed for the Indurana land (2 rood & 32.32 perches) donated by M.P. Harshana Rajakaruna for the Sarathchandra Rajakaruna Memorial International Centre for Hydropower Promotion has not been valued yet. Hence it has not been included as an asset in the financial statements.

2.4.4 Approval of the Board

The financial statements for the year ended 31st December 2020 were authorized by the Board of Management of the Authority on 20th May 2021.

**FOR THE YEAR ENDED 31ST DECEMBER 2020**

(All amounts in Sri Lanka Rupees)

NOTE 03 - OPERATIONAL INCOME

	Note	2020	2019 Restated
Treasury Income (Capital)	7	75,904,009	65,600,000
Amortised Differed Grant	8	38,418,410	46,572,033
Treasury Income (Recurrent)		113,112,314	103,688,168
FARDF (17)		-	-
Power Generation - Hambantota		31,001,480	21,915,211
Power Generation - Indurana		1,694,889	1,846,645
Energy Manager Training Programme Income		55,750	25,000
Energy Management Guide line		500	-
Solar Atlas Income		25,000	35,000
Wind Data Income		2,000,000	-
Energy Audit Income		-	88,000
Energy Permit Income		26,435,330	24,818,830
Solar Registration Fee		6,067,900	16,190,700
Solar Equipment Registration Fee		-	153,425
Solar Training Programme		-	-
Total		294,715,582	280,933,012

NOTE 04 - NON OPERATIONAL INCOME

	Note	2020	2019 Restated
UNDP Projects (NAMA)		3,782,513	4,521,803
Tender Fee		30,500	64,000
Supplier's Registration fee		192,250	235,250
Distress Loan Interest		336,204	553,477
Other Income		930,910	295,908
Special Advance Interest		1,836	4,244
Vidulka Stall Registration Fee		-	2,300,000
UNDP Projects (Biomass)		-	11,664,000
Income from Energy Fund	9	19,817,444	44,628,149
Interest Income		8,476,059	9,143,908
Disposal of Fixed Assets		-	12,359,442
Grant Vehicle		7,800,000	-
Total		41,367,716	85,770,181



Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2020

(All amounts in Sri Lanka Rupees)

NOTE 05 - PROJECT EXPENSES

NOTE 05 - 1 RENEWABLE ENERGY

	2020	2019 Restated
Resource Allocation and Development	717,075	3,802,791
Progress Monitoring	245,375	371,484
Technology Development and Research	-	1,435,479
Donor Funded Projects UNDP Biomass Project	-	9,068,613
Donor Funded Project - ADB (L 2892 SRI)	-	47,820
NAMA Project	102,805	16,572,380
Operation of Hambanthota Renewable Energy Site	9,352,292	8,684,008
Operation of Indurana Site	2,653,900	580,379
Supporting Electricity Supply Reliability Improvement Project	5,380	60,697
Soorya Bala Sangramaya	22,842,572	7,852,919
Total	35,919,399	48,476,570

NOTE 05 - 2 ENERGY MANAGEMENT

	2020	2019 Restated
Energy Management Cells	269,583	1,520,776
Standards and Regulations	2,350,895	1,903,381
Advisory and Counseling	1,994,889	61,065
Rewarding and Achievements	529,962	1,865
Sector Specific Programmes	206,025	389,450
Research and Development	-	1,911,600
Energy Audit	15,839	44,797
Demand Side Management	8,852,137	27,345,571
Establishment of Pilot Project	-	17,150
Total	14,219,330	33,195,655

NOTE 05 - 3 KNOWLEDGE MANAGEMENT

	2020	2019 Restated
Energy Education Programmes	416,301	1,240,828
Promotion Programmes	5,320,594	6,148,110
Vidulka	-	1,574,832
Total	5,736,895	8,963,770

**NOTE 05 - 4 STRATEGIC ACTIVITIES**

	2020	2019 Restated
Implementation Solar R & D Center	44,145	18,220
Technology Development	1,450,603	1,908,997
Pooneryn Energy Park	3,360,805	235,909
Solar Energy Park	396,000	6,539,920
Wind Power Development	476,362	964,762
Total	5,727,915	9,667,808

NOTE 06 - RECURRENT EXPENSES**NOTE 06 - 1 SALARIES AND ALLOWANCES**

	2020	2019 Restated
Salaries for Staff	63,368,727	52,901,697
Cost of Living Allowance	9,034,740	8,381,360
Adjustment Allowance	-	417,633
E.P.F. 12%	9,178,492	7,969,448
E.T.F. 3 %	2,294,624	1,992,362
Overtime and Holiday Pay	6,155,547	8,129,782
Own Vehicle Utilisation	1,350,000	1,801,667
Fuel Allowance	1,997,597	2,070,024
Professional Allowance	4,413,540	5,090,400
NAITA Salary	474,500	1,412,500
Gratuity Expense	9,917,344	2,035,590
Total	108,185,111	92,202,463

NOTE 06 - 2 TRAVELLING AND SUBSISTANCE

	2020	2019 Restated
Travelling - Domestic	708,413	1,231,131
Travelling - Foreign	61,525	415,992
Total	769,938	1,647,123

NOTE 06 - 3 SUPPLIES

	2020	2019 Restated
Printing, Stationery and Office Requisites	1,251,996	763,980
Fuel and Lubricants	3,287,329	3,105,432
Other - News Papers and Miscellaneous Service	109,420	106,990
Total	4,648,745	3,976,402



Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2020

(All amounts in Sri Lanka Rupees)

NOTE 06 - 4 MAINTENANCE

	2020	2019 Restated
Vehicles, Insurance and License Fees	7,814,316	9,445,109
Plant Machinery	342,171	49,950
Office Equipment	23,633	785,933
Building and Structure	179,048	7,774
Total	8,359,168	10,288,766

NOTE 06 - 5 CONTRACT SERVICES

	2020	2019 Restated
Office Rents and Hire Charges	50,752,980	50,199,531
Postal and Telecommunication Charges	3,173,271	5,276,668
Transport	159,349	434,076
Audit Fees	750,000	798,600
Total	54,835,600	56,708,875

NOTE 06 - 6 DEPRECIATION, IMPAIRMENT AND AMORTISATION

	2020	2019 Restated
Furniture and Office Equipment	683,361	689,991
Motor Vehicles	771,749	1,169,946
Photocopier	232,688	453,938
Computers	1,696,887	1,158,906
Electrical Goods	4,442	4,442
Library Book	197,000	197,000
Energy Instruments	1,803,930	1,845,700
Wind Towers and Instruments	1,708,811	1,029,340
Hambantota and Indurana Energy Park	34,778,528	34,160,832
Fixes Assets for UNDP Projects	104,465	104,860
Fan Testing Lab	977,139	
Amortisation of Lease Hold Land	1,528,548	1,528,548
Intangible Assets Amortisation	1,838,909	1,782,167
Total	46,326,457	44,125,670

**NOTE 06 - 7 OTHER RECURRENT EXPENSES**

	2020	2019 Restated
Office and Miscellaneous Expenses	5,844,658	1,117,548
Paper Advertisements	464,454	184,275
Insurance	2,539,340	2,445,673
Translation Fees	3,783	206,981
Allowances for Board Members	793,970	1,349,218
Refreshment Charges	497,199	489,633
Local/Foreign Training Programmes	974,994	3,467,135
Bank Charges	47,784	80,896
Tax expenses (Unclaimed VAT, NBT & WHT)	-	1,773,827
Total	11,166,182	11,115,186

NOTE 07 - TREASURY INCOME (CAPITAL)

	2020	2019 Restated
Capital Grant Received from Treasury	75,904,009	65,600,000
Total	75,904,009	65,600,000

NOTE 08 - AMORTISED DEFERRED GRANT

	2020	2019 Restated
Depreciation for Current Year	38,418,410	46,572,033
Total	38,418,410	46,572,033

NOTE 09 - INCOME FROM ENERGY FUND

	2020	2019 Restated
Energy Management Income	583,720	1,723,450
From Renewable Energy Income	5,270,000	30,219,000
Net Interest	13,963,724	12,685,699
Total	19,817,444	44,628,149



Notes to the Financial Statements

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

AS AT 31ST DECEMBER 2020

NOTE 10 - 1 FREE HOLD ASSETS

Description	Restated Balance as at 01.01.2020	Acquisition	Revaluation	Disposal	Balance as at 31.12.2020
Land - Hambanthota	101,217,000	-	-	-	101,217,000
Furniture and Office Equipment	21,334,865	402,589	-	-	21,737,454
Motor Vehicles	51,186,495	7,800,000	-	-	58,986,495
Photocopier	4,809,941	-	-	-	4,809,941
Computers	38,859,909	274,600	-	-	39,134,509
Electrical Goods	446,964	-	-	-	446,964
Library Book	1,438,352	-	-	-	1,438,352
Energy Instruments	96,995,177	2,057,250	-	-	99,052,427
Wind Towers and Instruments	65,961,089	1	-	-	65,961,090
Refrigerator Testing Laboratory	42,165,337	-	-	-	42,165,337
Fan Testing Lab	4,885,693	-	-	-	4,885,693
Solar and Mini Hydro Projects					
A. Solar Panels	79,329,510	-	-	-	79,329,510
B. Steel Structure	57,650,000	-	-	-	57,650,000
C. Building	131,017,606	-	-	-	131,017,606
D. Switch Gear	10,007,800	-	-	-	10,007,800
E. Inverters	61,054,625	-	-	-	61,054,625
F. Transformers	4,700,000	-	-	-	4,700,000
G. Power Electronics	31,619,040	-	-	-	31,619,040
I. Sanitary and Plumbing	82,881,814	-	-	-	82,881,814
J. Cables	30,000,000	-	-	-	30,000,000
K. Furniture Fittings and Office Equip.	3,057,984	1,092,760	-	-	4,150,744
L. Tools	5,700,000	-	-	-	5,700,000
M. Machinery	9,240,841	43,317	-	-	9,284,158
H. Other	60,045,364	58,000	-	-	60,103,364
Exhibition Equipments	354,853	-	-	-	354,853
Fixes Assets for UNDP Projects	524,300	-	-	-	524,300
Total	996,484,559	11,728,517	-	-	1,008,213,076

**DEPRECIATION ACCOUNT**

Description	Restated Balance as at 01.01.2020	Depreciations	Disposal	Accumulated Depreciation as at 31.12.2020	Net Book Value as at 31.12.2020
Land - Hambanthota	-	-	-	-	101,217,000
Furniture and Office Equipment	19,434,920	683,360		20,118,280	1,619,174
Motor Vehicles	51,013,104	771,748		51,784,852	7,201,643
Photocopier	4,400,477	232,687		4,633,164	176,777
Computers	35,192,146	1,696,886		36,889,032	2,245,477
Electrical Goods	438,081	4,442		442,523	4,441
Library Book	1,241,352	197,000		1,438,352	-
Energy Instruments	93,231,095	1,803,930		95,035,025	4,017,402
Wind Towers and Instruments	60,848,440	1,708,811		62,557,251	3,403,839
Refrigerator Testing Laboratory	41,587,728	-		41,587,728	577,609
Fan Testing Lab	1,472,400	977,140		2,449,540	2,436,153
Solar & Mini Hydro projects					
A. Solar Panels	6,610,793	6,610,792		13,221,585	66,107,925
B. Steel Structure	4,804,167	4,804,167		9,608,334	48,041,666
C. Building	54,112,098	6,550,880		60,662,978	70,354,628
D. Switch Gear	834,014	833,983		1,667,997	8,339,803
E. Inverters	5,087,886	5,087,886		10,175,772	50,878,853
F. Transformers	391,667	391,667		783,334	3,916,666
G. Power Electronics	31,619,040	-		31,619,040	-
I. Sanitary and Plumbing	6,906,818	6,906,818		13,813,636	69,068,178
J. Cables	2,500,000	2,500,000		5,000,000	25,000,000
K. Furniture Fittings and Office Equip.	3,025,777	32,176		3,057,953	1,092,791
L. Tools	475,000	-		475,000	5,225,000
M. Machinery	4,588,728	1,055,678		5,644,406	3,639,752
H. Other	60,040,539	4,477		60,045,016	58,348
Exhibition Equipments	354,853	-		354,853	-
Fixes Assets for UNDP Projects	344,323	104,465		448,788	75,512
Total	490,555,446	42,958,993	-	533,514,439	474,698,637

NOTE 10 - 2 LEASE HOLD ASSETS

Description	Balance as at 01.01.2020	Acquisition	Amortisation	Balance as at 31.12.2020
Land - Battaramulla	38,977,984	-	1,528,548	37,449,436
Total	38,977,984	-	1,528,548	37,449,436

NOTE 11 - INTANGIBLE ASSETS

Description	Balance as at 01.01.2020	Acquisition	Amortisation	Balance as at 31.12.2020
Computer Software	2,285,407	2,026,415	1,838,909	2,472,914
Data and Information	-	-	-	-
Total	2,285,407	2,026,415	1,838,909	2,472,914



Notes to the Financial Statements

NOTE 12 - WORKING IN PROGRESS

	2020	2019 Restated
Centre of Excellence in Sustainable Energy (SLSEA)	23,290,653	23,290,653
Electric Prototype Vehicle	7,956,800	7,956,800
Pooneryn Project	23,726,194	23,726,194
Hambanthota Solar Park Training Centre Construction	1,540,962	-
Indurana Mini Hydro	15,211,901	15,785,597
Total	71,726,510	70,759,244

NOTE 13 - INVESTMENT

Fixed Deposits (in NSB, Borella)

Deposit Reg. No.	Date of Maturity	Rate of investment	Net Interest for 2020	Deposit as at 31.12.2020	Deposit as at 01.01.2020
2/0061/11/33829	9/21/21	5.50%	143,136	1,762,902	1,605,119
2/0061/11/33861	9/21/21	5.50%	143,136	1,762,902	1,605,119
2/0061/11/33853	9/21/21	5.50%	143,136	1,762,902	1,605,119
2/0061/11/33888	9/21/21	5.50%	138,199	1,762,902	1,605,119
2/0061/11/33772	9/21/21	5.50%	143,136	1,762,902	1,605,119
2/0061/11/33837	9/21/21	5.50%	143,136	1,762,902	1,605,119
2/0061/11/33845	9/21/21	5.50%	143,136	1,762,902	1,605,119
2/0061/11/33756	9/21/21	5.50%	143,136	1,762,902	1,605,119
2/0061/11/33764	9/21/21	5.50%	143,135	1,762,902	1,605,119
2/0061/11/33802	9/21/21	5.50%	143,135	1,762,902	1,605,119
2/0061/11/33713	9/21/21	5.50%	143,135	1,762,902	1,605,119
2/0061/11/33896	9/21/21	5.50%	143,135	1,762,902	1,605,119
2/0061/11/33799	9/21/21	5.50%	143,135	1,762,902	1,605,119
2/0061/11/33870	9/25/21	5.50%	53,893	661,086	601,919
2/0061/09/60845	10/20/21	5.50%	54,918	657,083	598,273
2/0061/11/34051	9/30/21	5.50%	348,398	4,252,197	3,871,617
2/0061/09/49981	5/2/21	8.50%	1,245,364	13,061,250	11,820,136
Total			3,558,399	41,549,342	37,758,488

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

Deposit Reg. No.	Date of Maturity	Rate of Investment	Net Interest for 2020	Deposit as at 31.12.2020	Deposit as at 01.01.2020
LKB00523C152	15/01/2021	8.35%	1,851,933	21,977,070	19,893,930
LKB00323A151	09/07/2021	5.1%	3,065,727	48,277,107	44,680,340
Total			4,917,660	70,254,177	64,574,270
TOTAL INVESTMENT				111,803,519	102,332,758

NOTE 14 - RECEIVABLES

	2020	2019 (Restated)
Interest Receivable on Fixed Deposits	1,163,653	1,396,109
Interest Receivable on Treasury Bills	2,928,372	3,690,620
Ceylon Electricity Board - RCL Rent	8,033,271	8,033,271
Power Generation - Hambanthota/Indurana	10,814,850	15,415,745
Receivable from Employees	209,689	213,589
Employee Receivable - Telephone	4,520	4,520
Trade - Receivable (EF)	-	869,921
Local Training Programme (Suspense)	116,000	82,000
Aitken Spence Travel	6,309	6,309
Heritage Ahungalla	35,659	35,659
Total	23,312,323	29,747,743

NOTE 15 - OTHER CURRENT ASSETS

	Note	2020	2019 (Restated)
REFUNDABLE DEPOSIT			
Water Board		2,500	2,500
Medical Insurance		500	500
Fuel, Etc.		186,500	186,500
Hambantota - CEB		52,000	52,000
Indurana - CEB		62,500	62,500
Sooriyawewa - CEB		1,500	1,500
Telephone		8,776	8,776
Hambantota Hostel Rent		132,000	132,000
Spring Water Pvt Ltd		3,500	3,500
American Premium Water		23,000	23,000
Mobitel		2,000	2,000
W.D.G.S Onil - ODSM		-	2,100,000
BMICH		439,902	520,233
Vidulka Exhibition		25,000	25,000
ADVANCE			
Advances for Programmes, etc.		405,622	470,070
Divisional Secretariat - Ruwanwella		6,341,674	-
Provincial Education Dept, Eastern		911,329	911,329
Provincial Education Dept, Northern		790,191	790,191
Provincial Education Dept, North Western		-	400,800
Provincial Education Dept, Southern		1,544,949	1,544,949
Secretary - Ministry of Education Uva /North Western Pro-NAMA		1,391,750	1,391,750
Cheif Secretary Southern / Eastern Province - NAMA		2,880,050	2,880,050
Advance-Secretary Ministry of Road Development (Central Pro.) - NAMA Pro.		2,231,265	2,231,265
Other	Note 22	7,818,029	6,785,378
Total		25,254,537	20,525,791



Notes to the Financial Statements

	2020	2019 (Restated)
REVOLVING FUND		
Distress Loan	15,085,854	13,100,565
Special Advance	51,385	5,385
Festival Advance	24,489	41,989
Flood Loan	32,993	319,645
	15,194,721	13,467,584
TOTAL OTHER CURRENT ASSETS	40,449,258	33,993,375

NOTE 16 - CASH AND CASH EQUIVALENT

	2020	2019 (Restated)
NSB Savings Account - 100610493406	187,046,758	180,115,763
Peoples Current Account - 078100188503576	7,492,484	4,227,731
Peoples Current Account - 078100278503576	4,620,072	4,620,072
BOC Current Account - 8002630	1,069,504	2,697,932
BOC Current Account - 74944408	54,842,958	48,209,002
BOC Savings Account - 75803419	198,149,579	185,208,026
BOC Current Account - 80595356	5,511,804	12,235,101
Total	458,733,159	437,313,627

NOTE 17 - ACCUMULATED FUND

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

	2020	2019 (Restated)
Accumulated Fund as at 30 September 2007	7,076,392	7,076,392
Initial Capital	5,000,000	5,000,000
Capital Grant - Ministry of Power and Energy	5,761,145	5,761,145
Capital Grant from UNDP	3,612,560	3,612,560
Donor Grant from Food and Agriculture Organisation	650,239	650,239
Total	22,100,336	22,100,336

**NOTE 18 - DEFERRED GRANT**

	2020	2019 (Restated)
Capital Grant 2008	33,770,435	33,770,435
Capital Grant 2009	11,955,533	11,955,533
Foreign Grant 2009 - Japanese	24,165,380	24,165,380
Capital Grant 2010 - Hambantota Solar Park	46,693,991	46,693,991
- Unamortised Capital Grant	10,646,819	10,646,819
Foreign Grant 2010 - Japanese	11,419,569	11,419,569
Capital Grant 2011 - Indurana Mini Hydro Project	15,523,945	15,523,945
- Unamortised Capital Grant	68,798,341	68,798,341
Foreign Grant 2011 - Japanese	1,155,016,402	1,155,016,402
- Korean	191,097,075	191,097,075
Differed grant 2012 - ADB	15,082,346	15,082,346
Capital Grant 2012	23,581,236	23,581,236
Differed grant 2013 - ADB	43,416,071	43,416,071
Differed Grant 2013 - KOICA	35,662	35,662
Capital Grant 2013 - FARDF	41,873,961	41,873,961
Capital Grant 2014	20,487,827	20,487,827
Capital Grant 2015	14,655,015	14,655,015
Capital Grant 2016	17,855,251	17,855,251
Capital Grant 2017	19,806,619	19,806,619
Less:		
- Deferred Revenue Previous Years	(1,388,606,544)	(1,342,034,511)
- Deferred Revenue for The Year	(38,418,410)	(46,572,033)
- Deferred Revenue for Disposal of Inverter		
Total	338,856,524	377,274,934



Notes to the Financial Statements

(All amounts in Sri Lanka Rupees)

NOTE 19 - OTHER PAYABLE

	2020	2019 (Restated)
Payable to Fund of The Authority from Energy Fund		-
Switch Asia Control Account	4,548,176	4,548,176
Ministry of Power and Energy	500	500
Accrued Expenses	3,893,540	10,827,979
Unpresented Cheques	1,260,442	1,260,442
Renewable Energy Solar Registration Fees	295,860	295,860
Ministry of Mahaweli Development and Environment	470,000	470,000
EPF Payable	1,259,912	-
ETF Payable	188,987	-
Audit Fees	1,416,166	2,274,976
VAT Payable	-	-
WHT Tax Payable	379,602	379,602
PAYEE Tax Payable	220	
Stamp Duty payable	-	7,675
Jeewa Shakthi Associates - Survey Fee	252,875	252,875
Bid Document	335,500	20,000
Others	370	370
Other Deduction Payable	47,323	47,323
Online Deposit account	730,933	
CREDITORS		
Renewable Energy - E Net Solutions (Private) Ltd.	1,667,500	1,667,500
Acquisition of Energy Instruments	326,025	326,025
Retention	2,066,659	2,249,488
Narahenpita Jathika Pola	99,405	99,405
Kondasinghe Constructions	-	6,465,264
SUNDRY CREDITORS		
Sri Lanka Custom	310,748	310,748
Welfare Society SLSEA	442	442
REFUNDABLE DEPOSIT		
E-Net solutions (Pvt) Ltd	10,000	10,000
ENL Consultant	150,000	150,000
Zigma Technologies	10,000	10,000
Rainco Renewable Energy Co. (Pvt.) Ltd	30,000	30,000
Vidulka Exhibition	9,256	9,256
Ceylon Petroleum Corp	54,000	54,000
Refundable Deposit - Vehicle	14,000	14,000
ATA International	50,000	50,000
Vidulka Symposium - Entertainment Ltd	25,000	25,000
Total	19,903,441	31,856,906

**NOTE 20 - SRI LANKA ENERGY FUND**

	Note	2020	2019
Statement of Financial Position as at 31.12.2020			
Non current Assets		-	-
Current Assets			
SLSEA Current Account (FOA) - Energy Plus Building		48,678,878	48,678,878
Cash & Cash Equivalent			
NSB Savings Account		187,046,758	180,115,763
BOC Savings Account		198,149,579	185,208,026
		433,875,215	414,002,667
Accumulated Fund		370,902,975	335,605,770
Surplus / Deficit for the year		14,158,654	35,297,205
Total Accumulated Fund		385,061,629	370,902,975
Current Liabilities			
SLSEA Current Account (FOA)		48,783,882	43,099,692
VAT Payable		-	-
Total		433,845,511	414,002,667
Income			
Income - Energy Fund	9	19,817,444	44,628,149
Expenses			
Resource Allocation & Sevelopment			
Provincial Energy Programmes			
Renewable Energy Service Programme			7,276,625
Indurana SRM Training Centre		5,657,927	
Solar Project			
Energy Education Programme			
Bank Charges		863	
Promotion Programme			2,054,319
		5,658,790	9,330,944
Surplus/Deficit		14,158,654	35,297,205

NOTE 21 - SRI LANKA SUSTAINABLE GUARANTEE FUND

	2020	2019
Income		
Interest Income - Fixed Deposit	3,558,399	3,405,343
Interest Income - Treasury Bills	4,917,660	5,738,565
Total Income	8,476,059	9,143,908
Less:		
Expenses	-	-
Total Expenses	-	-
Net Surplus/Defecit	8,476,059	9,143,908



Notes to the Financial Statements

NOTE 22

	2020	2019
Advance - The National Hospital Sri Lanka	-	
Advance - Co-Energy (pvt) Ltd	2,128,894	2,128,894
Receivable/Advance - (Other)	855,264	892,417
Advance - District Secretary Hambantota	23,993	23,993
Advance - Department of Animal Husbandry	26,777	26,777
Advance - Co-Energy (pvt) Ltd	521,735	521,735
Advance - District Secretary Kegalle	10,712	10,712
Advance-The University of Colombo	2,790,700	2,790,700
Advance - ISB North Western Province	390,150	390,150
Advance - Indi creation	222,500	
Advance - Alpha Industrial Pvt Ltd	330,264	
Advance - D.R. Industries Pvt Ltd	478,040	
ADB - Exterm WEB	39,000	
	7,818,029	6,785,378

AUDIT REPORT FROM NATIONAL AUDIT OFFICE



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எனது இல.
My No.

පිටපත්/වි/වස්තුව/වස්තුව
2018/28

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உமது இல.
Your No.

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திகதி
Date

2020 මාර්තු 03 දින

Chairman,

Sri Lanka Sustainable Energy Authority

Report of the Auditor General on the Financial Statements and other legal and regulatory requirements of the Sri Lanka Sustainable Energy Authority for the year ended 31 December 2020 in terms of Section 12 of National Audit Act No. 19 of 2018.

The aforementioned report and the audited Financial Statements are submitted herewith.

W. P. C. Wikramaratne,

Auditor General.

- Copies:
1. Secretary, Ministry of Power and Renewable Energy - for information
 2. Secretary, Ministry of Finance - for information



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1.2 Basis for Qualified Opinion

- A. Even though 6 linear items amounting to Rs. 1,221,120,648 in the Audited Financial Statements and 3 linear items in the Income Statement amounting to Rs. 293,185,927 have been revised by Rs. 24,461,699 and Rs. 2,838,673 respectively due to restating the erroneous amounts stated in the previous period, the nature of the misstatement, the amount to be corrected in relation to each linear item, the amount corrected in the beginning of the previous period and if the retrospective restatement was not practically possible, the reasons for the same need to be disclosed by a Note to the accounts, such action has not been performed.
- B. Even though adjustments have been made in the Value Added Tax (VAT) Account and the Value Added Tax Payable Account by Rs. 8,299,107 and Rs. 3,091,028 respectively for the previous years, when retrospectively correcting the errors in terms of the requirement of LKAS-3, the comparative linear items for the previous year have not been revised nor the related disclosures have been made. Further, the related source documents have not been submitted with the Journal Voucher.
- C. The Fan Testing Lab equipment with a value of Rs. 4,885,693 that have been procured, fixed and implemented in 2018, and Wind Tower equipment with a value of Rs. 12,816,562, received in 2015 have been identified as assets for the year under review and accounted and the depreciated amount of such equipment in the previous year is Rs. 3,540,450. However, when retrospectively correcting the error, the comparative depreciated item for the previous year has not been corrected as per the requirement of LKAS-3. Furthermore, the required information has not been disclosed in terms of LKAS-3.
- D. The useful life of Non current fixed assets shall be reviewed annually in terms of LKAS-7 and if the expected conditions deviate from the estimates, such deviations shall be revised in terms of the requirement of LKAS-3. However, in the year under review, the useful lives of 14 types of assets amounting to Rs. 357,996,793 as at 31st December 2020 have not been revised and adjusted in the Financial Statements.



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- E. The value of an asset shall be measured at the fair value as at the date of its acquisition when such an asset is acquired through a non-interchangeable transaction in terms of the requirement of LKAS-7. However, the land in Indurana which had been acquired in the form of a donation in the year 2017 for Sarachchandra Rajakaruna Memorial International Center has not been valued and accounted as of the date of this Report.
- F. Even though a comparison of the values mentioned in the budget document, which arise when implementing the budget document and the actual values need to be included in the Financial Statements in terms of LKAS-15, the Authority had not complied this requirement.
- G. Even though there were 18 active lawsuits against the Authority until the end of the year under review, the contingent liabilities that may arise due to such activities had not been disclosed in the Financial Statement.
- H. The allocation of gratuity as at 31st December 2020 and the payment of such benefits for the year 2020 shall amount to Rs. 32,678,558 and Rs. 8,391,212 respectively, the balance of gratuity allocation as at 31 December 2020 and the value of the gratuity payments during the year under review had been overstated as Rs. 1,332,299 as the said amounts had been accounted as Rs. 34,010,857 and Rs. 9,723,511 respectively.
- I. A difference of Rs. 55.96 million was observed between the amounts mentioned in the Financial Statement in relation to 03 topics included in the Financial Statements for the year under review and the descriptive documents presented in relation to such amounts. However, such changes had not been examined and adjusted in the Financial Statements.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities under those standards are further described in the Auditor General's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.



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1.3 Other Disclosures in the Annual Report of the Authority for the Year 2020

'Other Information' means the information that is included in the 2020 Annual Report of the Authority and is expected to be submitted to me after the reporting date of this Audit Report but not included in the Financial Statements and my Audit Report on the same. The management is responsible for this other information.

My opinion on the Financial Statements does not cover the other information. Nor do I provide an assurance or express an opinion on the same, whatsoever.

My responsibility in auditing the Financial Statements is to read the other information identified above as and when available and consider whether such information is materially inconsistent with the Financial Statements or my knowledge obtained in during my audit or by any other means.

If I conclude when reading the 2020 Annual Report of the Authority that it contains material misstatements, such matters shall be communicated with the regulatory bodies for corrective actions. If there are misstatements that cannot be corrected any further, such matters will be tabled in the Parliament by me as per Section 154(6) of the Democratic Socialist Republic of Sri Lanka.

1.4 Responsibilities of Management and Administration Parties on the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards and to determine internal control as management determines is necessary to enable the preparation of financial statements that are free from misstatement, incurred due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

The administration authorities are responsible for overseeing the Authority's financial reporting process. As per Section 16(1) of the National Audit Act No. 19 of 2018, the Authority is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared by the Authority.



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1.5 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes my opinion. Assurance on fairness is a high level of assurance but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when such exists. Misstatements that can arise from fraud or error are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I have exercised professional judgment and maintained professional skepticism in accordance with Sri Lanka Accounting Standards in carrying out the audit. Further,

- Identifying and assessing the risks of material misstatement of the financial statements, incurred due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Even though an understanding of internal control relevant to the audit was obtained in order to design audit procedures that are appropriate in the circumstances, there is no intention to express an opinion on the effectiveness of the Authority's internal control.
- Appropriateness of accounting policies, fairness of accounting estimates and related disclosures made by the management were evaluated.
- Conclusion was drawn on the appropriateness of the use of the basis of going concern of the Authority for accounting based on the audit evidence obtained. If I determine that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements, or if such disclosures are inadequate, to modify my opinion. However, future events or conditions may cause the Authority to cease its continuous functioning.
- Overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation were evaluated.
- I communicate with the administration authorities regarding, among other matters, significant audit findings, including any significant deficiencies in internal control identified during my audit.

2. Report of other Legal and Regulatory Requirements

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

- 2.1.1** I have obtained all the information and explanation required for the audit and as far as it appears from my examination, proper accounting records have been kept by the Authority as per the requirement of section 12 (a) of the National Audit Act. No. 19 of 2018.
- 2.1.2** The financial statements presented are consistent with the preceding year as per the requirement of section 6 (l) (d) (iii) of the National Audit Act, No. 19 of 2018.



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2.1.3 The financial statements presented include all the recommendations made by me in the previous year as per the requirement of section 6 (l) (d) (iv) of the National Audit Act, No. 19 of 2018.

2.2 Based on the procedures performed and evidence obtained nothing has come to my attention, substantial to make any of the following declarations:

2.2.1 to state that any member of the Board of Management has any direct or indirect interest in any contract entered into by the Authority which is out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act. No. 19 of 2018.

2.2.2 to state that the Authority has not complied with any applicable written law, or general and special directions issued by the Board of Management as per the requirement of section 12 (f) of the National Audit Act. No. 19 of 2018 except for;

Reference to Law/Direction	Description
A). Financial Regulations of the Government of the Democratic Socialist Republic of Sri Lanka	
(i). Financial Regulation 396 (d)	Even though action should be taken with regard to unrepresented cheques for more than six months from the date of issue as per FR 396 (d), the Authority had not taken such action regarding 60 cheques written from 2014 to 2020 with a total value of Rs. 6,781,378 out of unrepresented cheques amounting to Rs. 30,632,380 as at 31 December 2020.
(ii). Financial Regulation 880 (i)	None of the officers of the Sustainable Energy Authority who ought to give security in accordance with the Public Officers (Security) Ordinance (Cap. 612) had done accordingly.



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Reference to Law/Direction	Description
B). Establishment Code of the Democratic Socialist Republic of Sri Lanka	
(i). Clause 15:1(ix) of Chapter II	Recruiting Authority, Administrative Authority and Head of the Institution are responsible for conducting Efficiency Bar Examinations on time. Further, as per Clause 15.1(ii), when determining salary scales, the First Efficiency Bar Examination must be passed before achieving the 04th salary step and this is intended at determining if an officer is eligible to receive the next salary increments pertaining to his/her position. However, the Authority had not conducted such Efficiency Bar examinations and salary increments had been provided to the officers.
C). Public Administration Circulars	
(ii). Public Administration Circular No. 05/2008 dated 06 February 2008	Even though all public institutions should introduce a "Citizens' / Clients' Charter", the Authority had not taken action on the same as at the date of this Report.
(iii). Clause 3.0 of Public Administration Circular No. 30/2016 dated 29 December 2016	Even though the consumption of fuel must be re-tested after a period of 12 months from each fuel test or after running a distance of 25,000km or after carrying out a major repair to the engine, whichever occurs first, a fuel test had not been performed in relation to the vehicles owned by the Authority complying with the said requirement.
(iv). Public Administration Circular No. 02/2018 dated 24 January 24 2018	Even though it is required to prepare a Human Resource Development Plan in order to fill the gap between the existing competencies and the competencies to be gained by all the members of staff based on Form 02 attached to the Circular, the Authority had not complied with the said requirement.



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Reference to Law/Direction	Description
D). National Budget Circular No. 02/2017 dated 25 July 2017	<ul style="list-style-type: none"> • Issuing internal circulars or guidelines on implementing Sustainable Development Goals and providing training opportunities to interested parties had not been implemented during the year 2020. • Further, mechanisms for allocating physical resources and the staff and for regulating the said process had not been identified.
F). Public Finance Circular No. 01/2020 dated 28 August 2020	Even though the Board of Survey Report for 2020 should be submitted to Auditor General before 31 March 2021, the Board of Survey Report of the Authority for 2020 had not been submitted for audit.
G). Treasury Circular No. 842 dated 19 December 1978	The fixed Assets Register for fixed assets with a net value of Rs. 512,148,073 had not been maintained properly.
H). Clause 6.5.1. of Public Enterprises Circular No. PED/12 dated 02 June 2003	Even though the financial statements should be submitted for audit within 60 days after the accounting year, the financial statements of the Authority were submitted for audit on 21 October 2021, with a delay of 293 days.
I). Clause 8.3 of Management Audit Circular No. DMA/01 - 2019 dated 12 January 2019	The Authority had not prepared and submitted vehicle cost reports for 2020 to the Department of Management Audit.
J). Section 5.4.8 of Procurement Manual	Even though a performance guarantee shall be provided by a performance guarantee issued from an acceptable agency, and valid till twenty-eight (28) days beyond the intended completion date, Authority had not submitted evidence to audit to prove that a performance guarantee had been obtained in relation to the toilet complex bearing a cost of Rs. 6,409,745, constructed in the National Renewable Energy Park.
K). Supplement 13 to the Procurement Manual dated 03 October 2007	Even though action should be taken in relation to public contracts with a cost exceeding Rs. 5 million in terms of Clauses 8, 9 and 12 of Public Contracts Act No. 03 of 1987, the Authority had not taken action in relation to the above-mentioned contract.



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2.2.3 Whether the Authority has complied with the powers, functions and activities of the Authority, except the below observations as per the requirement of Section 12(g) of National Audit Act No. 19 of 2018.

- a) As per Section 47(1) of Sri Lanka Sustainable Energy Authority Act No. 35 of 2007, a sustainable energy grantee fund had been established for investors who apply for loans to carry out projects related to energy efficiency. Authority had invested the said fund in Treasury bills and deposit and the total value of such investments as at 31 December 2020 was recorded as Rs. 111,803,519. However, it was observed that the Authority had not yet implemented the actions required to achieve the objectives of establishing the sustainable energy grantee fund.
- b) Further, in violation of Clause 46(3) of the aforementioned Act, the Authority had paid Rs. 48,678,878 from the Sustainable Energy Fund from 2014 to 2015 to obtain a land in Battaramulla on lease.
- c) As per Clause 42(1) of the Act, the Board shall be required to submit annually to the Minister, a report on the performance of the energy sector in Sri Lanka during the preceding year and the Minister shall table the said report in Parliament for its consideration. However, the Authority had not complied with the said requirement.
- d) As per Clause 19(1) of the Act, a developer shall, for the period during which the permit issued is in operation, be liable to pay annually to the Authority as a royalty on renewable energy resources being utilized for the project, such charge as shall be determined by the Minister in consultation with the Minister in charge of the subject of Finance. However, the Authority had not taken action so far to collect the said royalty charge though it has been 14 years since its establishment.



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2.2.4 Whether the Authority had procured and utilized resources economically, efficiently and effectively within the time frames and in compliance with the applicable laws, except the following observations as per the requirement of Clause 12(h) of National Audit Act No. 19 of 2018.

- a) The Authority has purchased 08 mobile phones with a value of Rs. 126,000 on 16 December 2020 for the purpose of installing a monitoring operating system for monitoring its vehicles. However, the said system had not been installed even by 18 January 2022, the date of audit.
- b) Rs. 385,196,337 belonging to Sri Lanka Sustainable Energy Authority had been retained in 02 bank savings accounts while Rs' 73,536,822 belonging to the Authority had been retained in 05 current accounts, exceeding the working capital requirement without an effective investment as at 31 December 2020.

2.3 Other Matters

- a) There were 61 vacancies at Sri Lanka Sustainable Energy Authority as of 31 December 2020 including 27 vacancies in senior staff-grade positions, 01 secondary level vacancy, 22 tertiary level vacancies, and 11 primary level vacancies at the end of the year under review as the Authority had failed to maintain an actually required number of staff members and to perform a timely review of the number of staff members.
- b) Even though the Authority had prepared an Action Plan for the year under review, the activities expected to be performed by various units of the Authority and the basic financial and physical targets to be achieved were not covered in the said plan,
- c) Rs. 5,049,485 which had been obtained from 20 investors as deposits in relation to acquiring lands for small hydro power generator projects from 2009 to 2016 had been stated under Non Current Liabilities in Financial Statements as an amount payable since 2017. However, the action required to complete the task of acquiring such lands had not been performed.
- d) Rs. 8,406,407 and Rs. 38,041 stated under Amounts Receivable had been carried forward for 01 to 04 years and for 01 to 05 years respectively. However, the Authority had not taken any action until the end of the year under review to recover such amounts or any other suitable measures in that regard.
- e) Rs. 11,823,521 stated under Advances Receivable had been continuously carried forward since no action had been taken to recover such amount for a period of 01 to 04 years.
- f) Rs. 2,445,149 stated in the accounts as other payments and creditors had been carried forward for a period of 01 to 04 years. Further, Rs. 6,753,677 and Rs. 2,756,376 stated as Deposits and Miscellaneous Creditors had been carried forward for a period of over 05 years. However, the Authority had not taken action to recover such amounts until the end of the year under review.

W. P. C. Wikramaratne

Auditor General

Corporate Information

Name of the Authority

Sri Lanka Sustainable Energy Authority

Legal Status

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

Registered Office

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