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இலங்கை நிலைபெறுதகு வலு அதிகாரசபை
Sri Lanka Sustainable Energy Authority



www.energy.gov.lk



වාර්ෂික වාර්තාව 2023
වරුடාந்த அறிக்கை
ANNUAL REPORT 2023

Annual Report 2023



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Contents

About Us

Sri Lanka Sustainable Energy Authority	02
Vision/ Mission	04
Our Goals / Core Values / Objectives	05
Corporate Milestones	08
Performance highlights / achievement	09
Chairman's Message	15
Director General's Review	17
Board of Management	19
Audit and Management Committee	20

Corporate Governance

Corporate Governance	23
Risk Management	24
Organizational Structure / Divisions of SLSEA	25
Cadre Information	27

Management Discussion and Analysis

Management Discussion and Analysis	31
Action Plan 2024	41

Financial Information

Income Statement	45
Statement of Financial Position	46
Statement of Changes in Equity	47
Statement of Cash Flows	48
Statement Of Comparison Figures Of Budget And The Actual Amounts - 2023	49
Notes to the Financial Statements	53

Audit Report

Audit Report from National Audit Office	83
Observations of SLSEA for Auditor General Report 2023	92







About Sustainable Energy Authority

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



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

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

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

Vision

A Sustainable
and
Energy Secure
Sri Lanka

Mission

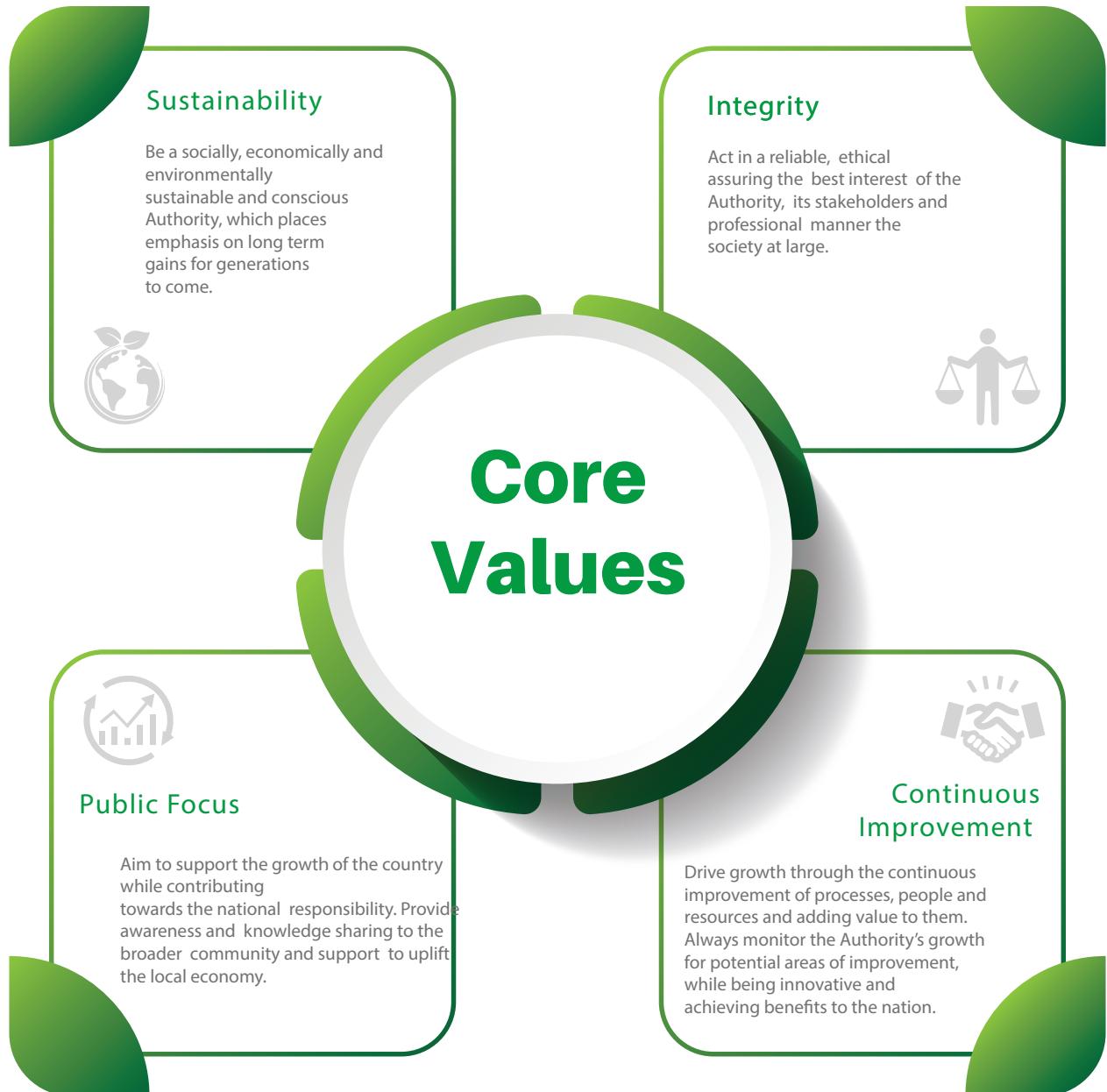
"To establish sustainable energy value chains by providing leadership to renewable energy, energy management and journey towards energy sustainability through facilitation, regulation and knowledge management, paving the way for energy transition of the country, lowering the impact on the national economy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

Our Goals

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

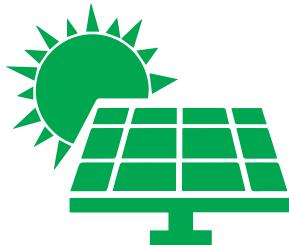
- Increase the renewable energy share in the primary energy supply
- Reduce energy waste across all sectors by energy efficiency improvement and conservation
- Create an environment conducive for a robust pipeline of sustainable energy programs to make those a strength to the economy
- Contribute to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

Core Values



Objectives

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



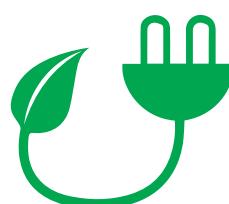
Identify, Assess and develop renewable energy resources with a view to enhance energy security and thereby derive economic and social benefits to the country.



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



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



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

Corporate Milestones

- Developing Conducive policies
- Improving Energy Efficiency
- Increasing the share of Renewable Energy
- Empowering people

2010

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

2011

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

2014

- Published Solar Resource Atlas of Sri Lanka

2015

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

2016

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

2017

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

2018

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

2019

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

2020

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

2021

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

2022

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

2023

- Exceed 800 MW from Solar Rooftop with above 50,000 systems
- cumulative RE installed capacity reached to 1700MW
- approved to implement first floating solar project in sri lanka
- Gazetted regulations for refrigerators

Key Highlights - 2023

Resource Facilitation and Capacity Additions

In 2023, SLSEA made significant progress in expanding renewable energy capacity by adding 189.4 MW. This included 9 MW from ground-mounted solar, 156 MW from rooftop solar, 4 MW from biomass, 15 MW from wind, and 5.4 MW from mini-hydropower (MHP). This brought the total renewable energy capacity, including rooftop solar, to 1699.4 MW.

However, according to the CEB Long-Term Generation Expansion Plan 2023-2042, the target was to achieve a total addition of 8819 MW of renewable energy to the national grid by 2030. The target for 2023 was set at 2029 MW, but we only accomplished 1699.4 MW, including rooftop solar, from renewable energy sources (excluding major hydro). This left a gap of 329.3 MW to reach the target in 2023.

Despite the shortfall, progress was made in other areas. It was possible to sign Power Purchase Agreements (PPAs) for 64.72 MW of renewable energy projects, issue Energy Permits for 299.15 MW, and grant Provisional Approvals for 475.19 MW. These actions indicate plans for further expansion and development in the future.

To expedite the program, SLSEA plans to integrate large-scale national projects in the coming years, aiming to bridge the gap and accelerate the transition to renewable energy sources.

Soorya BalaSangramaya

The Soorya BalaSangramaya program has successfully added a total capacity of 816 MW by installing solar panels on over 54,375 roofs. This accounts for nearly 5% of the country's annual electricity demand. In 2023, the program added 156 MW, just slightly below the target of 160 MW. Ongoing projects, such as installing solar panels on government buildings and for low-income households, demonstrate the commitment to sustainable energy growth. The Indian Credit line program began in 2023 supports various initiatives like rooftop solar installations, battery storage, and floating solar projects. Its goal is to accelerate the adoption of solar energy in Sri Lanka. Additionally, the construction of a Hybrid Renewable Energy System on three small islands in Jaffna, funded by India, aims to provide benefits to around 3000 families.

Resource Identification

SLSEA's proactive approach began with prioritizing resource identification in 2020/2021 prepared an inventory and gazetting potential land slots for 3000 MW solar and 1000 MW wind power projects identified through GIS modeling secured Cabinet approval in 2023.

Ready to invest - National park projects

SLSEA is actively involved in pre-development activities for 956 MW projects, which will significantly contribute to the country's electricity needs. One notable project is the Pooneryn Wind Energy Park, targeting 234 MW of wind power. In 2023, it successfully completed essential studies and obtained nearly all approvals, including environmental impact assessment (EIA) approval.

Furthermore, progress is underway for the Siyambalanduwa solar power project. A 4 km access road was constructed, and more than half of the planned reforestation activities outlined in the Environment Management Plan were carried out. Similarly, the Mannar Phase II Wind Power Project has secured most approvals, and land acquisition is currently in progress.

In addition, the Verawil Wind Park, a 210 MW project located in the Kilinochchi district, has made strides forward with initial clearance, and the EIA scoping phase has been completed. These developments signify substantial progress toward advancing renewable energy infrastructure in Sri Lanka.

Floating Solar as a New Intervention

1 MW floating solar projects in KiriibbanWewa and Chandrika Wewa, supported by a Korean grant, received approval in 2023.

Sri Lanka National Energy Balance

Sri Lanka National Energy Balance plays a crucial role in tracking the nation's energy sector performance. Sri Lanka National Energy Balance 2020 was published and the 2021 report was in the printing stage, and the data entry for the 2022 report was actively underway.

Energy Management Systems

In the field of Energy Management Systems, initiatives like the Energy Manager/Auditor program lead to improving energy efficiency in industries and businesses. With 250 Energy Managers, 24 Accredited Energy Auditors, and 30 Energy Services Companies (ESCOs) involved in delivering energy management services, the benchmark portal for financial and retail sectors was published in 2023 and 45 supermarket outlets have signed up with the National Energy Benchmarking portal. Moreover, advisory services, energy audits for different institutions, and two energy management training programs were carried out.

Research & Surveys

Survey and research efforts include a chiller survey in progress, comprising 100 walk-through audits focusing the performance of chillers. The Efficient Refrigerator Replacement Program aims for a 30% reduction in household electricity consumption. A collaborative study on suitable technologies for street lighting with Lanka Electricity Company (LECO) was also in progress.

Systems & Planning

Systems & Planning endeavors involved the revision of the Code of Practice for Energy Efficient Buildings. Transport sector initiatives encompassed fuel efficiency labeling and the development of an e-mobility policy.

Households, agriculture and SME sectors

The Appliance Energy Labeling Program features voluntary labeling for LED panel lights, gazetted regulations for refrigerator energy labeling, and testing/benchmarking projects for various appliances.

In the Residential Sector, a monitoring application and awareness programs have been implemented, and testing of energy-efficient biomass cook stoves was completed.

Outreach & Promotion

Completed training sessions involved 440 teachers in energy capacity-building through Outreach and Promotion programs.

Resource Mobilization

Resource Mobilization focused on activating Cess and Royalty through the provisions of the Act, submission of a draft operating guideline for the Sustainable Energy Fund, and ongoing monitoring of budget utilization for donor-funded projects

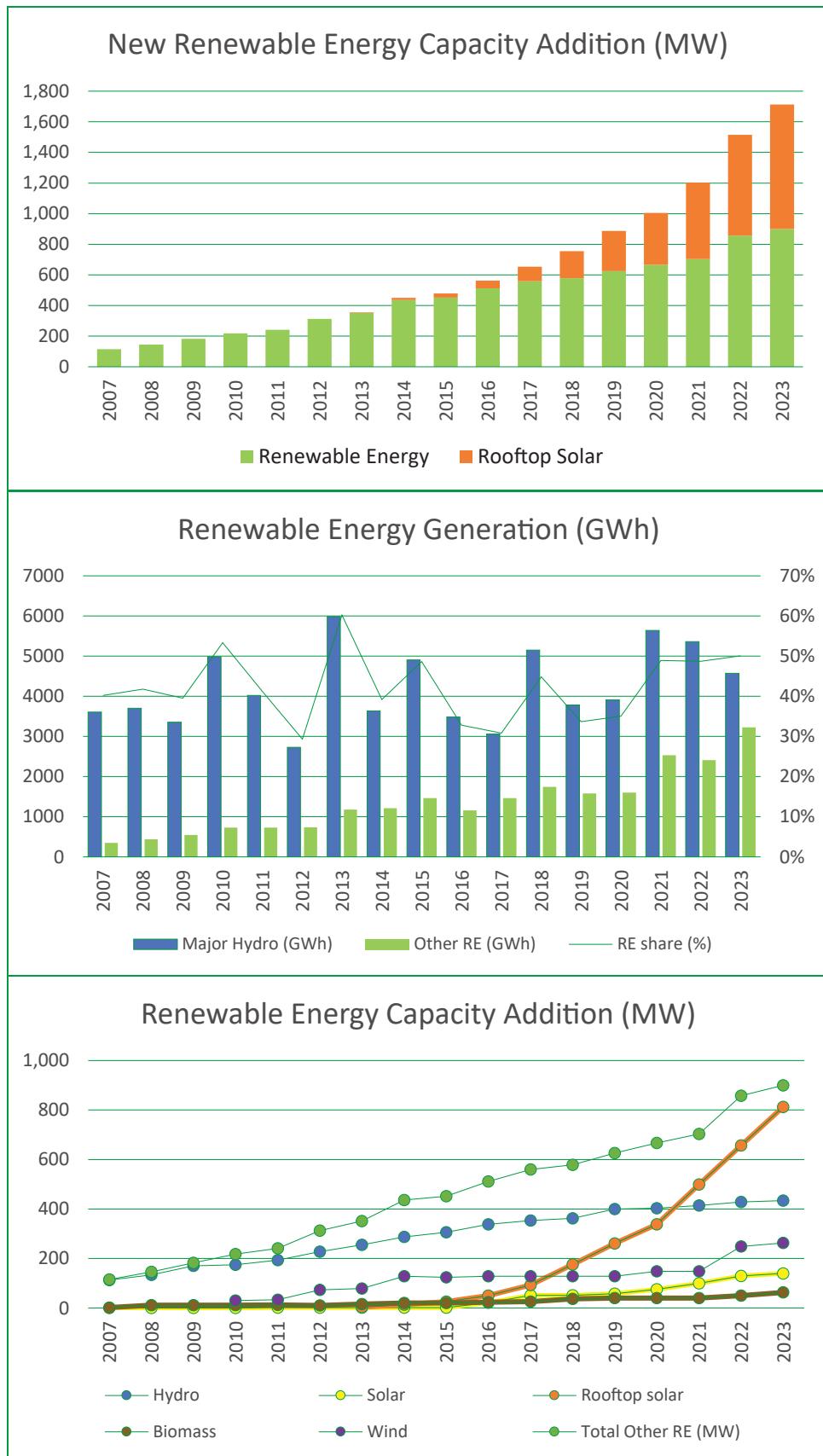
Performance Highlights

Description	Unit	2022	2023
Performance Highlights			
Renewable electricity generation	GWh	8301	7795
Cumulative capacity from small hydro power projects	MW	429	437
Cumulative capacity from solar power projects (ground mounted)	MW	130	140
Cumulative capacity from wind projects	MW	148	263
Cumulative capacity from biomass projects	MW	59	50
Cumulative no of solar rooftops connected to national grid	No	46,203	55128
Cumulative capacity from solar rooftop projects	MW	656.97	813
Generation from solar rooftop projects	GWh	530	632
Energy Saving from efficient appliances	GWh	600	125
Co2 Avoided	Kilo tones	5986.4	
Human Capital			
Total staff of SLSEA	No	97	94
Nos. of employees more than 10 years	No	60	61
Nos. of employees more than 5 years	No	77	77
Social and Relationship Capital			
Nos. of Energy Audits Conducted	Nos.	5	4
Nos. of Energy Managers	Nos.	238	250
Nos. equipment hiring days	Nos.	1140	2273
Nos. of Energy Labeling Standards published	Nos.	1	1
Nos. of Visitors for the Hambantota Solar Park	Nos.	1483	
Nos. of Solar Service Companies registered by SLSEA	Nos.	373	506
Nos. of Energy Service Companies registered by SLSEA	Nos.	29	30
Nos. of persons trained in energy management	Nos.	110	500
Nos. of persons trained in solar PV technology	Nos.	650	
Nos. of Solar standards published	Nos.	-	1
Nos. of research facilitated	Nos.	-	3
Nos. of publications	Nos.	1	6

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



Achievements









Chairman Message

This is a time when there is a huge global dialogue on energy transition. In the past periods the energy supply pattern of the world was petroleum-dominated, which led the world to seriously focus on the global sustainability. Primarily, Green-House Gas (GHG) emissions, which is due to the combustion of petroleum fuels has led to increase the temperature at global level, whereby the entire world has been caused to undergo the repercussions of the climate change.

Meanwhile, unsustainability has been noticed in the fuel supply itself with the dwindling of the petroleum resources. So, the energy transition being spoken of at global level, is not merely another shift in the energy paradigm in the world, but to give a visionary approach in the entire context of the economy, where energy is a key drive. Furthermore, renewable energy resource rich countries are taking polarity in the global energy picture. In this backdrop, Sri Lanka should obviously go in par with the global trends, and the high commitment of the government is well in line with the context. In this scenario, the role of SLSEA becomes very pivotal.

The activities of SLSEA in 2023 were mainly interwoven with the government target of realizing 70% electricity generation from renewable energy resources. Large-scale renewable energy development projects and especially the rooftop solar power programme could add a good dynamism to the programmes, providing a high momentum to the renewable energy development agenda of the country. In addition to the significant progress in the renewable energy development programmes, the efforts that have been made to assure the inculcation of overall sustainability aspects are also to be especially noted. In the renewable energy development process, the fullest consideration is given to make the implementation of projects in harmony with the socio-environmental dimensions. Therein, we duly recognize that the projects are in alignment with the Sustainable Development Goals (SDGs), where all these aspects become prominent and need to be taken into due consideration.

Above all, we do understand that the importance of energy efficiency & conservation, which is identified to be the first fuel. In the global sustainable energy development agenda, 50% of targets is going to be achieved through demand reduction approaches of technology and human interventions, and it is the balance 50% that is to be met through renewable energy. I'm happy about the systematic approaches that are being introduced particularly to establish energy efficiency in establishment level. This will cater for the end-use sectors to cut down their energy costs, while it will cater to realizing energy security of the country in broad sense.

I take this opportunity to express my sincere gratitude to all the stakeholders for joining this journey in diverse aspects – guiding us, supporting us, being in the field, and many other ways and means, and looking forward to receiving their further cooperation in time to come, in order that the sustainable energy development agenda of the country becomes a great reality.



Eng. Ranjith Sepala
Chairman



Director General's Review

In the area of renewable energy development, a fast development in solar power projects could be observed in this year. Solar rooftop programme happened to be an iconic programme, where the capacity addition recorded a faster move than planned, hopefully supporting the targets to be achieved conductively in the upcoming periods. The programme has been so widespread that nearly 500 companies have joined, creating job opportunities for a large number of personnel including technocrats. Further, a keen interest was shown by local investors in implementing the projects of medium-scale capacities, and also the processing of activities of the first-ever large-scale solar power project and the first large-scale wind power projects implemented by the private sector were carried out, which included interventions related to environmental clearance, obtaining lands, etc.

Another key step in the area of renewable energy development is, SLSEA could explore the novel avenues of renewable energy development modalities. Pilot projects of floating solar power of 1 MW capacity in Chandrika wewa and Kiriibban wewa implemented with the support of the Korean Government can be noted as classic examples in this regard. I recollect the first-ever ground-based solar power projects implemented through grant assistance from Japan and Korea became the trail blazer for a huge move on solar power, and I presume that the experience gained through these pilot projects will open up further opportunities in floating solar power, especially in large-scale. We could also carry out feasibility studies for large-scale floating solar power projects with the assistance of USAID Sri Lanka Energy Programme, which extended cooperation in uplifting the activities in the area of energy conservation & management as well. In the area of energy efficiency, appliance energy labeling programme, programme on Code of Practice for Energy Efficiency Building Code, etc. were continued with further additions to their milestones, and a special landmark could be created through the programme on Energy Consumption Benchmarks, as it led to regulatory interventions for energy consumption reporting by establishments. Yet another type of renewable energy could be explored through the assistance of World Bank Group, where they collaborated for carrying out a pre-feasibility study for off-shore wind power development, which denotes a sizable capacity addition for wind power, as an area which would probably open up opportunities for energy exports as well. Going beyond the direct interventions in renewable energy and energy efficiency, SLSEA could get involved in wide dialogues on technology development that will support the sustainable energy drive in the long run. Energy storage technologies, green hydrogen, etc. were under such dialogue, hopefully to be mainstreamed in the medium term.

Thus, SLSEA has successfully implemented its programmes in the two thematic areas of Supply Side Management and Demand Side Management in the year 2023. In addition to the direct benefit through reducing the demand for energy or through supplying energy using sustainable energy sources, the conceptual integrity on energy sustainability through the programmes will go a long way. This is particularly important as sustainable energy is a fast developing area of subject, because the knowledge and skills gathered in the subject, will support towards expanding the programmes for widespread benefits to the society at large, and also catering to meet the national sustainable energy targets as well.



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

Board of Management

Mr. Eng. Ranjith Sepala

Chairman

Sri Lanka Sustainable Energy Authority

Ms. K.A.S. Maheshika

Additional Secretary

Ministry of Public Administration, Home Affairs,
Provincial Councils & Local Government

Ms. E.A.R. Renuka

Additional Secretary (Development)

Ministry of Lands and Land Development

Ms. P. Naamagal

Director

Ministry of Industries

Ms. Lathisha Liyanage

Additional Secretary

Admin & Human Resources Development, Ministry of
Mahaweli, Agriculture, Irrigation and Rural Development

Mr. Damitha Kumarasinghe

Director General

Public Utilities Commission

Mr. N.M.S.P. Karunadasa

Assistant Director

Department of Public Enterprise, Ministry of finance
(January - May)

Mr. Janaka Dharmakeerthi

Secretary

Ministry of Plantation Industries and Export Agriculture)

Mr. W.J.L.S. Fernando

Appointed Member

(January - February)

Mrs. Kulani H W Karunaratna

Director (Investigation)

Ministry of Environment and Wildlife Resources

Mr. R.L. Molagoda

Director (Technical)

Ministry of Transport and Highways

Ms. Tharani Anoja Gamage

Additional Secretary

Ministry of Irrigation

Mr. Dimantha Senevirathna

Chief Executive Officer

National Development Bank
(September - December)

Mr. A.L.K.M.M.P. Bandara

Director (Procurement)

Ministry of Power & Energy
(May - December)

Mr. R.M.S.P.S. Bandara

Additional Director General

Ministry of Finance
(May - December)

Eng. Kushan Jayasuriya

Appointed Member

Mr. Dilan Vidanapathirana

Appointed Member

Mr. Manil Madugalle

Appointed Member

Mr. Ajith Damunupola

Appointed Member

Audit & Management Committee

Members

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

Mr.R.M.S.P.S. Bandara,
Director,
Department of External Resources, Ministry of Finance

Ms.P.Namagal,
Director, Ministry of Industry

Mr.Ajith Damunupola,
Board Member, SLSEA

Observers Present:

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

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

Mrs Thayalini Thavamanan
Chief Internal Auditor
Ministry of Power & Energy





Corporate Governance

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

Board of Management

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

Responsibility

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

The Board is supported by a sub-committee to oversee the financial aspects of the Authority name the Audit & Management Committee. Similarly, the Board is supported by external advisory committees when the need arises to make decisions on matters of great technical complexity, beyond the capacity of the Board.

All procurement activities of the Authority are carried out in strict compliance with the Government Procurement Guidelines.

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

Composition

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

Board Meetings

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

Meeting No.	Meeting Date	No. of Participants
1	2023/03/16	13
2	2022/05/10	12
3	2023/06/23	12
4	2023/07/27	14
5	2023/09/20	15
6	2023/10/25	11
7	2023/12/07	10

Compliance with Legal Requirements

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

Risk Management

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

Risk culture

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

Risk identification

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

Risk management

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

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

The solar industry is nurtured by allowing a large number of start-up companies to become service providers to encourage competition in the solar rooftop industry, again bringing out solar electricity to become price competitive.

Similarly, the energy services companies are nurtured and supported so these companies can continue to serve the industry and commerce delivering energy efficiency services, even at lower electricity and fossil fuel prices.

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

Risk of losing resources

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

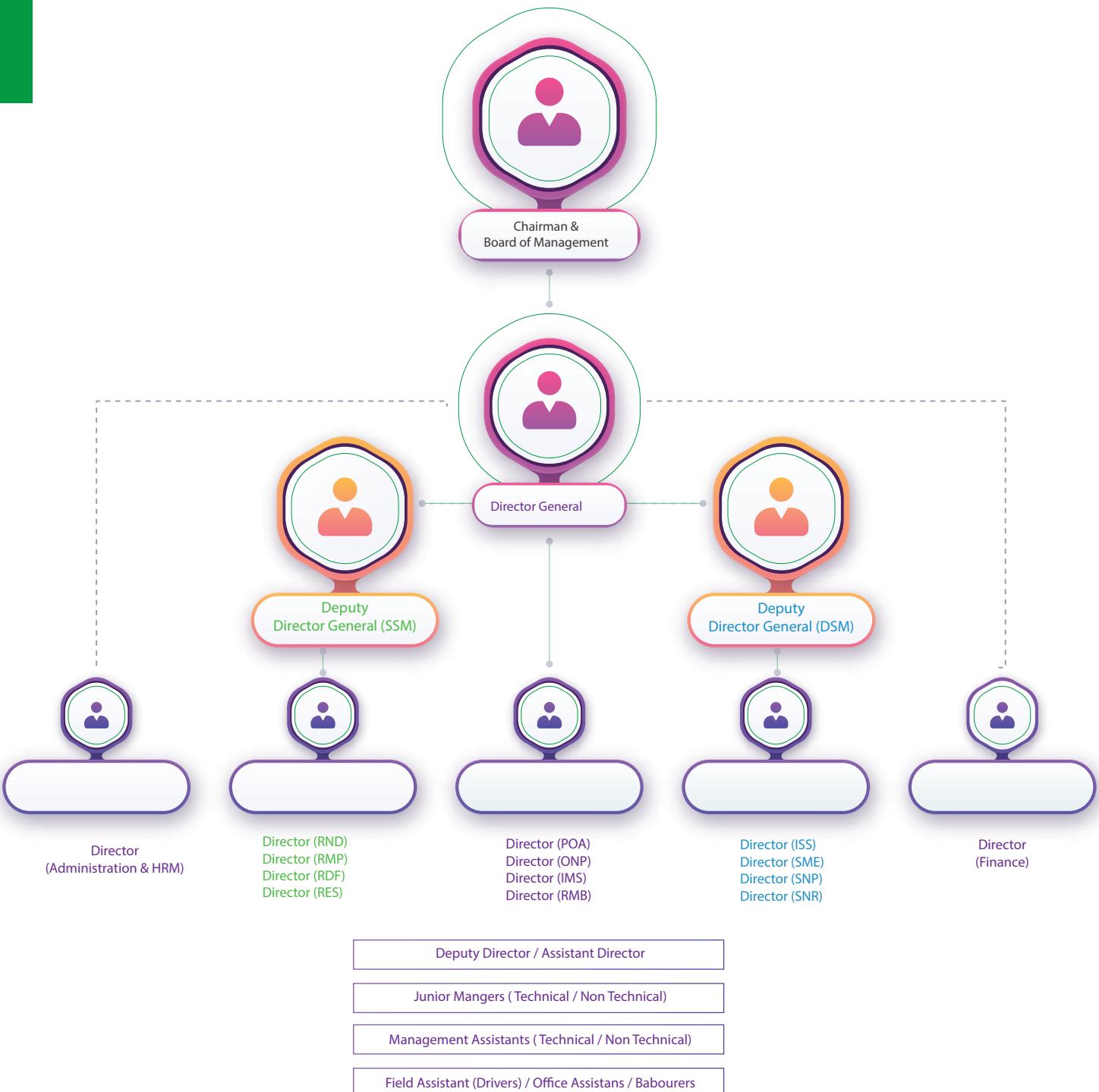
Risk of low prices of energy services

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

Risk monitoring and review

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

Organisation Structure



Main Divisions of SLSEA

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

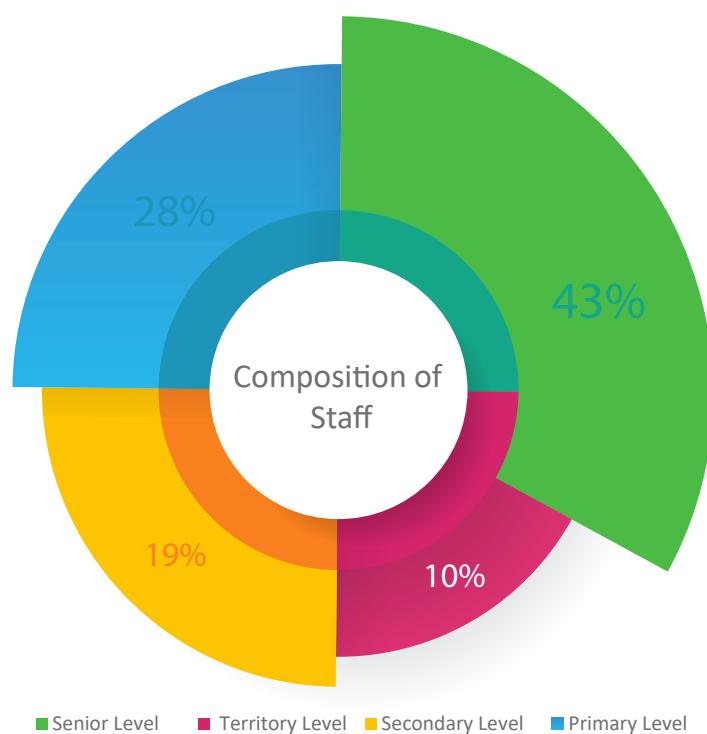
Division	Objective
Research & Development	Sustainable energy technology development, and implementation of national-scale renewable energy projects
Resource Mobilization	Attracting investment and debt capital for sustainable energy ventures through liaison with development partners and fund providers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

Cadre Information

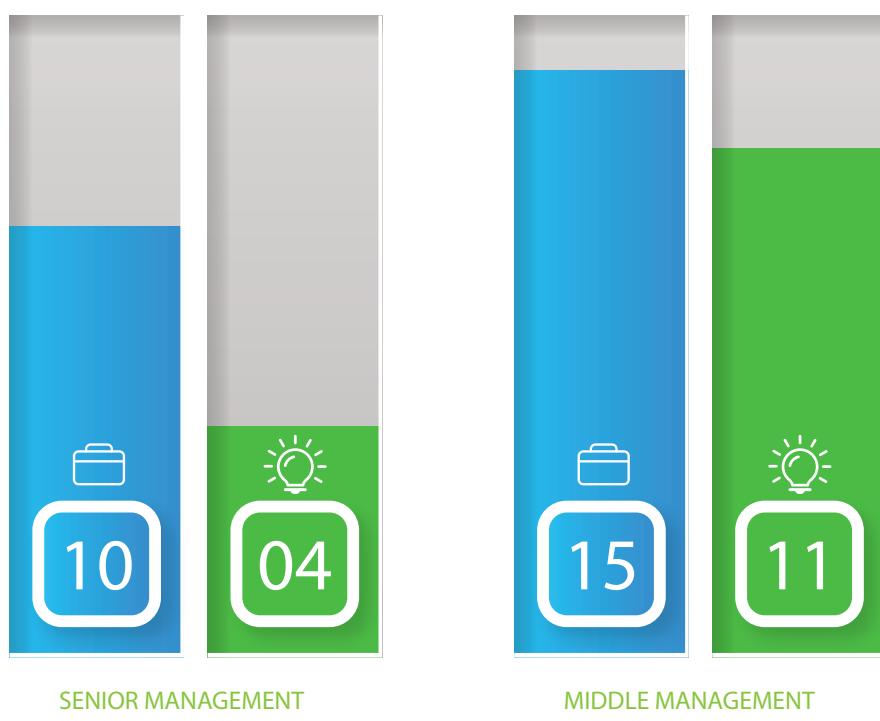
Sri Lanka Sustainable Energy Authority
The Status of the Cadre & Positions - 2023.12.31

Designation /Post	Salary code	Level	Total No. of positions approved by DMS	Total No. of Existing position	Total No. of vacant positions
Senior Managers					
Director General	HM2-3	Senior	01	01	-
Deputy Director General	HM2-1	Senior	02	02	-
Director	HM1-1	Senior	14	11	03
Middle Managers					
Deputy Director / Assistant Director	MM1-1	Senior	48	26	22
Junior Managers					
Audit Officer 01 /Statistical Officer 01/Procurement Officer 01 Administrative Officer 01/ Finance Officer 01/ Project Co-ordination Officer 01/ GIS Officer 02/ Land Acquisition Officer 01/ Media Officer 01/ Research & Mapping Officer 01	JM 1-2	Territory	11	09	02
Management Assistant - Technical	MA2-2	Secondary	17	04	13
Technical Assistants					
Management Assistants	MA1-2	Secondary	27	14	13
Management Assistants					
Primary Level - Skilled	PL-3	Primary	20	13	07
Field Assistants					
Primary Level- Unskilled	PL-1	primary	20	13	07
Office Aid / Labour					
Total			160	93	67

Cadre Information



Composition of Senior Level







Management Discussion and Analysis

1. INTRODUCTION

SLSEA implements its programs through two main strategies: Supply Side Management (SSM) and Demand Side Management (DSM). SSM activities aim to increase the allocation of resources and support the national renewable energy development program. This program aligns with goals set by the Paris Convention and our national renewable energy agenda. On the other hand, DSM activities focus on saving energy by improving efficiency and running energy-saving programs. These efforts include regulatory measures to promote energy efficiency in different sectors.

Both SSM and DSM strategies involve implementing, supervising, and providing regulatory guidance to the energy industry. Additionally, they support industry growth through awareness campaigns, research initiatives, and project implementation support. By doing so, SLSEA ensures that all stakeholders work towards the nation's future energy goals and the sustainability of the energy industry, in accordance with international conventions.

2.1 Supply Side Management Activities

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

2.1.1 Renewable Energy Resource Development

The far most important and the very first activity of a project development life cycle of a renewable energy project, from small to large scale, is the resource identification. A comprehensive land site analysis was carried out based on the Renewable Energy Resource Development Plan that has been published by SLSEA, and the projects for the development in the upcoming periods were identified in line with the Long Term Generation Expansion Plan (LTGEP) 2023-2042. Approval of the Cabinet of Ministers was obtained for the particular list of sites shown below; in December 2023. It includes 3,000 MW solar power projects and 1,000 MW wind power projects, catering to the national renewable energy target of 70% electricity generation by 2030.

2.1.1.1 Identified Lands for Renewable Energy Project Development

Solar Power Development

SLSEA has identified a total area of 19,500 acres to develop 3,000 MW of solar power as shown in Table 1 and 2,000 acres to develop 1,000 MW of wind power as shown in Table 2.

Table 1: Summary of areas identified for Solar Power Development

Land Ownership	Total Area (acres)	Total Proposed Capacity (MW)
Forest Department	3,185	650
Irrigation Department (land-based projects)	1,275	260
Ministry of Industries	200	50
Agrarian Development Department (reservoirs)	450	90
Mahaweli (reservoirs)	12,611	2,524
Irrigation Department (reservoirs)	1,979	396
Total	19,500	3,920

Table 2: Summary of identified lands for Wind Power Development

Land Ownership	Total Area (acres)	Total Proposed Capacity (MW)
Forest Department	1,544	772
Irrigation Department	310	155
Ministry of Industries	200	100
Total	2,054	1,027

2.1.2 Ready-to-Invest National Park Project Development

The pre-development activities of large-scale national renewable energy projects are being undertaken by SLSEA with a total capacity of 956 MW as given in the table, with a targeted generation of 3,373 GWh. Table 3 depicts the contribution of these projects to renewable energy goals and their present progress.

Table 3 : National Energy Park Summary

Description	Pooneryn	Mannar	Siyambal-anduwa	Veravil	Karachchi
Technology	Wind	Wind	Solar	Wind	Wind
Capacity (MW)	234	250	100	210	162
Annual electricity generation (GWh)	807	991	180	786	609
Annual CO2 emission saving (tons)	588,948	723,181	131,364	573,622	444,361
Annual fuel saving (million liters)	201.7	247.7	45.0	196.5	152.2
Target commission Year	2026	2026	2025	2027	2027

2.1.2.1 Pooneryn Wind-Solar Hybrid Energy Park

Northern part of the country, especially in the coastal regions, has an excellent wind power potential, and the Pooneryn area is identified for a large-scale solar-wind hybrid power project. The proposed Pooneryn hybrid wind and solar energy park project would be the largest renewable energy based power generation project, comprising a 100 MW wind power project (Phase I), a 134 MW wind power project (Phase II) and a 150 MW solar power project (Phase III). The project site is located in Pooneryn peninsula, a narrow land strip projected to the Jaffna lagoon in Kilinochchi District. The wind power capacity of this project is expected to be commissioned in 2026.

Management Discussion and Analysis



Figure 1: Pooneryn Wind-Solar Hybrid project

2.1.2.2 Siyambalanduwa 100 MW Solar Power Project

Siyambalanduwa 100 MW solar power project is the first-ever initiated park concept project, and it has been actively in progress since 2018. The project is expected to generate 180 GWh of clean electricity annually, leading to an annual CO2 emission reduction of approximately 131,364.00 metric tons, making a positive impact on the environment. Additionally, it results in an annual fuel saving of approximately 45 million litres. These impressive figures have been calculated by assuming a grid factor of 0.7298 kg CO2/kWh and a saving of 4 liters of diesel per kWh. The Siyambalanduwa solar project exemplifies the potential of solar energy in driving the transition towards a greener and more sustainable future.



Figure 2: Siyambalanduwa 100 MW Solar Power project

2.1.2.3 Mannar Phase II 250 MW Wind Power Project

In view of the significant wind resource potential in the North-western coastal region from the Kalpitiya Peninsula to Mannar Island, the Long-Term Generation Expansion Plan earmarks around 2,000 MW from the Northern and North western coastal line of the country (CEB, Draft Long Term Generation Expansion Plan 2022-2041), and Mannar Island is the most prominent location in this.

The Mannar Phase II Wind Power Project is being implemented by the SLSEA, with a capacity of 250 MW, consisting of 55 turbines of 5.2 MW capacity. The estimated annual electricity generation is around 991 GWh.



Figure 3: Mannar Phase II Wind Power project location

2.1.2.4 Verawil Wind Park

SLSEA is planning to establish a 210 MW wind power park project in Verawil, located in the Kilinochchi district. Based on data from the Global Wind Atlas, a pre-feasibility study indicates that 210 MW of power generation is feasible in this region, with an estimated annual energy generation of 786 GWh. Bird study and EIA for this project were carried out through the technical assistance of USAID Sri Lanka Energy Program.

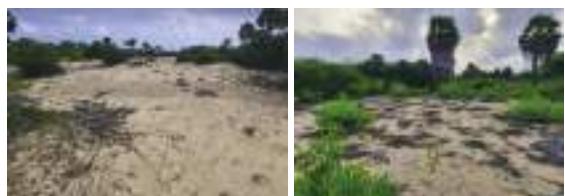


Figure 4: Verawil Wind Power project location

2.1.2.5 Karachchi Wind Solar Hybrid Energy Park

A wind-solar hybrid project was earmarked in the Karachchi area in the Kilinochchi district. It is determined that 162 MW wind power capacity would be possible in this region, resulting in an annual electricity generation of approximately 606 GWh. The process for EIA of the project was initiated in 2023.



Figure 5: Karachchi Wind Power project location

2.1.3 Research and Development Projects

2.1.3.1 Floating Solar Projects in Kiriibban Wewa and Chandrika Wewa

The Ministry of Trade, Industry & Energy in Korea has agreed to provide grant funding of approximately KRW 14.3 billion and

Management Discussion and Analysis

KRW 6.83 billion for the implementation of 1 MW floating solar PV systems on Kiriibban Wewa and Chandrika Wewa. In 2023, the approval process for the project was completed.



Figure 6: Agreement signing between two parties

2.1.3.2 Construction of Hybrid Renewable Energy System in Three Small Islands in Jaffna

The government of India provides grant assistance up to USD 11 million or tendered cost whichever is lower in the implementation of hybrid power plants in three islands of Analaitivu, Delft and Nainativu in Jaffna, and about 3000 families will benefit from this project. The project will support productive energy use for small isolated islands and rural communities, through a micro-grid system. The hybrid power system will be using solar photovoltaic, wind power, diesel generator, and Lithium-ion batteries. The capacities of PV, wind and diesel sources with battery storage corresponding to the optimal generation mix are as follows

Table 5: The capacities of PV, wind and diesel sources with battery storage corresponding to the optimal generation mix

Island	Diesel Generators	PV Generation	Wind Generation	Battery Storage
Nainativu	300 kW + 500 kW	700 kW	200 kW	1000 kWh (550 kW)
Analaitivu	150 kW + 300 kW	300 kW	80 kW	550 kWh (275 kW)
Delft	300 kW + 500 kW	700 kW	250 kW	800h (650 kW)

The project was awarded to U-solar Clean Energy (Pvt) Ltd through an open tender process.

2.1.4 Renewable Energy Resource Allocation

In 2023, SLSEA continued its commitment to renewable energy development, facilitating the installation of a cumulative capacity of 1,699.4 MW of new renewable energy, representing a 34.3% share in the country's installed capacity, surpassing the renewable energy capacity addition in the previous year. The growth of the renewable energy sector is shown in figure 7.

In 2023, 769 MW renewable energy projects were commissioned, PPAs were signed for 64.72 MW, Energy Permits were issued for 299.15 MW and Provisional Approvals were issued for 475.19 MW, and the details are given in Table 6.

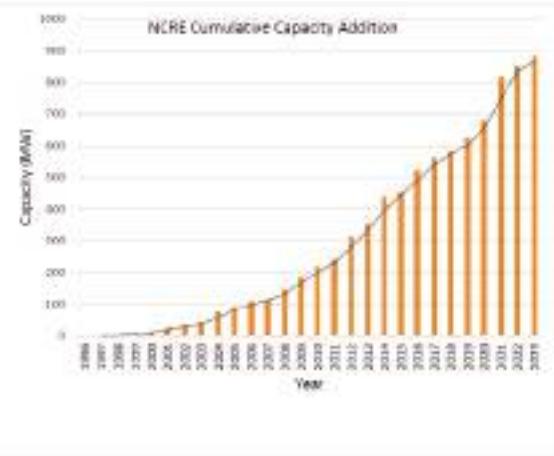


Figure 7: NCRE cumulative capacity addition

Table 6: Details of Pipeline Projects

	No. of projects	Capacity (MW)						
Mini Hydro	8	19.10	03	3.15	09	10.82	02	5.40
Wind	4	20.00	02	10.00	01	10.00	02	15
Solar	12	436.09	17	286.00	03	24.50	08	09
Biomass (Dendro)	-	-	-	-	01	10.00	-	-
Agricultural & Industrial Waste	-	-	-	-	2	6.00	1	4
Municipal Solid Waste	-	-	-	-	-	-	1	10
Total		475.19		299.15		64.72		33.4

2.1.5 Renewable Energy Services

2.1.5.1 Soorya Bala Sangramaya

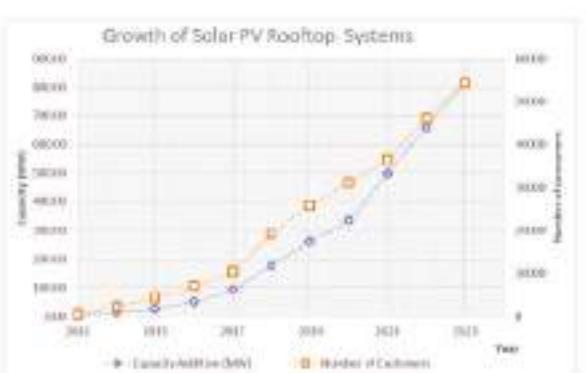


Figure 8: The Growth of Solar rooftop systems

Management Discussion and Analysis

The Soorya Bala Sangramaya program is the most prominent rapid moving program in SLSEA and its growth is shown in figure 8. By 2018, it had achieved a significant milestone passing the 100 MW milestone, acquiring a national capacity for spreading small-scale solar PV systems in a speedy process. Under the 3 schemes of integration of solar power to the national grid, namely net-metering, net accounting and net plus, it has been able to establish more than 816 MW solar rooftop system capacity in different sectors, with an addition of 156 MW in 2023. To bolster technical expertise, 600 technical officers underwent a one-day training program, and 90 received certification at NVQ level 3, in collaboration with the National Apprentice and Industrial Training Authority (NAITA) and the Public Utilities Commission of Sri Lanka (PUCSL).

2.1.5.2 Indian Line of Credit for 135 MW Solar Power Plants

The Government of India has extended a USD 100 million credit line facility through the Indian Exim Bank to support the advancement of solar power development in Sri Lanka. Under this program, activities were in progress in 2023, for 80 MW solar PV installations in government buildings, 50 MW rooftop solar PV systems with battery storage in low-income households, and 50 MW rooftop solar PV Systems in religious institutions, under the Indian Credit Line program. 86% of locations (4098) have been surveyed and detailed reports have been prepared by the teams of consultants.

2.1.6 Capacity Development on Renewable Energy

Establishment of renewable energy training facilities took place in five universities with the assistance from the European Union funded project 'Training Hub for Renewable Energy Technologies in Sri Lanka', and SLSEA was a partner organization to develop renewable energy courses for technicians, Engineers and Project Managers.

Extending facilitation from the same project, National Competency Standards were developed with NAITA NVQ Levels 3 & 4. and a validation workshop on accrediting wind power technicians was completed at SLSEA. The course will be put forth to new students from 2024 through institutes such as Ceylon German Technology Institute. Solar power technicians were being continuously recognized through RPL (Recognition of Prior Learning) schemes with Hambantota Solar Power Park as a recognized Training Centre. There have been 13 training centres islandwide to provide accreditation to solar power technicians and wind plant technicians have obtained NVQ 3 & 4 levels in 2023.



Figure 9: Rooftop Solar training programmes

Continuous training programs on renewable energy technologies were held both physical and online. Several guest lectures took place at the Industrial Development Board



Figure 10: Renewable Energy Training Programs

Management Discussion and Analysis

2.2 Demand Side Management Activities

2.2.1 Energy Data and Information

Sri Lanka National Energy Balance is an annual publication, which reflects the performance of the energy sector. It maps the energy production, conversion and consumption of a given year. It is completed by collecting data from many organizations, mainly the key players of the energy sector, including the electricity utilities, petroleum institutes, LP gas institutes, among other organizations. Data published through this are important for data analyses, comparisons and demand forecasting.

In 2023, SLSEA published the National Energy Balance for the year 2020. Currently, National Energy Balance 2021 is at the stage of printing, and completing data entry is in progress for the 2022 report.

2.2.2 Establishment of Energy Management Systems

2.2.2.1 Energy Manager and Energy Auditor Program

Under the Energy Manager/ Energy Auditor regulation, Energy Managers and Energy Auditors are appointed in order to maintain the continuous energy efficiency improvement and conservation programs in industrial and commercial sectors. Capacity building, project implementation assistance by way of providing the necessary technological guidance, etc. are provided by SLSEA. Energy Services companies (ESCOs) are registered under SLSEA and involved in carrying out energy audits and implementation of energy efficiency improvement projects.

In 2023, the programme was revisited in collaboration with USAID Sri Lanka Energy Program with the objective of restructuring the Energy Auditor Accreditation scheme in order to meet the expected increasing demand for energy auditors after the implementation of benchmark regulation. In line with that, a stakeholder consultation session was conducted to obtain comments and suggestions from the energy auditors for the draft concept note on the proposed scheme. On successful completion of this, 250 Energy Managers, 24 Accredited Energy Auditors and 30 ESCOs are expected to be engaged in energy management activities in industrial and commercial sectors.

2.2.2.2 Energy Consumption Benchmark Regulation

SLSEA has enforced a regulation to benchmark energy usage in selected economic sub sectors. Initially, the regulation covers the scheduled sub-sectors of financial services and non-specified retail sales companies, better known as supermarkets. The regulation requires mandatory data

submission on a quarterly basis through a purpose-built web portal, which is a digital platform to implement the regulation also facilitating the end-user energy data capture, data analysis and comparison of energy performance among similar entities.



Figure 11 Launched Benchmark Portal for retail and financial sectors

Extraordinary gazette on energy benchmarking was published on 04th July 2023. Development of the National Energy Benchmarking portal was completed with the assistance of the USAID Sri Lanka Energy Program. Training on energy benchmarking web portal was conducted for supermarkets (Keells and Cargills) and SLSEA officials by the web portal developer. Launching of the portal and awareness session on energy benchmarking regulation was conducted on 14th September 2023. 45 supermarket outlets were registered with the National Energy Benchmarking portal and started data reporting.

A publication has been printed to educate industries and the general public on energy benchmarking and energy saving in simple language. It was funded by JICA-JCP funds.

2.2.2.3 Advisory & Counseling Services

SLSEA provides energy audits and consulting services including ISO 50001 EnMS Audits in government and other organizations for those who requested when it is not economical to obtain services of an ESCO or/and lack of technical staff for coordination of an energy audit. A well-equipped instrument bank is maintained at SLSEA in order to cater to the energy measuring requirements of institutions, consultants, professionals, ESCOs as well as energy consuming organizations.

In 2023, energy audits were conducted for the residence of the State Minister of Energy, Engineering Division of Mobitel at Welikada and Sri Dalada Maligawa, Kandy and the audit reports were completed. Street lighting system at Divulapitiya Divisional Council was analyzed to identify energy efficiency improvement opportunities. An awareness programme on energy conservation was conducted for the Prime Minister's office staff, and an energy audit was conducted. An energy

Management Discussion and Analysis

audit was conducted in the Department of Pensions in collaboration with Sri Lanka Energy Managers Association (SLEMA), and an energy audit at Sri Lanka Standards Institution (SLSI) is in progress. Calibration of power loggers and temperature loggers were carried out. Installation of efficient centralized AC systems at State Pharmaceuticals Manufacturing Corporation, SLSI and Postal headquarters under the ADB pilot project is in progress. Consultancy was provided for designing solar PV systems at Dalada Maligawa and Divulapitiya Pradesheeya Sabha. An energy audit was initiated at Nalanda College, and an awareness creation session for students was conducted.



Figure 12: Training Programs on energy management

Two training programmes on energy management were conducted targeting government institutions and high energy consuming organizations. Training program on energy auditing conducted for Sri Lanka Navy.

2.2.3 Surveys & Research

To initiate an energy efficiency improvement and conservation or renewable energy development program, project, or activity, it is required to identify the baseline situation, and it is required to conduct surveys and research for this purpose. Below mentioned are some of the surveys & research programs and project activities carried out in 2023.

2.2.3.1 Chiller Survey

Main objectives of the chiller survey are to prepare a chiller inventory for the country, identify energy usage, operating efficiencies and other energy parameters, and identify the energy saving potential, including financial analysis of replacing old inefficient chillers with new efficient chillers. Heating, ventilation and cooling systems require significant amounts of energy, and the chiller energy consumption accounts for a high fraction of an organization's energy balance. ISB-Kurunagala is engaged as the service provider for the chiller survey. Further, an MOU was signed with the National Ozone Unit-Environment to obtain the balance funds. In 2023, 100 walkthrough energy audits were conducted, and

the reports have been completed. 10 detailed energy audits have been conducted and the reports are being prepared.

2.2.3.2 Efficient Refrigerator Replacement Programme (Sisilasin Ithiriyak Program)

SLSEA initiated a programme for the replacement of old, inefficient refrigerators with new, energy-efficient, MEP-labelled refrigerators. The main stakeholders of the project are refrigerator vendors (Singer, Damro, and Abans), the Environment Ministry's National Ozone Unit, German TEC, waste management companies (Recotel), and INSEE for polyurethane disposal.

According to the energy balance in a typical household, a refrigerator consumes around 50% of total electricity consumption. With the introduction of emerging energy-saving technologies such as inverter technology, eco-friendly refrigerant gases such as R600a, advanced insulation methods, and sustainable concepts, modern refrigerators consume less energy than older ones and are more efficient.

With an estimated saving of 480,000 kWh of electricity per year, this project will translate to an approximately 30% reduction in the electricity bill of a typical participating household. The residential sector is one of the main energy consumers in Sri Lanka.

The pilot project has been implemented in the Western Province to replace 1,000 inefficient old refrigerators with new efficient MEP-labelled refrigerators, covering districts of Colombo, Gampaha, and Kalutara, with on-site measurements of households that are willing to test the energy consumption of their refrigerators. Single-door and double-door domestic household-type refrigerators in the capacities of 190-250 litres have been considered for the project. It is expected to expand it to cover the entire country in two phases.

The first stage consists of removing 100,000 old, inefficient units within five years with an estimated saving of 169 GWh of electricity. The second stage involves removing 500,000 old, inefficient units within five years, with an estimated saving of 500 GWh of electricity (approximately 3% of the national electricity use).

In 2023, a series of meetings with stakeholders were conducted. 100 copies of leaflets and guidelines were printed. 24 Plug-in power meters were purchased. A series of meetings with vendors was conducted especially with the Singer. A customer list of around 500 was received from Singer and Abans, and 150 houses were prepared the interim report. One report has been prepared for 143 homes. So far Total of 190 houses were surveyed.

Management Discussion and Analysis



Figure 13 Launched Refrigerator label and the pilot program on dissemination of EE refrigerators

2.2.3.3 Study on Suitable Technologies for Street Lighting

In collaboration with LECO (Lanka Electricity Company), a study on suitable technologies for street lighting, particularly in the Sri Jayawardenapura area, was initiated.

In 2023, fourteen street lights replaced in Nugegoda Super Market area. TOR and tender documents were prepared for replacing the inefficient street lights of the Divulapitiya Pradesheeya Sabha (DPS) and implement a pilot project in DPS. NPD approval is pending for the project. Site surveys has been done at the Divulapitiya Pradeshiya Sabha. Draft Tender Documents including TOR has been prepared.

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

2.2.4 Systems and Planning

Design and implementation of national-scale interventions and joint schemes to realize large-scale market transformations.

2.2.4.1 Code of Practice for Energy Efficient Buildings

In context of ensuring efficient energy utilization in buildings, code of Practice for Energy Efficient Buildings which was published in year 2009, has been revised with the assistance of professionals of building sector and considering subsequent public comments received. The new edition of the code was compiled in 2021.

In 2023, revisions to the building code were compiled and submitted to SLSEA by USAID, which had appointed a committee of experts. These revisions will be incorporated into the next version of the building code. The second draft of the building code has been prepared. We are discussing with UDA to introduce a regulation to make the code mandatory.

2.2.4.2 Transport Energy

The aim is to reduce fossil fuel consumption in transport sector in line with NDC. Several programs have been initiated to cater to the above. Namely energy labeling of vehicles, improve user behavior, encourage an e-mobility etc.

In 2022, SLSEA introduced a guideline for saving fuel for the motorists. In 2023, SLSEA created an awareness videos for motorists on fuel economy. We have requested data from Department of Motor Traffic (DMT) on vehicle registration for the development of fuel efficiency labeling standard. Fuel efficiency Labeling draft standard is 25% completed. Developing Electric Vehicle (EV) charging stations first TEC meeting conducted. We are coordinated with the Ministry of Transport in developing an e-mobility policy.

2.2.5 Household, Agro and SME Sectors

2.2.5.1 Appliance Energy Labeling Program

The objective of the appliance energy labelling programme to reduce demand-side energy consumption by disseminating energy-efficient appliances in the market while controlling the inefficient products entering into the market. Disseminating energy-efficient appliances in the market is done by consumer education to purchase energy-efficient products by displaying the energy label on the products and encouraging product suppliers to supply more and more energy-efficient products. Controlling inefficient products entering into the market is done by publishing and enactment of regulations.

In 2023, SLSEA launched the voluntary labeling program for LED panel lights, and conducted a supplier forum for the suppliers, importers, manufacturers, and assemblers of LED panel lights. Moreover, the gazette notification for refrigerators on mandatory requirement for displaying the Minimum Energy Performance (MEP) label was issued and a forum to make the

Management Discussion and Analysis

refrigerator suppliers about the gazette notification and the mandatory requirement of displaying the label on the products was held at the end of the year. Development of the QR code and the database on appliance labelling was reviewed with the USAid team, the granting agency. The project on establishment of the air conditioner test laboratory is progressing and many activities were done such as completion of the civil work of the building for the test lab, form steering committee to conduct oversee and guide the stakeholder meetings with the participation of Lanka Electricity Company (LECO) and officers from Korean Research Institute of Climate Change (KRIC) and Korea Testing Certification Institute (KTC), receiving the shipment No. 2 including the equipment for the test lab, etc. Final draft of the water pump standard was sent to the Sri Lanka Standards Institute for publication Tests on energy performance of electric water pumps will be conducted with the collaboration of National Engineering Research Development Center (NERDC). The discussion regarding the project execution was held at NERDC premises with the participation of the SLSEA and NERDC. Ten numbers of pedestal fans were tested for benchmark as the first phase and many more tests on pedestal, table and wall fans are scheduled to be tested. The revised draft standard for motors was completed. Conducted meetings with the Consumer Affairs Authority to carry out market investigations on non-conforming products.



Figure 14:Meeting with Korean stakeholders on establishment of the air conditioner test facility

2.2.5.2 Residential Sector

Energy efficiency improvement and conservation in the residential sector by developing suitable programs and introducing conservation practices among household consumers.

Content pages of the residential energy monitoring application have been completed. Two awareness programs of the Sustainable Energy Residencies Guideline were done in Southern province and Uva Province. Nine no's of Energy Efficient biomass cook stoves were tested at the NERD Centre for thermal efficiency and emissions majorly. Production of a documentary video on biomass Cook stoves is in progress.



Figure 15: Cookstove efficiency testing at the NERD Center

2.2.6 Outreach and Promotion

SLSEA has the key responsibility of building an 'Energy Conscious Nation. To achieve this goal, SLSEA is preparing a national-level Energy Education Programme designed to educate all segments of society on Energy Management and Renewable Energy. SLSEA is also working on strategies to change attitudes, encouraging energy efficiency, and advocating for the use of renewable energy in alignment with the relevant act. The organization is actively involved in creating 'Knowledge Dissemination Materials' to share new knowledge in the field of Sustainable Energy. Further, SLSEA is developing programs to enhance the capacity of 'Future Citizens' and is in the process of implementing a national-level 'Activation Programme' to establish School Energy Clubs in Government schools.

2.2.6.1 Energy Education Program

SLSEA conducted a meeting with the National Institute of Education (NIE) to revise the science curriculum and include energy. A Scout Awareness program was conducted at Lumbini College, Colombo. The pre-school cartoon on 'Viduli Metaraya Paradila' has been finalized. A pre-school awareness program was conducted in collaboration with the Vijaya newspaper. Ten questions on energy conservation in transport has been forwarded to the Registration of Motor Vehicle Department (RMV) to be included in the new driver's license written test. Seven energy conservation awareness programs, named 'Sanasa Samaga Gamata,' have been conducted. An Energy Efficiency Cookstove program survey was conducted in 12 districts. A capacity-building training program for science teachers from Grade 6 to 11 trained 440 teachers across all 09 provinces. An awareness program on Transport Energy Efficiency Guidelines for motorists reached 100 RMV examiners. A proposal competition for Pre-School Energy Conservation was conducted in the 'Vijaya' newspaper under the pre-school program.



Management Discussion and Analysis

2.2.6.2 Communication Programme

Energy conservation awareness campaigns are available on print, electronic, and social media platforms. Programs such as 'Prabathay' on Sri Lanka Broadcasting Corporation (SLBC) live shows, Lankadeepa online, 'Rise up SL' on TV 1 live programs, and 'Geththama' on Didula TV contribute to the dissemination of information. Newspaper articles have been featured in 'Daily News' and 'Sirikatha' newspapers. Energy conservation awareness programs were conducted in Kandakadu, Nawasenpura, and Vauniya Rehabilitation centers. The third quarter of 'Sanraksha' has been released. 'Sirikatha' newspaper featured Energy Conservation (EC) and Renewable Energy (RE) weekly article series in Nov & Dec, accompanied by a quiz competition. Special newspaper supplements on EC & RE were published in conjunction with SLSEA's 15th Anniversary in 'Daily News' & 'Lankadeepa' newspapers. The fourth quarter of 'Sanraksha' magazine has also been released. Awareness initiatives on EC & RE were implemented in Kandakadu, Nawasenpura, and Vauniya Rehabilitation camps, reaching and educating 450 participants, including inmates and staff.

2.2.7 Resource Mobilization

Resource Mobilization division is responsible for strengthening the flow of funds to the sustainable energy Investment in SLSEA. Accordingly, the Act has provided provisions for imposing CESS and royalty from energy generation by the developers, and for issuing debentures.

2.2.7.1 Uplift the Operation of Sustainable Energy Related Funds

Draft operating guideline for Sustainable Energy Fund was submitted to Audit and Management Committee (AMC).

2.2.7.2 Monitoring of Timelines / Budget Utilization of the Donor Funded Projects

Monitor the budget utilization for two donor-funded projects and prepared financial progress reports for them.

3. key challenges and strategies overcome

Area	Challenges	Strategies to Overcome
Establishment of Regulations	Regulatory development is crucial and cost-effective. It should take priority over resource-intensive renewable energy projects. Building codes and benchmark regulations are efficient ways to reduce energy consumption, but they often face delays due to lack of attention from stakeholders.	Intervention at the ministry level is required to raise awareness and proactively request the attention of other stakeholders for the gazetting of regulations, such as benchmark regulation.
	Methodology to implement projects, especially for foreign-funded projects like creating an air conditioner test lab in Sri Lanka. Challenges include lengthy procedures like signing Memorandum of Understanding (MOU). Also, the lack of yearly funds can delay new projects and equipment acquisition for appliance labeling.	Revising government policies to enhance flexibility and ensuring adequate budgetary allocation within a calendar year
	A critical problem in policy decisions is data scarcity. To address this, categorize imported electrical appliances under ISIC classification. This categorization will help measure energy savings from an appliance labeling system.	Implement a policy to classify important appliances under ISIC. Ministry-level intervention should coordinate with stakeholders.
	Compliance with ISIC classification is crucial for efficient data gathering, saving time and resources by avoiding duplicate efforts across organizations and streamlining production at the factory level.	Institutions collaborate on a practical questionnaire with the Department of Census to collect industrial, domestic, and commercial data, covering energy, financial, and social aspects.

Management Discussion and Analysis

Area	Challenges	Strategies to Overcome
Renewable energy development	Land acquisition delays and consequently increase project costs.	Review land acquisition for renewables.
	Renewable energy project approvals from various stakeholders are often slow.	Establish a high-level project approval committee.
	Delay in national RE projects	Appoint a presidential task force for oversight issues and barriers.
	Inconsistent policies discourage investors when developing RE projects.	Identify and amend legal gaps and review guidelines.
	Integrating RE sources into the existing power grid can be complex, especially for solar/wind.	Upgrade grid for renewables.
	Lack of awareness and understanding among general public about renewable energy and energy conservation can impede the progress	Promote public awareness on renewable energy and energy conservation.
Financial Intervention	Limited funding and economic crisis pose a major challenge to achieving the 70% renewable energy target and energy management initiatives nationally.	CESS and royalty taxes fund SLSEA independently. Policy needed for incentives and loans for renewables. Seek financial assistance from partners for NDCs and SDGs.
Resources	The major issues in implementing renewable energy and energy management programs include a lack of human resources and other necessary facilities	Initiating collaborative efforts with provincial energy ministries to implement SEA programs We need to expand the renewable energy sector by diversifying into different resource types, including solar, wind, rooftop solar, and more and improve the carder positions

Action Plan 2024

Supply Side Management

1. Resource Mapping (RMP)

- Identifying of potential sites for Renewable Energy Resource Development
- Operations & timely maintenance of the wind measuring masts to obtain high accuracy bankable data for accurate resource assessment.

2. Research & Development (RND)

- Conduct 03 detailed feasibility studies for Floating solar pilot projects in Rediyagama tank, Irakkaman tank & Castlereagh tank
- Continue the land acquisition process in Pooneryn 234 MW Wind Power Project & Mannar 286 MW Wind Power Project
- Complete the Environment Impact Assessment (EIA) in Veravil 210 MW Wind Park Project
- Conduct Pre-development activities in Karachchi Wind Power Project (100 MW), Manthai West Wind Power Project (100 MW) & Thunikkai Power Project (100 MW)

3. Renewable Energy Services (RES)

- Sooryabala Sangramaya Programme
Continuing the Programme with the target of achieving a rooftop solar PV capacity addition of 160 MW.
- Programme under Indian credit line facility
The study will be carried out to construct 135 MW solar power plants in religious places & Government buildings
- Construction of Hybrid Renewable Energy System in small islands in Jaffna
- Construction of floating solar power projects in Chandrikawewa and Kiriibbanwewa

4. Project Development & Facilitation (RDF)

- Continue Resource Allocation process
- Intervene to resolve problems in project developments with coordinating other stakeholder institutes
- Progress monitoring of Renewable Energy Project

Action Plan 2024

Demand Side Management

1. System & Planning (SNP)

- Continue necessary regulatory proceedings to implement the code of practice for Energy Efficient Buildings
- Promotion of systems approach to energy savings
- Conduct a study on alternative fuels of transport

2. Industrial & Service Sector (ISS)

- Continue Energy conservation activities in commercial and industrial sectors through Energy Management Programme, Energy Auditor Programme and establishing energy consumption benchmarks.
- Provide Energy Audits, consultancy services and facilitation of measurements to institutions, consultants, professionals, Energy Managers & ESCO by providing necessary instrumentation support.

3. Household, Agro & SME Sector (SME)

Appliance Energy Labelling Programme will be continued in 2024 to perform the following key tasks during the year 2024

- Impose regulations for mandating the MEP on refrigerators.
- Energy labelling programmes for Air conditioners / LED Modules / water pumps/ Television/ Pedestrial fans/ watching machines/ Gas stoves/ Electric coolers.

4. Survey & Research (SNR)

- Carryout a rapid assessment of tri generation potential in four (04) BOI industrial zones.
- Continue the study on chillers to derive the total energy saving potential of the country with chiller, for undertaking 10 detailed energy audits and give recommendations for the industry potential saving acquire replacing more than 10 years old chillers.
- Pilot project on implementing Efficient Street Lighting System in Divulapitiya
- Efficient Refrigerator Replacement Programme

Other Divisions

1. Policy Advocacy (POA)

- Publish Sri Lanka Energy Balance 2022 and 2023
- Survey on performance evaluation on rooftop systems

2. Outreach & Promotion (ONP)

- Continue Energy Education awareness programs and outreach promotion programmes.

3. Resource Mobilization (RMP)

- Continuous monitoring of the timeline and budget utilization of the Doner funded projects





Income Statement

INCOME STATEMENT <i>For the year ended 31st December</i>	Note	2023 Rs.	2022 Restated Rs.
INCOME			
Operational Income	3	228,348,312	217,257,665
Non Operational Income	4	278,221,379	339,903,616
TOTAL INCOME		506,569,692	557,161,281
EXPENDITURES			
PROJECT/ACTIVITY EXPENSES	5		
Renewable Energy	5.1	21,695,518	103,141,753
Knowledge Management	5.2	2,305,658	5,268,601
Resource Mapping	5.4	26,519,319	20,598,578
National Projects Developments	5.5	25,369,340	61,139,899
Resource Development & Facilitation	5.6	1,752,747	518,685
System & Planing	5.7	1,603,600	4,329,181
Industrial & Service Sector	5.8	11,640,989	2,225,510
House Hold & Agro Sector	5.9	3,584,315	1,866,874
Survey & Research	5.10	2,285,869	176,079
Policy & Advocacy	5.11	666,330	807,465
Information Management Technology	5.12	909,000	525,787
		98,332,684	200,598,412
RECURRENT EXPENSES			
Salaries And Allowances	6		
Travelling And Subsistence	6.1	116,694,604	121,023,862
Supplies	6.2	688,199	720,244
Maintenance Expenses	6.3	13,014,603	8,421,344
Contract Service	6.4	18,003,972	21,125,019
Depreciation Expenses	6.5	36,429,413	30,925,519
Other Recurrent Expenses	6.6	114,983,718	54,136,931
	6.7	20,343,515	14,666,621
		320,158,024	251,019,540
TOTAL EXPENDITURE		418,490,708	451,617,952
SURPLUS/(DEFICIT)		88,078,983	105,543,329

The Accounting policies on pages 45 to 52 and Notes on pages 53 to 80 form an integral part of these Financial Statements.



Director (Finance)



Director General

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Board Member



Chairman

Statement Of Financial Position

STATEMENT OF FINANCIAL POSITION <i>For the year ended 31st December</i>		Note	2023 Rs.	2022 Restated Rs.
ASSETS				
NON CURRENT ASSETS				
Property, Plant and Equipment	10			
Free Hold	10.1	620,580,232	449,541,094	
Lease Hold	10.2	32,863,792	34,392,340	
Intangible Assets	11	1,555,384	2,466,077	
Work in Progress	12	31,247,453	97,785,461	
Investments	13	633,426,742	521,875,090	
TOTAL NON CURRENT ASSETS		1,319,673,603	1,106,060,062	
CURRENT ASSETS				
Receivables	14	50,750,755	76,888,518	
Short Term Deposits	13.4	120,177,542	100,000,000	
Other Current Assets	15	297,241,243	151,289,836	
Cash and Cash Equivalents	16	723,201,732	200,846,161	
TOTAL CURRENT ASSETS		1,191,371,273	529,024,515	
TOTAL ASSETS		2,511,044,875	1,635,084,577	
EQUITY AND LIABILITIES				
EQUITY				
Accumulated Fund	17	290,809,622	22,100,336	
Net Surplus/Deficit		(10,072,543)	78,477,876	
Deferred Grant	18	-	268,709,286	
Permit Fees Advance Reserve		771,557,719	493,317,848	
Sri Lanka Sustainable Energy Fund	20	594,267,225	442,442,884	
Sustainable Guarantee Fund		152,474,098	127,669,036	
Revaluation Reserve		313,955,943	101,217,000	
TOTAL EQUITY		2,112,992,064	1,533,934,266	
NON CURRENT LIABILITIES				
Gratuity Provision		40,757,123	39,001,758	
TOTAL NON CURRENT LIABILITIES		40,757,123	39,001,758	
CURRENT LIABILITIES				
Other Payables	19	351,664,355	57,850,118	
Net Deposit on Land Acquisition		5,631,335	4,298,435	
TOTAL CURRENT LIABILITIES		357,295,689	62,148,553	
TOTAL EQUITY AND LIABILITIES		2,511,044,875	1,635,084,577	

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Director (Finance)



Director General

"

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Board Member



Chairman

Statement Of Changes In Equity

STATEMENT OF CHANGES IN EQUITY For the year ended 31st December	Accumulated Fund Rs.	Surplus / Deficit	Deferred Grant	Permit Fees Advance Reserve	Revaluation Reserve	Sri Lanka Sustainable Energy Fund	Sustainable Guarantee Fund	Total
Balance as at 31.12.2022	22,100,336	194,966,950	338,856,524	-	101,217,000	385,061,623	115,895,545	1,158,097,978
Prior Year adjustment								-
Increase/ (Decrease) for the Year 2021								146,485,775
Transferred to Guarantee Fund								-
Transferred to Energy Fund- Income								-
Transferred to Energy Fund-Project exp								-
Land Revaluation								-
Balance as at 31.12.2023	22,100,336	389,404,156	303,534,570	-	101,217,000	367,557,695	120,769,996	1,304,583,753
Prior Year adjustment								-
Transferred to Permit Fees Advance Reserve								-
Increase/ (Decrease) for the Year 2022								262,047,105 (32,696,592)
Recognized as Income for the year								-
Transferred to Guarantee Fund								-
Transferred to Energy Fund- Income								-
Transferred to Energy Fund-Project exp								-
Land Revaluation								-
Balance as at 31.12.2023	22,100,336	78,477,876	268,709,286	493,317,848	101,217,000	442,442,884	127,669,036	1,533,934,266
Opening Balance Differences								-
Prior Year adjustment								-
Increase/ (Decrease) for the Year 2023								88,078,983 327,301,540 (49,061,669)
Received During the Year								-
Recognized as Income for the year								-
Transferred to Guarantee Fund								-
Transferred to Energy Fund- Income								-
Transferred to Energy Fund-Project exp								-
Revaluation - Fixed Assets								-
Transferred to Accumulated Fund								-
Balance as at 31.12.2023	290,809,622	(10,072,543)	(268,709,286)	771,557,719	313,955,943	594,267,225	152,474,098	2,112,992,064

The Accounting policies on pages 45 to 52 and Notes on pages 53 to 80 form an integral part of these Financial Statements.


Director (Finance)

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Chairman


Board Member

Statement Of Cash Flows

	Note	2023 Restated Rs.	2022 Restated Rs.
Cash Flows From Operating Activities			
Surplus/ (Deficit) for the Year		88,078,983	105,543,329
Adjustment For:			
Loss and Damage		-	-
Interest Income	4,9	(174,500,646)	(34,965,577)
Amortized Grant (for Funds Received)	8	-	(34,825,292)
Permit Fees	24	(49,061,669)	(32,696,592)
Gratuity Provision	6.1	3,462,715	3,569,503
Donation - (Indurana Land)		-	(3,385,000)
Profit from Disposal of Fixed Assets	4	1,285,890	(4,375)
Depreciation	6.6	114,983,718	54,136,931
Operating Profit / (Loss) before Working Capital Changes		(15,751,009)	57,372,927
(Increase)/Decrease in Other Current Assets		(148,079,340)	(245,386,983)
Increase/ (Decrease) in Current Liabilities		295,147,136	33,314,145
Cash Flow generated Operating Activities		131,316,787	(154,699,911)
Gratuity Paid		(1,707,351)	(877,250)
WHT Paid		-	-
Net Cash Flow generated from Operating Activities		129,609,437	(155,577,161)
Cash Flows from/(Used in) Investing Activities			
Purchase of Property, Plant and Equipment	10.1	(72,130,562)	(12,555,711)
Intangible Assets	11	-	(284,000)
Work in Progress	12	66,538,008	23,824,033
Investments in Fixed Depositss and Treasury Bonds	13	(106,008,995)	(452,733,850)
Received from TB		-	-
Interest received		177,046,143	20,139,880
Disposal of Fixed Assets		-	10,000
Net Cash Flow from/(Used in) Investing Activities		65,444,594	(421,599,648)
Cash Flows from/(Used in) Financing Activities			
Deferred Grant		-	-
Peremit Fee Received		327,301,540	191,329,060
Sri Lanka Sustainable Energy Fund		-	-
Accumulated Fund		-	-
Sustainable Guarantee Fund		-	-
Loans Repayable to Foreign Donors		-	-
Net Cash Flow from/(Used in) Financing Activities		327,301,540	191,329,060
Net Increase/(Decrease) in Cash and Cash Equivalents		522,355,571	(385,847,750)
Cash and Cash Equivalents at Beginning of the Year	16	200,846,161	586,693,911
Cash and Cash Equivalents at End of the Year		723,201,732	200,846,161

The Accounting policies on pages 45 to 52 and Notes on pages 53 to 80 form an integral part of these Financial Statements. Certified as correct,



Director (Finance)



Director General

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Board Member



Chairman

Statement Of Comparison Figures Of Budget And The Actual Amounts - 2023

STATEMENT OF COMPARISON FIGURES OF BUDGET AND THE ACTUAL AMOUNTS - 2023 <i>For the year ended 31st December</i>	Note	Actuals 2023 Rs.	Budget 2023 Rs.	Variance 2023 Rs.
Personal Emoluments				
Salaries & Wages		61,339,011	65,560,080	4,221,069
EPF 12%		8,963,932	9,768,010	804,077
E.T.F. 3 %		2,240,998	2,487,662	246,664
Overtime & Holiday Pay		6,411,210	10,295,715	3,884,505
Interim Allowance		8,845,200	9,828,000	982,800
Cost of Living		5,340,000	5,892,000	552,000
Other Allowance -		5,622,184	6,300,000	677,816
NAITA Salary		653,000	2,400,000	1,747,000
Transport Allowance		5,338,366	8,400,000	3,061,634
Fuel Allowance		7,721,575	9,855,000	2,133,425
Gratuity		1,402,230	2,000,000	597,770
		113,877,707	132,786,467	
Travelling Expenses				
Domestic		1,423,960	1,600,000	176,040
Foreign		-	2,000,000	2,000,000
		1,423,960	3,600,000	
Supplies & Requisits				
Stationary & office requisites		2,191,017	3,055,000	863,983
Fuel & Lubricants	BA01	9,925,344	10,500,000	574,656
News Paper		160,360	250,000	89,640
Uniform		291,086	280,000	(11,086)
		12,567,806	14,085,000	
Repairs & Maintenance Expenditure				
Vehicle Maintenance & Insurance	BA02	14,945,667	15,000,000	54,333
Plant, Machinery & Equipment		2,199,020	2,200,000	980
Furniture & Fittings		8,000	550,000	542,000
Buildings & Structures		53,200	3,000,000	2,946,800
		17,205,887	20,750,000	

STATEMENT OF COMPARISON FIGURES OF BUDGET AND THE ACTUAL AMOUNTS - 2023 <i>For the year ended 31st December</i>	Note	Actuals 2023 Rs.	Budget 2023 Rs.	Variance 2023 Rs.
Contractual Services				
Transportation		170,055	1,200,000	1,029,945
Telephone & Postal charges		4,697,100	6,100,000	1,402,900
Website & Software maintenance		1,483,429	2,000,000	516,571
Electricity		11,368,533.53	11,480,000	111,466
Water		1,039,615.00	1,172,000	132,385
Medical Insurance		3,671,361	4,000,000	328,639
Utility Expenses		-	2,160,000	2,160,000
Security		4,359,900	5,280,000	920,100
Rent		15,826,711	15,959,700	132,989
		42,616,706	49,351,700	
Other				
Board Expenses		958,327	2,500,000	1,541,673
Advertisement		548,314	3,000,000	2,451,686
Printing & Publication		1,015,199	5,500,000	4,484,801
Debit tax & Bank Charges		-	675,000	675,000
Office Expenses		1,655,677	5,000,000	3,344,323
Refreshments		296,199	1,000,000	703,801
Audit Fees		1,821,600	2,800,000	978,400
Legal Fee		1,091,458	1,500,000	408,542
Translation fees		213,478	300,000	86,523
		7,600,251	22,275,000	

Statement Of Comparison Figures Of Budget And The Actual Amounts - 2023
Capital Budget And Actuals

Code	Activity	Actuals 2023 Rs.	Budget 2023 Rs.	Variance Rs.
Admin Division				
	Rehabilitation & Improvement	1,046,539	2,000,000	953,461
	Acquisition of Fixed Assets & Intangible Assets	126,700	16,650,000	16,523,300
	Staff Training	3,332,875	4,000,000	667,125
		4,506,114	22,650,000	18,143,886
RMP Resource Mapping				
RMP01	Renewable Energy Development Plan	229,189	1,800,000	1,570,811
RMP02	Resource Assessment	3,361,642	5,300,000	1,938,358
RMP 03	SRIMCHP (Indurana)	3,192,657	4,100,000	907,343
		6,783,488	11,200,000	4,416,512
RND Research & Development				
RND02	Pooneryn Wind-Solar Hybrid Energy Park	3,193,310	4,000,000	806,690
RND03	Siyambalanduwa 100 MW solar park	9,893,189	10,500,000	606,811
RND04	Mannar Phase II	18,638,266	19,000,000	361,734
RND05	Musali Wind Power Project	127,869	82,350,000	82,222,132
RND06	Karachchi Wind Solar Hybride Energy Park	523,528	36,250,000	35,726,472
		32,376,162	152,100,000	119,723,838
RES - Renewable Energy Services				
RES01	RE Services (Sooriya bala Sangramaya)	339,381	32,091,932	31,752,552
RES01	RE Services (CEB Augmentation)	24,420	19,000,000	18,975,580
RES02	Donor funded projects	3,366,801	5,600,000	2,233,199
RES03	Hambanthota Solar Energy Park	6,917,334	32,340,000	25,422,666
RES04	Indurana International training centre & Hydro power Site			-
		10,647,936	89,031,932	78,383,996
RDF - Resource Development & Facilitation				
RDF01	Project Approving Committe Meetings	2,236,104	2,500,000	263,896
RDF03	Energy Permits extensions/ Progress Monitoring	121,658	350,000	228,342
RDF05	Online System development	-	-	-
RDF06	Seada System Development	47,433	200,000	152,567
RDF07	Attent to Land Matters	621,154	1,200,000	578,846
		3,026,349	4,250,000	1,223,651
SNP - System & Planing				
SNP01	Building Code	34,050	50,000	15,950
SNP03	Transport Energy	1,547,560	1,500,000	(47,560)
		1,581,610	1,550,000	(31,610)

Statement Of Comparison Figures Of Budget And The Actual Amounts - 2023
Capital Budget And Actuals

Code	Activity	Actuals 2023 Rs.	Budget 2023 Rs.	Variance Rs.
ISS - Industrial & Service Sector				
ISS01	Establishment of Energy Consumption			
ISS02	Benchmarks for retail & financial institutions	300,799	1,100,000	799,201
	Energy Manager Scheme	2,599,232	2,300,000	(299,232)
		2,900,031	3,400,000	499,969
SME - Household, Agro & SME Sector				
SME1	Appliance Labelling	1,600,448	2,450,000	849,552
SME2	Residential sector	497,580	500,000	2,420
		2,098,028	2,950,000	851,972
SNR - Surveys & Research				
SNR 02	Surveys and Research	3,172,580	6,400,000	3,227,420
SNR 03	New Technology and Energy Chains	616,097	2,300,000	1,683,903
SNR 04	Studies on Improvement of Existing Technology and Systems	39,690	250,000	210,310
		3,828,367	8,950,000	5,121,633
POA - Policy & Advocacy				
POA01	Energy Information	5,630	10,000	4,370
POA02	Compilation of Energy Balance	759,235	2,000,000	1,240,765
		764,865	2,010,000	1,245,135
ONP - Outreach & Promotion				
ONP01	Energy Education Programme	1,645,045	8,900,000	7,254,955
ONP02	Communication ProgrammeEmployee Capacity Development	1,636,211	17,000,000	15,363,789
		3,281,256	25,900,000	22,618,744
IMT	Information Management	43,500	500,000	456,500
	Resource Mobilization	36,425	500,000	463,575
Grand Total				
		71,874,130	324,991,932	253,117,802

Notes to the Financial Statements as at 31.12.2023

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 2023 - 93

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 2023 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.

Notes to the Financial Statements as at 31.12.2023

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 2022 have been restated.

2.2.1 Accounting for Government Grants and Disclosure of Government Assistance

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

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

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

2.2.2 Accounting for Foreign Aid

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

2.2.3 Accounting for Long-term Investments

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

Investments are made in Treasury bonds are considered as a Held To Maturity (HTM) financial instruments. Held to maturity financial instruments are non-derivative financial assets with fixed or determinable payments and fixed maturities, which the company has the intention and ability to hold to maturity. Held to maturity financial investments are subsequently measured at amortized cost using EIR less impairment. Amortized cost is calculated by considering any discount or premium on acquisition and fees that are integral part of the EIR. The amortization is included in 'interest income' in the income statement. The losses arising from impairment of such investments are recognized in notes to the income statement.

2.2.4 Revenue Recognition

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

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

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

2.2.4.1 Changes in Revenue Recognition policy - Energy Permit Fees

In the financial statements for the year ended 31st December 2023, the Authority has adopted a change in accounting policy regarding the recognition of energy permit fees.

In previous years, energy permit fees were recognized as a non-exchange transaction. However, starting from the current reporting period, the Authority has revised its accounting policy. Energy permit fees are now recognized over the permit fee time, reflecting the period for which the authority has issued the permits, typically a duration of 20 years.

Notes to the Financial Statements as at 31.12.2023

2.2.5 Contingent Assets

2.2.5.1 Receivable from power generation

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 2023 was due as at 31.12.2023.

2.2.5.2 Siyambalanduwa Solar Park Development - Contingent Facility Fee

The Authority entered into a collaboration with the Ceylon Electricity Board (CEB) for the development of a solar power park in Siyambalanduwa. Pursuant to this collaboration, a bid was conducted by the CEB, and a developer was selected to undertake the Siyambalanduwa Solar Park project.

As per the agreement between the selected developer and the CEB, the developer is obligated to pay a facility fee of Rs 533 million to the Authority upon the confirmation and advancement of the Siyambalanduwa Solar Park project. This facility fee encompasses costs associated with the Environmental Impact Assessment (EIA) report, survey fees, park development costs, and other direct and indirect expenses linked to the development of the Siyambalanduwa Solar Park.

The Power Purchase Agreement (PPA) between the developer and the CEB was executed at the end of December 2023. However, due to the inherent uncertainties surrounding the project at the time, including the confirmation of the project's progression, no invoice was raised for the facility fee during the financial year 2023.

As of the reporting date 31st December 2023, the project's status remains pending confirmation, and as such, the facility fee invoice of Rs 533 million is anticipated to be raised in the financial year 2024 upon the confirmation and advancement of the Siyambalanduwa Solar Park development.

The Authority acknowledges the significance of this contingent facility fee and will recognize it as income in the financial statements for the year in which it becomes virtually certain that the economic benefits associated with the project will flow to the Authority.

2.2.5.3 Contingent Assets - Wind Power Projects in Pooneryn & Mannar Phase II

The Sri Lanka Sustainable Energy Authority has been actively involved in the development of wind power projects in Pooneryn and Mannar Phase II. The Authority has incurred expenditures associated with the Environmental Impact Study (EIS), Environmental and Social Impact Assessment (ESIA), survey fees, and other relevant costs to advance these projects.

Cabinet approval has been granted for the development of these wind power projects, and Adani Green Power Ltd in India has been identified as the developer for these ventures. Pursuant to negotiations, Adani Green Power Ltd has agreed to reimburse the Authority for the expenses incurred in the development of these wind power projects.

As of the financial year ended December 31, 2023, Adani Green Power Ltd has made a part payment of Rs 90 million in response to the Authority's request for reimbursement. However, the Authority has not recognized this amount as income in the financial year 2023 due to the absence of an energy permit granted to the developer by the Authority.

The contingent reimbursement, totaling Rs 112 million as of the end of the financial year 2023, is expected to be invoiced to the developer once mutually agreeable milestones are achieved, and the energy permit is granted. Until such time, the Rs 90 million received from Adani Green Power Ltd is recorded as a liability on the Authority's financial statements, representing the unearned income pending the fulfillment of the necessary conditions.

It is anticipated that, upon reaching agreeable milestones in 2024 and the subsequent issuance of the energy permit, the Authority will recognize the contingent reimbursement as income. The total expected reimbursement is approximately USD 425,000, based on the exchange rate applicable at the time of the payment done.

The Authority will continue to monitor the progress of the wind power projects and will assess the recognition of income in accordance with accounting principles when the necessary conditions are met.

Notes to the Financial Statements

as at 31.12.2023

2.3 Property, Plant and Equipment

2.3.1 Cost and Valuation

Fixed assets are stated at cost less accumulated depreciation. Depreciation for fixed assets is calculated using the straight-line method. In the financial year 2023, all fixed assets, excluding land and buildings, were revalued. The recorded asset values in the financial statements reflect the revaluation conducted in 2023, as shown in the Asset Ledger of that year. The assets purchased in the year are fully depreciated for the year of purchase, and no depreciation is accounted for in the year of disposal.

Revaluation of Fixed Assets

The Sri Lanka Sustainable Energy Authority (the "Authority") did not maintain a comprehensive fixed asset register since its establishment in 2007. The predecessor entity, the Energy Conservation Fund, was established in 1984, and the fixed assets ledger includes balances carried forward from that period. Due to the absence of a proper fixed assets register, the identification and comparison of values for fixed assets proved challenging.

In an effort to enhance the accuracy and reliability of the financial reporting, the Authority conducted a revaluation of all fixed assets (excluding Land & Buildings) during the fiscal year ended 31st December 2023.

Key details of the Revaluation

Scope of Revaluation: The revaluation encompassed all fixed assets, excluding Land & Buildings, as of 31st December 2022.

Valuation Methodology: The fair values of furniture & fittings were determined using a committee appointed by the Director General of the Authority and Other fixed assets categories were determined using a committee appointed by the Secretary of the Ministry of Power & Energy. The process adhered to industry best practices and was conducted in accordance with the assets management circular no 04/2018 issued by the Comptroller General Department of the Ministry of Finance.

Recognition of Revaluation Surplus: The resultant increase in the value of the revalued assets has been credited to a revaluation surplus account in equity.

Impact on Financial Statements: The revaluation had a substantial impact on the carrying amounts of fixed assets. The financial statements for the year ended 31st December 2023 reflect the updated values of these assets, contributing to a more accurate depiction of the Authority's financial position.

Comparison Challenges: The revaluation was necessary due to the historical inclusion of balances from the Energy Conservation Fund. The absence of a proper fixed asset register hindered the identification and comparison of values, and this revaluation addresses this historical discrepancy.

The Authority acknowledges the importance of maintaining an accurate fixed asset register and is implementing measures to establish and maintain such records going forward.

Changes in Fixed Assets categories

As of 31st December 2023, the Authority has reclassified its fixed assets into new categories to better align with the evolving nature of its operations and to enhance the clarity and relevance of financial reporting. The reclassification has been implemented to provide a more accurate representation of the Authority's asset base and to facilitate improved tracking and management of assets. The new fixed asset categories are as follows:

Improvement other than building: This category includes assets related to enhancements and improvements made to existing Lands like Fences, retaining walls and etc, excluding building structures.

Plant & Laboratory: Assets related to Hambanthota Solar power plant, Indurana mini hydro plant and Refrigerator testing laboratory, Fan testing and laboratory & weather station facilities have been grouped under this category, including but not limited to Assets related to Solar and Mini Hydro Projects, such as Solar Panels, Steel Structures, Buildings, Switch Gear, Inverters, Transformers, Power Electronics, Sanitary and Plumbing, Cables.

Notes to the Financial Statements as at 31.12.2023

Machinery & Equipment: This category encompasses various machinery and equipment used in the Authority's operations, such as Energy Instruments, Solar Instruments, Exhibition Equipment, Tools, and Machinery.

Motor Vehicle: This category includes all vehicles owned and used by the Authority for official purposes.

Furniture & Fittings: Assets related to office furniture, fittings, and exhibition equipment are consolidated under this category.

Office Equipment: This category covers various office equipment items, including Photocopiers, Computers, and other essential office machinery.

Infrastructure Asset: Road development related to Solar and Mini Hydro Projects includes in this category.

Name/Sign Board: This category includes assets associated with name and sign boards.

The reclassification is intended to provide a more transparent and meaningful presentation of the Authority's fixed assets, facilitating better decision-making and analysis for stakeholders. The adjustments have been made in accordance with accounting principles, and the financial statements for the year ended 31st December 2023 reflect these changes.

Wind Towers & Instruments

In the financial statements for the year 2022, wind towers and instruments were recorded with a total value of LKR 65,961,089/= at historical cost basis. These assets had accumulated depreciation of LKR 64,655,284/=, resulting in a net book value of LKR 1,305,805/= as of December 31, 2022. These assets were originally established at various locations including Kalamatiya, Balangoda, Sooriyakanda, Seethaeliya, Silawathura, Nadukudah, Pooneryn, Ponnalei, Kokilai, and Bagawanthalawa, between 2009 and 2014.

During a recent revaluation exercise, it was determined that only the Nadukudah wind measuring mast remained in operation, while the others had been disposed of by December 31, 2022. Substantial corrosion was identified, necessitating the immediate dismantling of the Nadukudah wind measuring mast for safety reasons. The revaluation of the Nadukudah mast yielded a revised value of LKR 500,000/=, and it was classified as a disposable asset.

As a consequence of the revaluation, a revaluation loss of LKR 805,805/= was recognized for the Nadukudah wind measuring mast. This loss was absorbed within the total revaluation gain recorded during the exercise, ultimately resulting in a net revaluation gain of LKR 212,738,943/=.

The Nadukudah wind measuring mast has been included in the Fixed Assets category under Machinery & Equipment.

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 & Fittings	20%
Motor vehicles	20%
Office Equipment	20%
Plant & Laboratories	20%
Machinery & Equipment	20%
Name & Sign Boards	20%
Buildings & Structures	5%
Improvements other than buildings	20%
Infrastructure assets	5%

Notes to the Financial Statements as at 31.12.2023

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

2.3.5 Indurana Land

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

2.4 Liabilities and Provisions

2.4.1 Gratuity

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

2.4.2 EPF& ETF

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

2.4.3 Legal

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

2.4.4 Liability for Acquisition of Lands and Reimbursement Expenses - Pooneryn and Mannar Phase 2 Wind Power Projects

During the financial year 2023, the Authority received a sum of Rs 226 million from Adani Green Power Ltd. This amount represents a part payment intended for the acquisition of lands and reimbursement of expenses incurred by the Authority in relation to the development of the Pooneryn and Mannar Phase II wind power projects.

The funds received from Adani Green Power Ltd have been recorded as a liability on the Authority's financial statements. This decision is rooted in the uncertainty surrounding the projects, and the recognition of this amount as a liability underscores the Authority's commitment to sound financial reporting practices.

As of the financial year ended December 31, 2023, the uncertainty primarily stems from the fact that the developer, Adani Green Power Ltd, does not yet possess the legal rights to the projects. Until such time as the developer secures the legal rights to the Pooneryn and Mannar Phase II wind power projects, the liability will be retained on the Authority's books.

The liability encompasses the amount received for the acquisition of lands and reimbursement of expenses, and it will be reassessed for recognition as income in accordance with accounting principles and relevant standards when the legal rights to the projects are duly transferred to the developer.

The Authority remains vigilant in monitoring the progress of the wind power projects and will make necessary adjustments to the financial statements when the conditions for recognition are met.

2.4.5 Approval of the Board

The financial statements for the year ended 31st December 2023 were authorized by the Board of Management of the Authority on 3rd April 2024.

Notes to the Financial Statements as at 31.12.2023

NOTES TO THE FINANCIAL STATEMENTS <i>For the year ended 31st December</i>	Note	2023 Rs.	2022 Restated Rs.
NOTE 03 - OPERATIONAL INCOME			
Treasury Income (Capital)	7	33,900,000	9,333,795
Amortized Differed Grant	8	-	34,825,284
Treasury Income (Recurrent)		106,915,364	108,467,000
Power Generation - Hambantota		20,473,717	24,498,267
Power Generation - Indurana		-	200,627
Energy Manager Training Programme - Income		75,000	10,000
Expression of Interest for RE Projects		-	-
Solar Atlas Income		14,500	12,500
Wind Data Income	24	1,315,782	-
Energy Permit Income		49,061,669	32,696,592
Solar Registration Fee		16,540,530	7,168,600
Solar Equipment Registration Fee		51,750	45,000
Total		228,348,312	217,257,665
NOTE 04 - NON OPERATIONAL INCOME			
Tender Fee		8,000	1,000
Supplier's Registration fee		26,000	145,000
Distress Loan Interest	4.1	659,296	609,947
Other Income		195,559	5,180,977
Special Advance Interest		5,285	2,481
Income - Funded Project	9	6,152,565	52,435,474
Income from Energy Fund		195,722,157	270,820,185
Sponsorship For programme	25	90,000	-
Ministry of Power & Energy		44,004,585	-
Interest Income		32,253,822	6,929,177
Disposal of Fixed Assets Profit / (Loss)		(1,285,890)	4,375
Grant/Donation Land		-	3,385,000
Land Lease Income		390,000	390,000
Total		278,221,379	339,903,616
NOTE 04.1 - Other Income			
Leave Encashments		174,559	166,560
Vehicle Utilities		21,000	21,000
Scrap (Wind tower metal) & Other Sales		-	414,550
Bond Settlement (U.C.E. Kumari)		-	354,700
Unpresented Cheque (before 2015)		-	1,260,442
Other payables (before 2015)		-	2,963,725
		195,559	5,180,977

Notes to the Financial Statements as at 31.12.2023

NOTES TO THE FINANCIAL STATEMENTS <i>For the year ended 31st December</i>	Note	2023 Rs.	2022 Restated Rs.
NOTE 05 - PROJECT EXPENSES			
NOTE 05 -1 RENEWABLE ENERGY			
Bio Mass Energy Technologies		117,399	180,000
Donor Funded Project		1,929,451	2,103,672
Operation of Hambanthota Renewable Energy Site		3,477,953	2,288,710
Three Lanka Project		4,922,250	-
Karachchci		523,528	-
Operation of Indurana Site		712,710	344,936
Renewable Energy Services		10,012,226	98,224,435
Resource Allocation and Develo		-	-
Total		21,695,518	103,141,753
NOTE 05 - 2 KNOWLEDGE MANAGEMENT			
Energy Education Programs		1,624,959	1,970,223
Promotion Programs		680,700	3,298,378
Total		2,305,658	5,268,601
NOTE 05 - 4 RESOURCE MAPPING			
Renewable Energy Development Plan		223,864	420,542
Resource Assessment		26,295,455	20,178,036
Total		26,519,319	20,598,578
NOTE 05 - 5 NATIONAL PROJECTS DEVELOPMENTS			
Weravil Project		103,959	855,744
Pooneryn Energy Park		4,451,384	28,140,439
Siyambalanduwa 100 MW solar park		3,704,443	20,643,717
Mannar Phase II		17,109,555	11,499,999
Total		25,369,340	61,139,899
NOTE 05 - 6 RESOURCE DEVELOPMENT & FACILITATION			
Resource Development & Facilitation		1,752,747	518,685
Total		1,752,747	518,685
NOTE 05 - 7 SYSTEM & PLANING			
System & Planing		1,603,600	4,329,181
Total		1,603,600	4,329,181
NOTE 05 - 8 INDUSTRIAL & SERVICE SECTOR			
Establishment of Energy Consumption Benchmarks for retail & financial institutions		11,640,989	2,225,510
Total		11,640,989	2,225,510

Notes to the Financial Statements as at 31.12.2023

NOTES TO THE FINANCIAL STATEMENTS <i>For the year ended 31st December</i>	Note	2023 Rs.	2022 Restated Rs.
NOTE 05 - 9 HOUSE HOLD & AGRO SECTOR			
Energy Labelling Programme for Refrigerators		3,581,735	1,544,874
Residential sector		2,580	322,000
Total		3,584,315	1,866,874
NOTE 05 - 10 SURVEY & RESEARCH			
Surveys and Research		2,285,869	176,079
Total		2,285,869	176,079
NOTE 05 - 11 POLICY & ADVOCACY			
Policy & Advocacy		666,330	807,465
Total		666,330	807,465
NOTE 05 - 12 INFORMATION MANAGEMENT TECHNOLOGY			
Information Management		909,000	525,787
Total		909,000	525,787
NOTE 06- RECURRENT EXPENSES			
NOTE 06- 1 SALARIES AND ALLOWANCES			
Salaries for Staff		61,256,349	64,108,044
Cost of Living Allowance		8,853,000	9,586,200
Salary Allowance		41,103	-
Interim Allowance		5,000	-
Interim Allowance (Rs.5,000/- Allowance)		5,622,185	5,592,250
E.P.F. 12%		8,974,759	9,493,806
E.T.F. 3 %		2,243,690	2,404,282
Overtime and Holiday Pay		7,057,592	6,563,189
Own Vehicle Utilization		5,338,333	5,400,000
Fuel Allowance		7,732,377	7,593,588
Professional Allowance		5,355,000	6,001,000
NAITA Salary		752,500	712,000
Gratuity Expense		3,462,715	3,569,503
Total		116,694,604	121,023,862
NOTE 06 - 2 TRAVELLING AND SUBSISTANCE			
Travelling - Domestic		688,199	673,046
Travelling - Foreign		-	47,198
Total		688,199	720,244

Notes to the Financial Statements as at 31.12.2023

NOTES TO THE FINANCIAL STATEMENTS <i>For the year ended 31st December</i>	Note	2023 Rs.	2022 Restated Rs.
NOTE 06 - 3 SUPPLIES			
Printing, Stationery and Office Requisites		3,338,630	1,628,112
Fuel and Lubricants		9,204,577	6,480,135
Uniform		291,086	175,477
Other - News Papers and Miscellaneous Service		180,310	137,620
Total		13,014,603	8,421,344
NOTE 06 - 4 MAINTENANCE			
Vehicles, Insurance and License Fees		13,034,763	14,073,649
Motor Vehicles		428,199	
Plant Machinery		1,458,704	1,502,954
Office Equipment		109,750	-
Building and Structure		493,977	4,950,184
Website & Software Maintenance		2,478,581	598,232
Total		18,003,972	21,125,019
NOTE 06 - 5 CONTRACT SERVICES			
Office Rents and Hire Charges		17,289,687	14,629,735
Siyambalduwa Land Lease Rent		-	-
SEA Web Hosting		-	685,100
Electricity & Water		9,167,388	4,970,457
Security Expenses		4,359,900	3,972,100
Janitorial Services		1,366,583	1,906,725
Postal and Telecommunication Charges		3,172,513	3,136,507
Transport		202,142	223,295
Audit Fees		871,200	1,401,600
Total		36,429,413	30,925,519
NOTE 06 - 6 DEPRECIATION, IMPAIRMENT AND AMORTISATION			
Computers		-	-
Intangible Assets Amortization		910,693	910,693
Amortization of Lease Hold Land		1,528,548	-
Plant & Laboratory		57,074,712	40,893,793
Building & Structures		4,314,207	1,528,548
Machinery & Equipment		23,102,366	3,890,005
Motor Vehicle		18,097,000	1,560,000
Furniture & Fittings		2,472,594	1,257,846
Office Equipment		5,076,290	3,479,489
Improvement other than building		2,179,146	-
Infrastructure		72,482	-
Name/ Sign board		155,680	616,558
Total		114,983,718	144,164,358

Notes to the Financial Statements as at 31.12.2023

NOTES TO THE FINANCIAL STATEMENTS <i>For the year ended 31st December</i>	Note	2022 Restated Rs.	2021 Restated Rs.
Restated Amounts prior to Revaluation			
Furniture and Office Equipment	-	2,515,691	
Motor Vehicles	-	1,560,000	
Photocopier	-	81,362	
Computers	-	2,140,281	
Electrical Goods	-	-	
Energy Instruments	-	1,840,324	
Wind Towers and Instruments	-	916,889	
Refrigerator Testing Laboratory	-	577,609	
Hambantota and Indurana Energy Park	-	37,198,790	
Fixes Assets for UNDP Projects	-	-	
Fan Testing Lab	-	1,036,539	
Amortisation of Lease Hold Land	-	1,528,548	
Name Board	-	616,558	
Weather station	-	2,080,855	
Solar instrument	-	1,132,792	
Intangible Assets Amortisation	-	910,693	
Total		54,136,931	
NOTE 06 - 6.1 - Hambantota & Indurana Power plant Depreciation			
a- Solar panels		6,610,793	
b- Steel Structure		4,804,167	
c- Building		7,894,958	
d-Switch Gear		833,983	
e- Inverters		5,087,885	
f- Transformers		391,667	
i- Sanitary & Plumbing		6,906,818	
k- Furniture Fittings & Office		544,893	
l- Tools		549,815	
J- Cable		2,500,000	
m-Machinery & Equipment		1,061,071	
h-other		12,740	
		37,198,790	
NOTE 06 - 7 OTHER RECURRENT EXPENSES			
Office and Miscellaneous Expenses		1,743,602	6,275,313
Paper Advertisements		588,905	787,678
Insurance		3,250,339	3,799,792
Translation Fees		202,542	51,810
Allowances for Board Members		886,212	1,235,760
Refreshment Charges		530,348	511,145
Local/Foreign Training Programmes		3,487,586	1,106,558
Bank Charges		69,695	50,525

Notes to the Financial Statements as at 31.12.2023

NOTES TO THE FINANCIAL STATEMENTS <i>For the year ended 31st December</i>	Note	2023 Rs.	2022 Restated Rs.
Legal Fee		1,068,157	848,040
Disallowable VAT Input tax		463,297	
WHT Expense		8,052,834	-
Total		20,343,515	14,666,621
NOTE 07 - TREASURY INCOME (CAPITAL)			
Capital Grant Received from Treasury		33,900,000	9,333,795
Total		33,900,000	9,333,795
NOTE 08 - AMORTISED DEFERRED GRANT			
Amortisation for Current Year		-	34,825,284
Total		-	34,825,284
NOTE 09 - INCOME FROM ENERGY FUND			
Energy Management Income		1,750,685	974,100
Income from Renewable Energy	Note 09.01	51,050,000	241,420,500
Net Interest - Fixed Deposits	Note 09.02	142,246,825	11,398,247
Net Interest - Savings Accounts		674,647	16,638,153
Other Income - Energy Fund		-	389,185
		195,722,157	270,820,185

Note 09.01 Income from Renewable Energy

Income from renewable energy in 2022 mainly consisted of application fees received from developers. In June 2022, Sri Lanka amended its electricity legislation, eliminating competitive bidding for renewable energy projects. As a result, it is assumed that a large number of application fees were received in 2022. Therefore, when comparing 2022 to 2023, there was higher income from renewable energy in 2022 than in 2023.

Note 09.02 Investment for Energy Fund

Deposit Reg. No.	Date of Maturity	Rate of investment	Net Interest for 2023	Date of Maturity	Date of Maturity
1 year maturity					
2/0061/13/36533	12/15/2024	8.00%	50,215,692	247,529,500	198,500,000
6 months maturity					
89941267/2211318	11/29/2024	8.50%	49,299,638	249,400,000	200,000,000
89941279/2211322	11/29/2023	9.50%	9,980,498	60,088,771	50,000,000
89941274/2211321	11/29/2023	9.50%	9,980,498	60,088,771	50,000,000
89941272/2211320	2/29/2024	10.00%	9,347,343	59,467,425	50,000,000
3 months maturity					
89941270/2211319	2/29/2024	10.00%	9,347,343	59,467,425	50,000,000
90085498/2211772	1/4/2024	8.00%	4,048,634	33,674,067	30,000,000
1 month maturity					
92091805	1/29/2024	8.00%	27,178	62,000,000	-
142,246,825 831,715,960 628,500,000					

Notes to the Financial Statements as at 31.12.2023

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

NOTE 10 - 1 FREE HOLD ASSETS

Description	Restated Balance as at 01.01.2023	Acquisition	Revaluation	Disposal	Balance as at 31.12.2023
Land - Hambanthota & Indurana	104,602,000	-			104,602,000
Building & Structures	86,284,142	-			86,284,142
Improvement other than building	1,800,000	9,095,728			10,895,728
Plant & Laboratory	285,373,560	-			285,373,560
Machinery & Equipment	54,514,025	60,997,805			115,511,830
Motor Vehicle	90,485,000	-			90,485,000
Furniture & Fittings	12,362,970	-			12,362,970
Office Equipment	24,892,450	489,000			25,381,450
Infrastructure Asset	-	1,449,630			1,449,630
Name/ Sign board	680,000	98,400			778,400
Total	660,994,147	72,130,562			733,124,709

DEPRECIATION ACCOUNT

Description	Restated Balance as at 01.01.2023	Acquisition	Revaluation	Disposal	Balance as at 31.12.2023
Land - Hambanthota & Indurana	-		-		104,602,000
Plant & Laboratory	57,074,712		57,074,712		29,209,430
Building & Structures	4,314,207		4,314,207		6,581,521
Improvement other than building	2,179,146		2,179,146		283,194,414
Machinery & Equipment	23,102,366		23,102,366		92,409,464
Motor Vehicle	18,097,000		18,097,000		72,388,000
Furniture & Fittings	2,472,594		2,472,594		9,890,376
Office Equipment	5,076,290		5,076,290		20,305,160
Infrastructure Asset	72,482		72,482		1,377,148
Name/ Sign board	155,680		155,680		622,720
Total	112,544,477		112,544,477	620,580,232	

Notes to the Financial Statements as at 31.12.2023

NOTES TO THE FINANCIAL STATEMENTS <i>For the year ended 31st December</i>	Balance as at 01.01.2023	Accumulated Depreciation	Net Book Value	
Land - Hambanthota & Indurana	104,602,000	-	104,602,000.00	
Furniture and Office Equipment	29,932,005	23,771,355	6,160,650.00	
Motor Vehicles	52,936,495	48,854,852	4,081,643.00	
Photocopier	5,150,141	4,922,953	227,188.00	
Computers	41,788,209	40,925,986	862,223.00	
Electrical Goods	446,964	446,964	-	
Library Book	1,438,352	1,438,352	-	
Energy Instruments	102,500,102	100,003,806	2,496,296.00	
Wind Towers and Instruments	65,961,089	64,655,284	1,305,805.00	
Refrigerator Testing Laboratory	42,165,337	42,165,337	-	
Fan Testing Lab	5,182,693	4,507,482	675,211.00	
Name Board	1,920,050	616,558	1,303,492.00	
Weather Station and solar meas	10,404,274	2,080,855	8,323,419.00	
Solar Instrument	8,613,000	1,132,792	7,480,208.00	
Solar and Mini Hydro Projects				
A. Solar Panels	79,329,510	26,443,170	52,886,340.00	
B. Steel Structure	57,650,000	19,216,667	38,433,333.00	
C. Building	161,392,958	75,108,816	86,284,142.00	
D. Switch Gear	10,007,800	3,335,963	6,671,837.00	
E. Inverters	61,054,625	20,351,542	40,703,083.00	
F. Transformers	4,700,000	1,566,667	3,133,333.00	
G. Power Electronics	31,619,040	31,619,040	-	
I. Sanitary and Plumbing	82,881,814	27,627,271	55,254,543.00	
J. Cables	30,000,000	10,000,000	20,000,000.00	
K. Furniture Fittings and Office Equip.	6,326,031	4,102,046	2,223,985.00	
L. Tools	6,189,087	1,499,815	4,689,272.00	
M. Machinery	9,465,013	7,754,790	1,710,223.00	
H. Other	60,103,364	60,070,496	32,868.00	

Revalued during the year 2023

Notes to the Financial Statements as at 31.12.2023

NOTE 10 - 2 LEASE HOLD ASSETS

NOTES TO THE FINANCIAL STATEMENTS <i>For the year ended 31st December</i>	Balance as at 31.12.2023	Accumulated Depreciation	Net Book Value	
Exhibition Equipments	354,853	354,853	-	
Fixes Assets for UNDP Projects	524,300	524,300	-	
Total	1,074,639,106	625,098,012	449,541,094	

Revalued during the
year 2023

NOTE 10 - 2 LEASE HOLD ASSETS

NOTES TO THE FINANCIAL STATEMENTS <i>For the year ended 31st December</i>	Balance as at 31.12.2023	Acquisition	Amortization	Balance as at 31.12.2023
Land - Battaramulla	34,392,340	-	1,528,548	32,863,792
Total	34,392,340		1,528,548	32,863,792

NOTE 11 - INTANGIBLE ASSETS

NOTES TO THE FINANCIAL STATEMENTS <i>For the year ended 31st December</i>	Balance as at 01.01.2023	Acquisition	Amortization	Balance as at 31.12.2023
Computer Software	2,466,077	-	910,693	1,555,384
Data and Information	-	-	-	-
Total	2,466,077		910,693	1,555,384

Notes to the Financial Statements as at 31.12.2023

NOTE 12 - WORK IN PROGRESS

NOTES TO THE FINANCIAL STATEMENTS <i>For the year ended 31st December</i>	Note	2023 Rs.	2022 Restated Rs.
Centre of Excellence in Sustainable Energy (SLSEA)		23,290,653	23,290,653
Electric Prototype Vehicle		7,956,800	7,956,800
WIP - Hambantota -Nimashi Constr		-	5,870,000
WIP - Inova-weather sta .inst		-	1,044,664
WIP - DARE-com-wind mea-Nor.Pro		-	57,965,944
WIP - Kotiyagala solar park		-	1,657,400
Total		31,247,453	97,785,461

NOTE 13 - INVESTMENT

NOTE 13.1 Fixed Deposits - 1 year maturity

Deposit Reg. No.	Date of Maturity	Rate of investment	Net Interest for 2023	Deposit as at 31.12.2023	Deposit as at 01.01.2023
2/0061/11/33829	9/21/2024	9.00%	224,741	2,185,839	1,962,154
2/0061/11/33861	9/21/2024	9.00%	224,741	2,185,839	1,962,154
2/0061/11/33853	9/21/2024	9.00%	224,741	2,185,839	1,962,154
2/0061/11/33888	9/21/2024	9.00%	224,741	2,185,839	1,962,154
2/0061/11/33772	9/21/2024	9.00%	224,741	2,185,839	1,962,154
2/0061/11/33837	9/21/2024	9.00%	224,741	2,185,839	1,962,154
2/0061/11/33845	9/21/2024	9.00%	224,741	2,185,839	1,962,154
2/0061/11/33756	9/21/2024	9.00%	224,741	2,185,839	1,962,154
2/0061/11/33764	9/21/2024	9.00%	224,741	2,185,839	1,962,154
2/0061/11/33802	9/21/2024	9.00%	224,741	2,185,839	1,962,154
2/0061/11/33713	9/21/2024	9.00%	224,741	2,185,839	1,962,154
2/0061/11/33896	9/21/2024	9.00%	224,741	2,185,839	1,962,154
2/0061/11/33799	9/21/2024	9.00%	224,741	2,185,839	1,962,154
2/0061/11/33870	9/25/2024	9.00%	84,437	819,690	735,808
2/0061/09/60845	10/20/2024	8.50%	84,111	814,724	731,350
2/0061/11/34051	9/30/2024	9.00%	544,388	5,272,341	4,732,802
2/0061/09/49981	5/2/2024	12.00%	2,073,697	16,929,753	14,880,029
2/0061/13/36533	12/15/2024	8.00%	50,215,692	247,529,500	198,500,000
89941267/2211318	11/29/2024	8.50%	49,299,638	249,400,000	200,000,000
			105,223,591	549,181,919	445,087,987

Notes to the Financial Statements as at 31.12.2023

NOTE 13.2 Treasury Bonds-(In People's Bank, Head Quarters)

Deposit Reg. No.	Date of Maturity	Rate of investment	Net Interest for 2023	Bond as at 31.12.2023	Deposit as at 01.01.2023
LKB00425F013	6/1/2025	17.00%	4,723,991	28,474,416	24,947,261
LKB00527I150	9/15/2027	20.00%	14,582,084	55,770,407	51,839,842
Total			19,306,075	84,244,823	76,787,103
TOTAL INVESTMENT				633,426,742	521,875,090

NOTE 13.3 Treasury Bonds / Bills Movement during the year

	B 01	B 02	TOTAL
Deposit as at 01.01.2023	24,947,261	51,839,842	76,787,103
Maturity Interest	1,915,675	-	-
Matured with ineterest during the year	26,862,936	-	-
Reinvested During the year	26,862,325	-	1,915,064
Interest received	4,723,991	14,582,085	19,306,076
Cash coupon received	(3,111,900)	(10,651,520)	(13,763,420)
28,474,416	55,770,407	84,244,823	

NOTE 13.4 Short Term Deposits - 6 months maturity

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st December	Date of Maturity	Rate of Investment	Net Interest for 2023	Deposit as at 31.12.2023	Deposit as at 01.01.2023
89941279/2211322	5/29/2024	9.50%	10,088,771	60,088,771	50,000,000
89941274/2211321	5/29/2024	9.50%	10,088,771	60,088,771	50,000,000
			20,177,542	120,177,542	100,000,000

NOTE 14 - RECEIVABLES

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31st December	Note	2023 Rs.	2022 Restated Rs.
Interest Receivable on Fixed Deposits		7,633,805	13,895,749
Interest Receivable on Treasury Bills/Bonds		0	1,826,207
Power Generation - Hambanthota/Indurana		9,030,363	28,178,986
Receivable from Employees		425,117	741,841
Reivable - LECO		1,916,294	822,560
Reivable - CWC -Arrears		271,963	271,963
Employee Receivable - Telephone		25,945	11,212
Trade - Receivable (EF)		446,400	750,000
Trade - Receivable (FOA)		72,044	-
Vat Receivable		148,824	-
Receivable- Application fees		30,000,000	30,000,000
Reivable Land Lease Rent		780,000	390,000
Total		50,750,755	76,888,518

Notes to the Financial Statements as at 31.12.2023

NOTES TO THE FINANCIAL STATEMENTS <i>For the year ended 31st December</i>	Note	2023 Rs.	2022 Restated Rs.
NOTE 15 - OTHER CURRENT ASSETS			
REFUNDABLE DEPOSIT			
Water Board		2,500	2,500
Fuel, Etc.		891,500	566,500
Hambantota - CEB		52,000	52,000
Indurana- CEB		62,500	62,500
Sooriyawewa - CEB		1,500	1,500
Telephone		8,776	8,776
Spring Water Pvt Ltd		3,500	3,500
American Premium Water		51,000	36,000
Mobitel		2,000	2,000
Refundable Dep- C W C		3,989,928	3,989,928
Refundable deposit- siyabaland		280,000	280,000
BMICH		456,662	789,902
Vidulka Exhibition		25,000	25,000
Deposit- General		30,000	-
PREPAYMENTS			
Pre- Payment -CEB		5,128	-
Pre payment - siyambalanduwa land rental		4,300,000	-
ADVANCE			
Advances for Programs, etc.		601,444	1,439,607
Divisional Secretariat -Ruwanwella		-	6,233,678
Advance- C W C		-	1,662,470
Adv-Dis.Secre-Monaragala Distr		61,709,140	61,709,140
Adv. Divisional Secre- Siyabal		5,373,693	3,027,120
Advance - Sadew Printers		96,000	96,000
Adv- Div. Secretary Mannar		128,782,250	-
Advance- Industrial Tech.Inst		688,500	688,500
Advance- Dep.of.archacology		15,000	15,000
Advance-Lanka Electricity Com		3,840,000	3,840,000
Advance - Project		19,967,176	1,189,405
Cheif Secretary Southern / Eastern pro.-NAMA		2,854,800	2,854,800
Advance - General		42,000	291,996
Adv- Div. Secretary Pooneryn- Land acquiring		46,750,000	46,750,000
Other	Note 22	744,632	744,632
Total		281,626,628	136,362,454

Notes to the Financial Statements as at 31.12.2023

NOTES TO THE FINANCIAL STATEMENTS <i>For the year ended 31st December</i>	Note	2023 Rs.	2022 Restated Rs.		
Distress Loan		15,579,740	14,885,008		
Special Advance		1,585	1,585		
Festival Advance		33,289	40,789		
		15,614,615	14,927,382		
TOTAL OTHER CURRENT ASSETS		297,241,243	151,289,836		
NOTES TO THE FINANCIAL STATEMENTS <i>For the year ended 31st December</i>	Note	2023 Rs.	2022 Restated Rs.		
NOTE 16 - CASH AND CASH EQUIVALENT					
NSB Savings Account - 100610493406		1,290,089	1,254,554		
Peoples Current Account - 078100188503576		24,264,809	10,472,270		
Peoples Current Account - 078100278503576		3,102,109	3,102,109		
BOC Current Account - 8002630		2,841,345	2,393,286		
BOC Current Account - 74944408		205,513,985	(17,328,844)		
Call Deposits		10,000,000	20,000,000		
BOC Savings Account - 75803419		5,193,386	689,141		
BOC Current Account - 80595356		263,645	263,645		
Short Term Highly Liquid Investments		470,732,365	180,000,000		
Total		723,201,732	200,846,161		
Deposit Reg. No.	Date of Maturity	Rate of investment	Net Interest for 2023	Deposit as at 31.12.2023	Deposit as at 01.01.2023
3 Month FD	2/29/2024				
89941272/2211320	2/29/2024	10.00%	9,467,425	59,467,425	50,000,000
89941270/2211319		10.00%	9,467,425	59,467,425	50,000,000
1 Month FD					
90085498/2211772	1/4/2024	8.00%	3,674,068	33,674,068	30,000,000
90084914/2211771	1/4/2024	8.00%	6,123,447	56,123,447	50,000,000
92091805	1/29/2024	8.00%		62,000,000	-
92091751	1/29/2024	8.00%		50,000,000	-
92091630	1/29/2024	8.00%		50,000,000	-
92091539	1/29/2024	8.00%		50,000,000	-
92091431	1/29/2024	8.00%		50,000,000	-
			28,732,365	470,732,365	180,000,000

Notes to the Financial Statements as at 31.12.2023

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

NOTES TO THE FINANCIAL STATEMENTS <i>For the year ended 31st December</i>	Note	2023 Rs.	2022 Restated Rs.
Accumulated Fund		275,785,678	7,076,392
Initial Capital		5,000,000	5,000,000
Capital Grant - Ministry of Power and Energy		5,761,145	5,761,145
Capital Grant from UNDP		3,612,560	3,612,560
Donor Grant from Food and Agriculture Organization		650,239	650,239
Total		290,809,622	22,100,336
NOTE 18 - DEFERRED GRANT			
Capital Grant 2008		33,770,435	
Capital Grant 2009		11,955,533	
Foreign Grant 2009	- Japanese	24,165,380	
Capital Grant 2010	- Hambantota Solar Park	46,693,991	
	- Capital Grant	10,646,819	
Foreign Grant 2010	- Japanese	11,419,569	
Capital Grant 2011	- Indurana Mini Hydro Project	15,523,945	
	- Capital Grant	68,798,341	
Foreign Grant 2011	- Japanese	1,155,016,402	
	- Korean	191,097,075	
Differed grant 2012	- ADB	15,082,346	
Capital Grant 2012		23,581,236	
Differed grant 2013	- ADB	43,416,071	
Differed Grant 2013	- KOICA	35,662	
Capital Grant 2013	- FARDF	41,873,961	
Capital Grant 2014		20,487,827	
Capital Grant 2015		14,655,015	
Capital Grant 2016		17,855,251	
Capital Grant 2017		19,806,619	
Less:			
	- Deferred Revenue Previous Years	(1,462,346,908)	
	- Deferred Revenue for The Year	(34,825,284)	
Total	-	-	268,709,286

Notes to the Financial Statements as at 31.12.2023

Note 18.01 Differed Income transferred to the Accumulated Fund

Deferred revenue is primarily associated with capital assets acquired through government grants and other donor-funded grants. The Sri Lanka Sustainable Energy Authority (SLSEA) revalued all its assets acquired before 2022, excluding land and buildings. In accordance with SLPSAS 11 (Sri Lanka Public Sector Accounting Standard 11) on Revenue from Non-Exchange Transactions, it is no longer required to maintain a deferred revenue reserve in the organization. Therefore, a deferred revenue balance of Rs. 268,709,286 was transferred to the accumulated fund in the equity statement for the year 2023.

NOTES TO THE FINANCIAL STATEMENTS <i>For the year ended 31st December</i>	Note	2023 Rs.	2022 Restated Rs.
NOTE 19 - OTHER PAYABLE			
Payable to Fund of The Authority from Energy Fund			
Switch Asia Control Account		3,030,214	3,030,214
Accrued Expenses		14,644,289	24,004,160
Unpresented Cheques		10,512,883	10,512,883
Renewable Energy Solar Registration Fees		-	-
Ministry of Mahaweli Development and Environment		470,000	470,000
Audit Fees		1,742,400	2,455,200
Adani Green Power Ltd (Mannar & Poonry Project Control)		226,085,191	-
VAT Payable AC		51,756	-
WHT Tax Payable		1,063,981	-
Stamp Duty Payable		7,000	-
VAT Control AC (Bid Doc)		16,368,792 2,000	-
Payable- Employee's		26,965	-
Bid document		58,811,900	-
Others		128,128	128,128
Opening Balance Control Ac		(2)	-
Salary Control AC		(1)	-
Other Deduction Payable		139,091	130,722
Telephone Deduction Control AC		274,515	133,546
Online Deposit account - FOA		6,991,277	5,422,599
Online Deposit account - EF		176,813	-
CREDITORS			
Retention		10,794,909	11,220,409
Narahenpita Jathika Pola		-	-
SUNDY CREDITORS			
Sri Lanka Custom		-	-
Welfare Society SEA		-	-

Notes to the Financial Statements as at 31.12.2023

NOTES TO THE FINANCIAL STATEMENTS <i>For the year ended 31st December</i>	Note	2023 Rs.	2022 Restated Rs.
REFUNDABLE DEPOSIT			
E-Net solutions (Pvt) Ltd		-	-
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		351,664,355	57,850,117
NOTE 20 - SRI LANKA ENERGY FUND			
Statement of Financial Position as at 31.12.2023			
Non current Assets			
Investment	9.2	247,529,500	198,500,000
Current Assets			
Short term deposits	9.2	429,044,967	350,000,000
SEA Current Account (FOA) - Energy plus Building		1,678,878	1,678,878
Receivable on Energy Permit		861,722	750,000
Receivable on interest		4,996,695	11,398,248
Cash & Cash equivalents	9.2	155,141,492	80,000,000
Trade Receivable - Application Fee		30,000,000	30,000,000
NSB Savings Account	16	1,290,089	1,254,554
BOC Savings Account	16	5,193,386	689,141
		875,736,729	674,270,821
Accumulated Fund		442,442,834	367,557,645
Surplus / Deficit for the year	20	151,824,341	74,885,189
Total Accumulated Fund		594,267,175	442,442,834
Current Liabilities			
SEA Current Account (FOA)		281,292,741	231,827,987
Online Deposit Control Account		176,813	-
Total		875,736,729	674,270,821

Notes to the Financial Statements as at 31.12.2023

NOTES TO THE FINANCIAL STATEMENTS <i>For the year ended 31st December</i>	Note	2023 Rs.	2022 Restated Rs.
Income	9		
Income - Energy Fund		195,722,157	270,820,185
Expenses			
Resource Assesment			1,143,793
Pooneryn Wind-Solar Hybrid Energy Park		3,193,310	47,923,834
Siyambalanduwa 100 MW solar park		9,839,184	69,490,776
Mannar Phase II		18,638,215	10,635,538
Renewable Energy Service Programme		3,133,600	57,777,316
Indurana SRM Training Centre			-
Solar Trainig Centre (Hambanthota)			3,180,482
Establishment of Energy Consumption Benchmarks for retail & financial institutions			-
Energy Manager Scheme			-
Instrument bank			-
Energy audits			-
Energy Labelling Programme			1,544,874
Residential Sector			-
Energy Education Programme			-
Promotion Programme		1,636,211	4,238,283
WHT Expenses		7,432,419	
Bank Charges		24,877	100
		43,897,816	195,934,996
Surplus/Deficit		151,824,341	74,885,189
NOTE 21 - SRI LANKA SUSTAINABLE GUARANTEE FUND			
Income Statement for the Year Ended 31st December 2023			
Income			
Interest Income - Fixed Deposit		5,410,132	3,909,347
Interest Income - Treasury Bonds		19,394,930	2,989,693
Total Income		24,805,062	6,899,040
Less:			
Expenses		-	-
Total Expenses		-	-
Net Surplus/Defecit		24,805,062	6,899,040

Notes to the Financial Statements as at 31.12.2023

NOTES TO THE FINANCIAL STATEMENTS <i>For the year ended 31st December</i>	Note	2023 Rs.	2022 Restated Rs.
NOTE 21 - SRI LANKA SUSTAINABLE GUARANTEE FUND			
Non Current Assets			
Investments	27	136,497,242	123,375,090
Current Assets			
Interest Receivable on Fixed Deposits		2,213,066	2,467,366
Interest Receivable on Treasury Bills		-	1,826,209
Cash & Cash Equivalent			
Peoples Current Account - 078100188503576		13,763,790	370
		152,474,098	127,669,035
Accumulated Fund			
Surplus / Deficit for the year		127,669,036	120,769,996
Total Accumulated Fund		24,805,062	6,899,040
Current Liabilities		152,474,098	127,669,036
Total		152,474,098	127,669,036

Deposit Reg. No.	Date of Maturity	Rate of investment	Net Interest for 2023	Deposit as at 31.12.2023	Deposit as at 01.01.2023
2/0061/11/33829	9/21/2024	9.00%	224,741	2,185,839	1,962,154
2/0061/11/33861	9/21/2024	9.00%	224,741	2,185,839	1,962,154
2/0061/11/33853	9/21/2024	9.00%	224,741	2,185,839	1,962,154
2/0061/11/33888	9/21/2024	9.00%	224,741	2,185,839	1,962,154
2/0061/11/33772	9/21/2024	9.00%	224,741	2,185,839	1,962,154
2/0061/11/33837	9/21/2024	9.00%	224,741	2,185,839	1,962,154
2/0061/11/33845	9/21/2024	9.00%	224,741	2,185,839	1,962,154
2/0061/11/33756	9/21/2024	9.00%	224,741	2,185,839	1,962,154
2/0061/11/33764	9/21/2024	9.00%	224,741	2,185,839	1,962,154
2/0061/11/33802	9/21/2024	9.00%	224,741	2,185,839	1,962,154
2/0061/11/33713	9/21/2024	9.00%	224,741	2,185,839	1,962,154
2/0061/11/33896	9/21/2024	9.00%	224,741	2,185,839	1,962,154
2/0061/11/33799	9/21/2024	9.00%	224,741	2,185,839	1,962,154
2/0061/11/33870	9/25/2024	9.00%	84,437	819,690	735,808
2/0061/09/60845	10/20/2024	8.50%	84,111	814,724	731,350
2/0061/11/34051	9/30/2024	9.00%	544,388	5,272,341	4,732,802
2/0061/09/49981	5/2/2024	12.00%	2,073,697	16,929,753	14,880,029
Total			5,708,260	52,252,419	46,587,987

NOTE 27 Treasury Bonds-(In People's Bank, Head Quarters)

NOTES TO THE FINANCIAL STATEMENTS <i>For the year ended 31st December</i>	Date of Maturity	Rate of Investment	Net Interest for 2023	Deposit as at 31.12.2023	Deposit as at 01.01.2023
LKB00425F013	6/1/2025	17.00%	4,723,991	28,474,416	24,947,261
LKB00527I150	9/15/2027	20.00%	14,582,084	55,770,407	51,839,842
Total			19,306,075	84,244,823	76,787,103

NOTES TO THE FINANCIAL STATEMENTS <i>For the year ended 31st December</i>	Note	2023 Rs.	2022 Restated Rs.
NOTE 22			
Advance-Co-Energy (pvt) Ltd		-	-
Advance-Dis Sec Hambantota		23,992	23,992
Advance-Depa of Animal Hus		-	-
Advance-Co-Energy (pvt) Ltd		-	-
Advance-The University of Colombo		-	-
Advance-IBB North Western Province		390,150	390,150
Advance -Indi creation		222,500	222,500
Advance-Sri Lanka Standard Ins		68,990	68,990
ADB - Exterm WEB		39,000	39,000
		744,632	744,632

NOTE 23 - PRIOR YEAR ADJUSTMENTS**23.1 - Advance payment erroneously debited to expense account corrected**

Advance Payment made to the Pooneryn divisional secretary for acquire lands erroneously debited to expense account in 2022 corrected

	Effect on 2022
Increase in Revenue	46,750,000
Increase in Surplus	46,750,000
Increase in current Assets	46,750,000
Increase in Net Assets/Equity	46,750,000

23.2 - Expenses mistakenly debited to the accrued account corrected

Office expense Rs. 36,230/- mistakenly debited to the accrued expense account corrected

	Effect on 2022
Increase Expenses	36,230
Decrease in Surplus	36,230
Decrease in current liabilities	36,230
Decrease in Net Assets/Equity	36,230

23.3 - Interest on Treasury Bond

Treasury bond disclosed under with hold to maturity with amortization method in 2023 there for previous year interest receivable corrected

	Effect on 2022
Decrease Revenue	887,627
Decrease in Surplus	887,627
Decrease in Other Current Assets	887,627
Decrease in Net Assets/Equity	887,627

Notes to the Financial Statements as at 31.12.2023

23.4 - Amortization of Treasury Bonds

Amortization of treasury bonds for the year 2022

	Effect on 2022
Increased Investments	1,107,718
Increase in Surplus	1,107,718
Increased Investments	1,107,718
Increase in Net Assets/Equity	1,107,718

23.5 - Unrecognized Application fee

Application fee for the 700Mw project in Poonekery tank balance income accounted

	Effect on 2022
Increase in Revenue	30,000,000
Increase in Surplus	30,000,000
Increase in current Assets	30,000,000
Increase in Net Assets/Equity	30,000,000

23.5 - Land clearing expensed corrected

Advance given to land clearance for the Siyambalanduwa project recognized as an expense

	Effect on 2022
Increased Expenses	1,320,000
Decreased in Surplus	1,320,000
Decreased in current Assets	1,320,000
Decreased in Net Assets/Equity	1,320,000

23.6 - Vehicle Disposal Cash

Vehicle disposal cash recognized as a liability to the treasury

	Effect on 2022
Increased Expenses	3,827,970
Decreased in Surplus	3,827,970
Increased in current liabilities	3,827,970
Decreased in Net Assets/Equity	3,827,970

23.6 - Unrecorded land lease rent

Sirioya hydropower project land lease income recorded

	Effect on 2022
Increase in Revenue	390,000
Increase in Surplus	390,000
Increase in current Assets	390,000
Increase in Net Assets/Equity	390,000

Notes to the Financial Statements as at 31.12.2023

23.7 - Energy Permit Fee income allocated for 20 Years

Energy permit fee received from 2011 allocated for 20 years as per the auditor general report for the financial year 2022

	Effect on 2022	Effect on 2021	Effect on 2020	Effect on 2019	Effect on 2018 & Before
Decrease in Revenue	158,632,468	28,168,106	5,870,103	5,575,370	295,071,801
Decrease in Surplus	158,632,468	28,168,106	5,870,103	5,575,370	295,071,801
Increase in Energy Permit Reserve	158,632,468	28,168,106	5,870,103	5,575,370	295,071,801
Decrease in Net Assets/Equity	158,632,468	28,168,106	5,870,103	5,575,370	295,071,801

23.8 - Pooneryn wind farm project survey & Bird survey cost recognized as an expenses

Pooneryn wind farm project payments for survey & bird, bat study had been accounted in WIP transferred to Pooneryn expense account

	Effect on 2022
Increase in expense	23,726,193
Decrease in Surplus	23,726,193
Decrease in WIP	23,726,193
Decrease in Net Assets/Equity	23,726,193

23.9 - Siyambalanduwa WIP transferred to expense account

Payment made to the Department of forest for tree planting project related with Siyambalanduwa Solar Power Plant project recognized as an expense

	Effect on 2022
Increase in expense	12,786,940
Decrease in Surplus	12,786,940
Decrease in WIP	12,786,940
Decrease in Net Assets/Equity	12,786,940

NOTE 24 - ENERGY PERMIT FEE ALLOCATION

"In accordance with Note 2.2.4.1 on changes in revenue recognition policy, specifically related to Energy Permit Fees, the Authority, in its financial statements for the year ended December 31, 2023, has implemented a modification in its accounting policy. Historically, energy permit fees were recognized as non-exchange transactions. However, effective from the current reporting period, the Authority has adjusted its accounting policy to align with 'SLPSAS 10 - Revenue from Exchange Transactions.' Energy permit fees are now recognized over the permit fee duration, reflecting the period for which the Authority has issued the permits, typically a duration of 20 years.

Consequently, the Authority has restated Energy Permit Fee income since 2011. The permit fees received in the current year are apportioned for the entire year, without consideration for the permit issue date. The balance of the permit fee is transferred to the Energy Permit Fee Reserve, and an annual transfer to Energy Permit Income will be made.

Notes to the Financial Statements as at 31.12.2023

Year	Energy Permit Income	Income per year	Recognized for Energy permit Reserve
2011	14,714,220	735,711	6,621,399
2012	30,269,950	1,513,498	15,134,975
2013	43,790,190	2,189,510	24,084,605
2014	51,125,464	2,556,273	30,675,278
2015	31,813,385	1,590,669	20,678,700
2016	57,407,265	2,870,363	40,185,086
2017	21,194,365	1,059,718	15,895,774
2018	109,735,536	5,486,777	87,788,429
2019	24,818,830	1,240,942	21,096,006
2020	26,435,330	1,321,767	23,791,797
2021	51,298,245	2,564,912	48,733,333
Transferred to Energy permit Reserve			334,685,380
Permit fee Received 2022	191,329,060	9,566,453	181,762,607
Trf to Energy Permit Fee 2022		23,130,139	(23,130,139)
Energy Permit Income 2022		32,696,592	493,317,848
Permit fee Received 2023	327,301,540	16,365,077	310,936,463
Trf to Energy Permit Fee 2023		32,696,592	(32,696,592)
Energy Permit Income 2023		49,061,669	771,557,719

NOTE 25 - INCOME FROM MINISTRY OF POWER & ENERGY

Solar Powered Electricity Supply for the Temples	LKR
	7,508,660
Drone Survey For potential site for Solar & Wind Power Development Weravil, Karachci, Manthai west, Thunukkai	36,495,935
	44,004,595

NOTE 26 - POONERYN & MANNAR PHASE II RENEWABLE ENERGY PARK DEVELOPMENT

Reimbursement of expenses from Project Developer

	USD	LKR
Pooneryn	208,331.71	50,420,489
Mannar Phase II	217,049.04	62,155,760
	425,380.75	112,576,249
Reimbursement by Developer as at 31.12.2023	90,478,814	

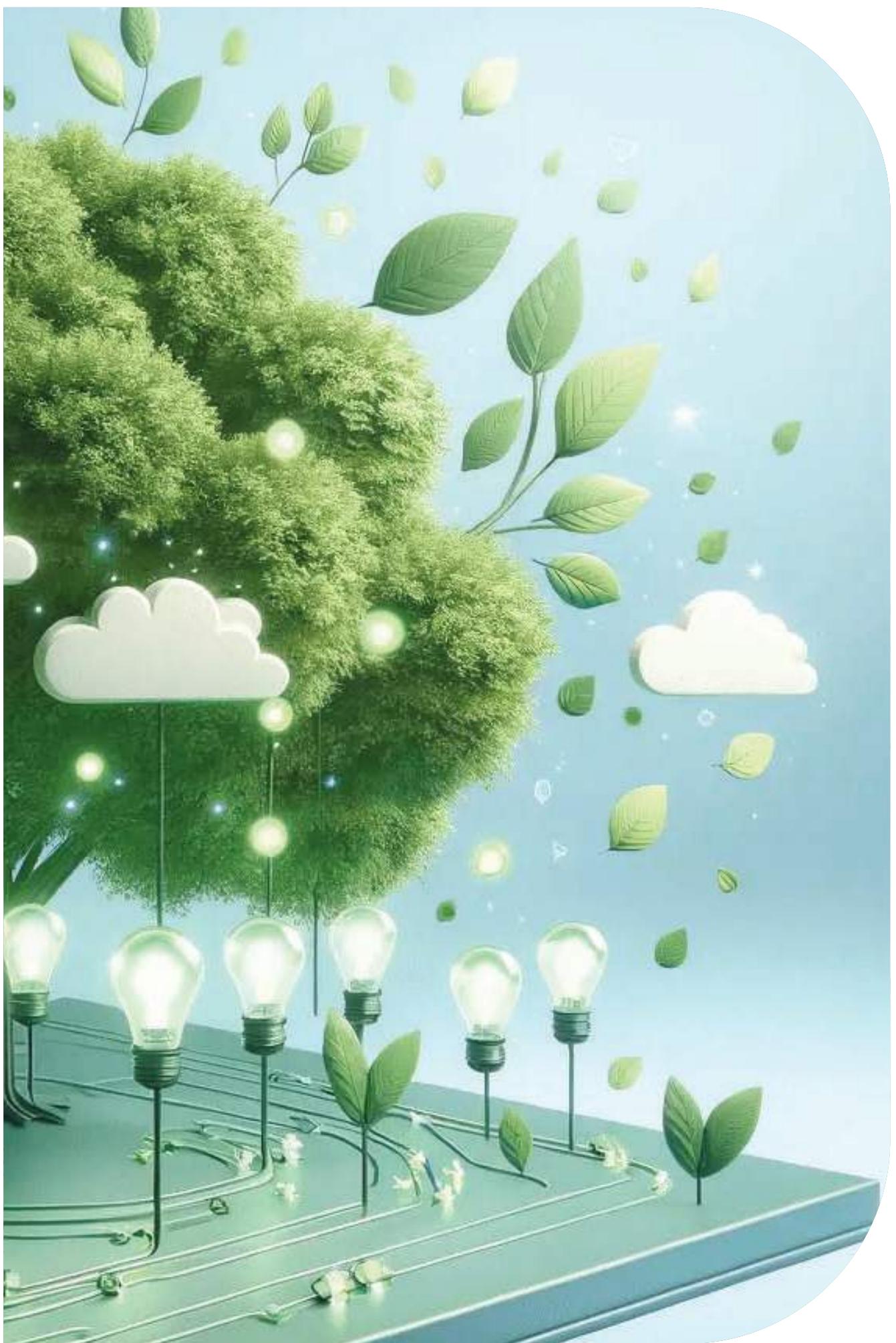
Advance Received from the Developer for the park Development

Mannar Land acquisition	103,074,125
Mannar Phase II Access road development	32,532,250
	135,606,375
Total amount received from the developer	226,085,189

The total amount received from the developer is disclosed as a liability in accordance with the description provided in Note 2.4.4. Authority made following payment related to above Projects

Advance for land acquisition of Pooneryn Project	46,750,000
Advance for land acquisition of Mannar Project	96,250,000
Advance for access road development of Mannar Project	32,532,250
Total Advance payment	175,532,250





Auditor General Report

ENR/B/SLSEA/1/23/26
27th September 2024

Chairman

Sri Lanka Sustainable Energy Authority

The financial statements of the Sri Lanka Sustainable Energy Authority for the year ended 31st December 2023 and the Auditor General's Report in terms of Section 12 of the National Audit Act No. 19 of 2018 on the other legal and regulatory requirements

The above report signed by the Auditor General and the certified copies of the financial statements are sent herewith.

W.P.C. Wickramaratne
Auditor General

Copies:-

01. Secretary, Ministry of Finance, Economic Stabilization & National Policies
02. Secretary, Ministry of Power and Energy

Auditor General Report

ENR/B/SLSEA/1/23/26

27th September 2024

Chairman

Sri Lanka Sustainable Energy Authority

The financial statements of the Sri Lanka Sustainable Energy Authority for the year ended 31st December 2023 and the Auditor General's Report in terms of Section 12 of the National Audit Act No. 19 of 2018 on the other legal and regulatory requirements

1. Financial Statements

1.1. Basis for audit opinion

The audit on the financial statements of the Sri Lanka Sustainable Authority for the year ended 31st December 2023 consisting of the statement of financial position as at 31st December 2023 and the statement of financial performance and the cash flow statement for the year then ended was carried out under my direction in pursuance of the provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read with the National Audit Act No.19 of 2018 and the Financial Act No.38 of 1971. My report to be submitted in terms of the Article 156 (6) of the Constitution will be tabled in the Parliament, in due course.

I am of the opinion, except for the effects of the matters described in the section for the basis of my audit opinion of this report, in accordance with the Sri Lanka Public Sector Accounting Policies, that the financial statements give a true and fair view of the financial position of the Authority as at 31st December 2023 and of its financial performance and cash flows for the year then ended.

1.2 Basis for Qualified Opinion

- (a) According to the audited financial statements, net book value of the fixed assets as at 31st December 2022 was Rs. 451.02 million. It had been restated as Rs. 449.54 million within the financial statement of the year under review. However, according to note No.10 to relevant accounts, cost of opening balance in the year under review had been shown as Rs. 660.99 million and accumulated value of depreciation as Rs.112.54 million and it was observed thereby that the comparative information had not been disclosed in the financial statements according to para 29 and 53 of Sri Lanka Public Sector Accounting Standard No.01.
- (b) The following observances were made in the cash flow statement which had been prepared according to Sri Lanka Public Sector Accounting Standard No.02.
 - (i) No adjustment had been made for cash flow of Rs.26.14 million by way of decrease from the balance of accounts receivable in making adjustment of change in working capital under cash flow from the operational activities and the cash flow by way of increase in other current assets had been overstated by Rs.2.13 million.
 - (ii) According to the information presented for audit, respectively Rs.5.54 million and Rs.20.18 million were invested in fixed deposits and treasury bonds in the year under review. Nevertheless, such values had not been disclosed in the cash flow statement as cash flow under the investment activities.

Auditor General Report

- (iii) According to the information presented for audit, the items of Rs.1.033 million of assets, plant and equipment were acquired in the year under review. Nevertheless, Rs.72.13 million had been shown as cash flow in the cash flow statement under investment activities. Further, Rs.66.54 million of work-in-progress capitalized in the year under review had been shown as a cash flow from the investment activities.
- (c) Sri Lanka Public Sector Accounting Standard No.07
 - (i) 12 wind masts and 02 inverters of worth of Rs.85.9 were written off from the book in the year under review without a proper approval. However the gain or loss incurred thereby had not been accounted for and adjusted to the financial statement according to para 81 of the said standard.
 - (ii) According to para 14 of the said standard, where assets and future economic benefits or service capabilities flow into an entity, relevant cost has to be identified as an asset. However, a cost of Rs.1.03 million incurred for erection of boundary post of the land proposed to take over for Siyambalanduwa Solar Project having no such capability had been accounted for as a fixed asset.
 - (iii) According to para 42 of the said standard, provision has to be made for accumulated depreciation carried forward from the date of revaluation. But, Rs.112.54 million had been adjusted in the financial statement by making depreciation for the entire year 2023 on the revaluation of the assets for which such revaluation was made on 31st August and 31st December 2023.
 - (iv) According to para 79 of the said standard, no provision had been made for 266 inactive items of worth of Rs.259,095 as at 31st December 2023 and no necessary disclosure had been made according to para 86 and 91.
- (d) The land of hectare of 0.62 in extent located at Avissawella which was acquired by the Authority in 2017 under State Land Acquisition Act No.08 of 1979 and leased out in 2020 for a private company at Rs.7.8 million had not been identified as an investment property and accounted for, according to Sri Lanka Public Sector Accounting Standard No.13.
- (e) Provision for gratuity had not been made for by using life expectancy assessment method according to para 76 of employee benefit standard of Sri Lanka Public Sector Accounting Standard No.19. Necessary disclosure had not been made in the financial statement according to clause No.141 of the said standard. Furthermore, according to the statement of financial position, provision for gratuity was Rs.40.7 million and according to schedule as it was Rs.40.4 million and thereby it had been observed a difference of Rs.340,821.
- (f) Since depreciation was done in the year under review based on Rs.86.28 million of net value in the previous year caused as opening cost of the buildings for which no revaluation was done and due to that reason, surplus and net value of the buildings in the year under review had been overstated by Rs.3.75 million.
- (g) Rs.12.78 million of advance given to the Forest Conservation Department in the previous year for reforestation of Siyambalanduwa Project was accounted for as work-in-progress and the error occurred due to that had been rectified in the year under review. Total value had been accounted for as an expenditure without obtaining the information on how such advance was disbursed.
- (h) Detailed schedules, bills and verification of balance related to 2 items of debit of Rs.25.45 million and item of assets of Rs.2.8 million included in the financial statement had not been presented for audit.

Auditor General Report

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

1.3. Other information included in the Annual Report 2023 of the Authority

Other information means the information that has been included in the Annual Report of 2023 of the Authority which is expected to be provided to me after the date of this audit report but not included in the financial statements and in my audit report on such financial statements. The management should be accountable to the other information.

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

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

When the Annual Report of 2023 of the Authority is read, if I observe that sufficient errors are found in that report, such items should be communicated to the parties who take control over, for rectification. If such errors are found further without correcting, such things will be included in my report to be tabled in Parliament in due course by me according to the provision in the Article 154 (6) of the Constitution.

1.4. Responsibilities of the Parties having control over Financial Statement

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

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

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

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

1.5. Auditor's Responsibility on the Audit of the Financial Statement

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from the material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance; however is not a guarantee that an audit conducted in accordance

with the Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise due to fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to make influence on the economic decisions of users taken based on these financial statements.

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

- Identified and assessed the risks of material misstatement from the financial statement, whether due to fraud or error, design and perform audit procedures to responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as the fraud may involve collusion, fake, deliberate omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the internal control.
- Assessed the suitability of the accounting polices applied, justification of accounting and estimates and the relevant disclosure made by the Authority.
- Decided the suitability of the application based on the continuation of the Authority for accounting based on the audit evidence obtained on whether a material uncertainty appears on the continuation of the Authority due to events and conditions. If I observe any material uncertainty, I have to pay my attention in my audit report with regard to such disclosures in the financial statements and if such disclosures are inadequate then I have to change my opinion. I made my observations based on the evidence obtained up to the date of this audit report. However, continuation of the Authority may come into cease on the future events and conditions.
- Evaluated the over-all presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieve fair presentation.

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

2. Report on the other legal and regulatory requirements

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

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

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

2.1.3. In accordance with the requirements set out in section 6 (1) (d) (iv) of the National Audit Act No 19 of 2018, the recommendations other than such recommendations given in 1.2 (c) iv of this report have been included in the financial statements.

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

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

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

Reference to Rules/Regulations

Non-compliance

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

(i) Section 3

The Board of Directors of Sri Lanka Sustainable Energy Authority should consist of 21 members which includes 12 persons who are appointed officially and 9 persons who shall be appointed by the Minister. However, one member who shall be appointed by the Minister had not been appointed even by 31st March 2024.

(ii) Section 47 (1) and 67 The regulations

which shall be drafted by the Minister for performance of the Sustainable Energy Guarantee Fund established for the purpose of providing necessary guarantees for the investors applying for loan for new projects on energy efficiency had not been prepared and obtained the approval from Parliament.

(b) Inland Revenue Act No.24 of 2017

(i) 6 and 7 paras of chapter (ii) of the first part

Though income and investment income were earned by the Authority subject to tax, no tax report had been submitted according to para 126 (i) of its Act and no tax had been paid according to para 145 of the said Act. Accordingly the Authority earned Rs.105.54 million and Rs.88.08 million of surplus and Rs.34.8 million and Rs.175 million of investment income respectively in 2022 and 2023 but no provision had been made for income tax by the Authority.

(ii) Section 93 (1) and Section 113 (1) of the Inland Revenue Act (amendment) No.10 of 2021

(c) FR 104 and 110 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka

(d) Public Accounts Circular No.01/2020 dated 28th August 2020

(i) Para II

(ii) FR 877 (1) (c) (d) and section 877 (2) (c) in the para 15.1

(e) Public Enterprises Circular No.01/2021 dated 16th November 2021

(i) Para 4.3 of the Guidelines for overall control in Public Enterprises and para 1 of annex 01

(ii) Para 6.6 of the Operational Manual for Public Enterprises

(f) Sri Lanka National Energy Policy declared by the Extra Ordinary Gazette No.2135/61 dated 9th of August 2019 and time-frame set out in item No.4 of Strategic Plan

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

The Authority had not maintained the files for income reports from 2018 up to 30th November 2023.

No action had been taken according to referred financial regulations with regard to two inverters of worth of Rs.20 million which were out of order.

Report of the Board of Survey of the Authority for 2023 had not been presented for audit even by August of 2024.

Budgets for 2021, 2022, 2023 and 2024 for the Sri Lanka Sustainable Energy Fund and the Sustainable Energy Guarantee Fund operating under the Authority had not been prepared. Maintaining receivable and payable accounts and preparation of quarterly reports and final accounts of such Funds had not been carried out as per the guidelines and the format provided by the Department of Public Accounts.

A committee had not been appointed for assessment of risks existing in several fields of the Authority. The Authority had not prepared a series of financial statements anticipated according to strategic plan.

Drafted annual report had not been presented by the Authority along with the financial statement of the year under review.

No action had been taken by the Authority in respect of 10 tasks for which the statutory responsibilities assigned to the Authority.

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

- (i) As per the section 5 (c) of the said Act, encouragement and promotion of the off-grid renewable energy projects should be carried out as a solution to the problem of lack in the available grid capacity of the Ceylon Electricity Board. However, the Authority had not taken necessary action for it. As a result of this, according to section 25 (a) of the said Act, it had not been able to issue energy permits even by July 2024, for a single off-grid renewable energy project.
- (ii) Developers are bound to pay any fee to the Authority annually as a royalty charge determined by the Minister with the concurrence of the Minister of Finance in respect of the renewable energy resources used for a project within the period in which the permit issued for in terms of section 19 (1) of the said Act being in operation. But, it was not determined a relevant methodology to charge such a loyalty so far and as a result of it, the Authority could not be able to collect such loyalty charge.
- (iii) Acquisition process was initiated by the Authority in terms of section 30 of the said Act in order to acquire a land extent in hectares of 14.13 under State Land Acquisition Act No.08 of 1979 for 15 small hydro power projects but such land had yet not been acquired even at the end of the year under review. Therefore, according to section 32 of the said Act, the Authority had not been able to collect lease rent annually either by way of giving such land for lease or handing over its possession. Moreover, Rs.1.3 million of lease and late charge receivable from 2021 to March 2024 for another land leased out had not been recovered.
- (iv) A Cess Tax shall be imposed, charged and paid on all mineral oil products calculated as per proportions may be determined from time to time by the Minister by an order published in the gazette in terms of section 45 (1) of the said Act with the concurrence of the Minister of Finance. However, it had not been able to collect the relevant charge as no proper methodology was prepared.
- (v) Specific Officers had not been appointed according to section 61 (1) of the said Act with authority in writing from the Board of Directors in order carry out inspections, survey, checks or investigations by entering into buildings and premises.

2.3. Other matters

- (a) In the years 2007-2009, the Authority had given an amount of Rs.7.8 million to a private company for designing and manufacturing 3 electric vehicles. According to the directive of the Committee on Public Enterprises held 07th December 2012, a committee meeting was held on 04th January 2013 under the chairmanship of the Auditor General and in that meeting it had been decided to take disciplinary action against the officers involved in this matter and inform the Committee on Public Enterprises through the Chief Accounting Officer. However, no disciplinary action had been taken even at the end of the year under review against the officers who involved in the said matter. Moreover, the Authority had to go for a legal action against the relevant private company but instead of that it reached an arbitration process according to condition No.19 of the contract of which the term had been lapsed. Such arbitration process had been completed by taking a decision to obtain only one model instead of 3 model of such electric vehicles. However, the Authority had not obtained even a single model electric vehicle even by the end of the year under review.

- (b) An approval had been given by a Cabinet decision No.අංඡ/22/0380/301/008 dated 15th March 2022 for awarding a contract to a foreign private investor for construction of a renewable power plant with 500 MW capacity at Mannar and Punareen. The Authority had made a claim of Rs.261.7 million equal to USD 747,733 spent on initial development tasks carried out in the said projects by that time, by a letter dated 08th November 2022 not bearing number from the project developers. Nevertheless, it had been disclosed in the financial statement through notes by understating USD 322,352 as Rs.112.5 million equal to USD 425,381 receivable from the project developers in the financial statement of the year under review. The agreements reached with the project developer for reduction of that amount had not been presented for audit.
- (c) Rs.50 million was given to Ceylon Electricity Board in the previous year for necessary network to provide connection from roof-top solar systems but no follow up action had been carried out on the progress of those tasks.
- (d) 22 out of the approved posts of 48 Deputy/Assistant Director (Engineer) and 9 out of 17 approved posts of Technical Assistant from which direct contribution could be obtained to meet the objectives of the Authority had become vacant as at 31st December 2023.
- (e) Though it was planned to develop 90 electric vehicle battery charging stations according to corporate plan 2021-2025, no such single station had been set up even by the end of the year under review. Further, no single activity had been carried out in 3 tasks relevant to development of the renewable energy projects included in the action plan of the year under review. Moreover it was observed that the progress of 24 tasks of other projects of the year under review was found in a lower level like from 10-54 percent.
- (f) Remaining balance of Rs.5.6 million from the amount given by the investors of 19 small hydro power projects for acquisition of lands had been shown in the financial statement as a current liability. Rs.4.2 million of balance not settled even for more than 05 years was included in it.

W.P.C. Wickramaratne
Auditor General

Observations for Auditor General Report 2023

04.10.2024

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

Financial statements of the Sri Lanka Sustainable Energy Authority for the year ended 31st December 2023 and the Auditor General's report in terms of section 12 of the National Audit Act No. 19 of 2018 on the other legal and regulatory requirements

Replies for the Auditor General' Report sent by you on 27.09.2024 in relation to the said matter are submitted herewith.

1.2. Basis for Qualified Opinion

- (a) Since no sufficient information about the cost of purchase of each asset for the balance which existed in the ledger under each of asset belonged by the Authority as a whole and the physical condition of such assets was available, the Authority could not present comparative information in the financial statements. But arrangements were made for revaluation and classification of assets and updating of fixed asset ledge to provide more reliable and sufficient information in future. However, arrangements will be made to take proper action in this regard in future.
- (b)
 - (i). In making adjustment of the difference created in revaluation process under operating activities, arrangements were made to adjust difference of total current assets. That is to say that increase in total current assets (excluding interest receivable), a cash flow of Rs.148,079,340/= has been shown in the cash flow statement under differences in working capital. The manner in which this was calculated is given under annexure No. 2.
 - (ii) In the year 2023, the amount invested by the Authority in fixed deposits was Rs.104,093,932/= and the added value for treasury bonds in the year 2023 was Rs.1915,064/=. Therefore its total value of Rs.106,008,995/= of investment is correctly stated under investment activities.
 - (iii) This has happened by merging the values to the balance sheet and related notes in preparation of the cash flow statement. Nevertheless, we believe that this has not affected the net cash flow generated from investing activities in the cash flow statement. Further, as per the observations made in the audit, this will be corrected in reconciliation of the financial statements of 2024 and presented.
- (c)
 - (i) The possibility of repairing these inactive inverters is being studied. Arrangements will be made to use them as exhibition goods or educational materials.

The wind towers were disposed in 2012, and since difficulty existed in finding out the historical cost of the wind towers and other related information accurately, the Authority was in difficulty in making adjustments in the financial statements. Thus disclosure was made in the financial statements through a note.

- (ii) The necessary arrangements for the legal transfer of the leasehold rights to the Siambalanduwa land for the Sri Lanka Sustainable Energy Authority have been completed, and the Authority has paid the tax to the relevant Divisional Secretariat in the year 2023 for the initial work. The draft lease agreement has been sent to the Attorney

Observations for Auditor General Report 2023

General's Department for its approval, and the lease agreement is scheduled to be signed immediately upon such approval. Therefore, the cost incurred for erection of boundary posts was capitalized as such erection contributes to asset identification and other tasks.

- (iii) Item 42 of the Sri Lanka Public Sector Accounting Standard No.7 states that assets should be disclosed in the financial statements at the value after deducting accumulated depreciation and other impairments incurred after the date of revaluation.

Most of the Accounting Units follow practice of depreciation by adjusting it for the entire year in which the asset is purchased and not making any depreciation adjustments in the year in which the asset is sold or disposed of. Sustainable Energy Authority also follows the same rules to apply full depreciation adjustment for the year of assets in which such assets are purchased but no depreciation adjustment in the year of disposal. Furthermore the revaluation period of these assets is already delayed, all these assets are standing as assets purchased before the year 2022, and most of the assets are fully depreciated assets. So, we believe that since these assets have been used by the Authority throughout the year, the depreciation adjustment for the entire year has not had a material impact on the financial statements and thus represents a more effective value. As the Authority does not have the information of previous years on the assets, the financial statements have been presented as per the available information.

- (iv) As per the recommendations given in the audit, necessary action will be taken to disclose this information in future financial statements.
- (d) In order to complete the process of acquisition of the land, after completing the requirements set out in section 6.1 of the Land Acquisition Act, the legal documents related to the land will be received by the Sustainable Energy Authority, consequently after carrying out the valuation by the Department of Valuation, and necessary action will be taken to record it in the Accounts Books. Estimation done at Rs.7.8 million is the tax value calculated to lease for them as per the request of the developing company.
- (e) This difference has arisen due to the errors in accounting for making provision for gratuity. As at 31/12/2023 the total amount of provision for gratuity is Rs.140,757,123/=, which is less than 0.1%. But according to the observations made in the audit we hope to correct it in considering the financial statements of 2024.
- (f) Accumulated depreciation for the buildings has also been mistakenly transferred to the cost account at the time of transferring the accumulated depreciation of all items to the cost accounts during the revaluation of asset was accounted for. Therefore, the depreciation adjustments were made for the buildings for remaining values, and the instructions were given to take necessary measures to correct the accounting process in this regard.
- (g) The Authority here operates through a process similar to that of the project developer. With the aim of making the project successful and getting the approval of the Department of Forest, an amount of Rs.12,786,940/= has been given to that department. This amount is a contribution made for forestry. Contributions not directly related to a project (which cannot be capitalized) were accounted for as an expenditure in the year 2022 as had to be amalgamated against income in the year in which the expense incurred. We believe that no violation of accounting standards taking place.
- (h) The detailed schedules for the accrued expenses and retained money are provided to the audit. Letters have been sent to the Southern Provincial Council to make the relevant expenditure reports of the NAMA Project available to the Authority. Arrangements will be made provide the copies of them to the audit.

Observations for Auditor General Report 2023

2.2.2 Report on the other legal and regulatory requirements

(a)

- (i) A request has been sent to the Honorable Minister by the Chairman's letter dated 16.05.2024. However the appointment has not been made so far.
- (ii) The drafted bill for setting up the Sustainable Energy Guarantee Fund has been finalized and forwarded to the Department of Legal Draftsman.

(b)

- (i) Since Sustainable Energy Authority is an Authority depending on the Treasury and when the allocation received by the Treasury is reduced, there is a loss therefore no provision was made for taxes, but as per the recommendations of the Auditor General, arrangements have been made to register for income tax and pay it.
- (ii) Since registration was done in the year 2024 for income tax, we have made a request asking the Department of Inland Revenue to issue electronic income tax returns to us. Arrangements have been made to proceed accordingly in future.
- (c) The possibility of repairing these inactive inverters is being studied. Arrangements will be made to use them as exhibition goods or educational materials.

(d)

- (i) The Report of Annual Board of Survey is in its final stage and necessary action will be taken to submit it to Internal Audit and Management Committee by 31/09/2024.
- (ii) The methods of using these funds have not been completed properly, and we would like inform that we would act accordingly in using the funds in future.

(e)

- (i) We hope to appoint this committee soon and the methods of using these funds have not been completed properly, however we will act accordingly in using the funds in future.
- (ii) We will take necessary measures to submit the financial statements to the Auditor General on the due date in future.
- (f) Sustainable Energy Authority supported the policy for connection of 70% renewable energy in the main electricity system in 2030, which was a major part of this energy policy. Thus survey works and other activities involved a lot of effort in that regard. Moreover, as expected, these actions could not be carried out because the funds supposed to be received from Asian Bank and World Bank was not received (IMF condition). However, all possible projects have already been started.

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

- (a) (i) According to the Act of 2007, keeping with the percentage of electricity supply of the national grid, most of the provinces where the national grid cannot be extended and the electricity supply needs were identified according to the way they operate and by 2021, the percentage extended to the national grid has grown to 98%, so

Observations for Auditor General Report 2023

off-national grid, the Energy Authority has taken steps to provide electricity to 2% percentage that cannot be provided according to the location and condition of the land.

Areas such as Meda Kale, Udagala Bay and Gala Muduna where the national grid cannot be extended have been identified and appropriate measures taken to provide electricity.

With the development of technology, if there are groups that need electricity outside the central grid, there are methods of obtaining private electricity based on their needs. For example, battery systems with solar kits are available in the market, so they are technically available and can be arranged by a designated company. They have a set of technical manuals and standards. Further, Sustainable Energy Authority has regularly produced trained personnel to install such sets of kits.

Also guidelines have been prepared for this purpose. It will be forwarded to the Department of Legal Draftsman in future.

- (ii) The Authority has discussed with almost every minister appointed to the Ministry of Power and Energy since 2007 about the recovery of this loyalty charge. The Authority has also tried to get the concurrence of the Minister of Finance for these charges on many different occasions. In the same way, cabinet papers have also been prepared and forwarded to the ministry to get the necessary cabinet approval for the implementation of these concepts. As soon as the Ministry agrees, arrangements will be made to take these charges to the Authority.
- (iii) We would like to inform that out of 45 plots of land taken over by the Authority, 16 plots of land have been leased out properly and the remaining 29 plots of land have been registered in the Land Registrar's Office after completion of the title investigations under Section 9 of the Act and due tax payments are required to be collected along with the arrears.

A lease agreement was signed with the project proponent after acquiring the land required for Siri-Oya Small Hydro Power Plant under the provision available in the Act and duly approving a lease agreement from the Attorney General's Department, after obtaining approval from the Minister of State for Development of Solar Wind and Hydro Power Generation Project to which the Authority belonged during the relevant period. However, the construction work of the project has not yet been started. The Authority has informed the relevant project proponents to pay the lease. The delay in the related construction works is due to reasons beyond the control of the Authority.

- (iv) The Authority has discussed with almost every minister appointed to the Ministry of Power and Energy since 2007 about the recovery of this loyalty charge. The Authority has also tried to get the concurrence of the Minister of Finance for these charges on many different occasions. In the same way, cabinet papers have also been prepared and forwarded to the ministry to get the necessary cabinet approval for the implementation of these concepts. As soon as the Ministry agrees, arrangements will be made to take these charges to the Authority.
- (v) An qualified Energy Manager or Energy Service Provider has been authorized by the Authority according to the Regulations on Energy Pill Marks, in the event of failure of an establishment to report energy information or to ensure that the Energy Pill Mark is being followed, formally enter the premises of any establishment to inspect, obtain information, verify information or carry out any inspection.

Accordingly, in the event that the necessary information is not provided for certain premises applicable to these terms, all the necessary processes have been prepared to act on behalf it.

Observations for Auditor General Report 2023

2.3 Other Matters

- (a) It was decided in the Ministry Audit and Management Committee Meeting held on 02.07.2024 that an internal investigation should be carried out and taken necessary legal action against the accountable officers. Necessary arrangements have been made to appoint a suitable committee for this purpose and the report of the committee will be forwarded to the Auditor General.
- (b) The necessary information for this purpose has been submitted along with the answers to the draft report of the year 2023 sent to the Auditor General on 06.08.2024.
- (c) Letters were sent to the Ceylon Electricity Board to inquire about the progress. But a report about its progress was not received by the Authority and reminders were also sent to the Electricity Board.
- (d) The Authority's Scheme of Recruitment was approved by the Department of Management Services in August 2020. Then, as per the approval of the new cadre, after the absorption of the then existing employees, applications were invited from the internal applicants who were qualified in accordance with the new scheme of recruitment and promotions were granted on 15th December 2020.

There after due to the lockdown of the country as the corona epidemic situation prevailed in the country, external recruitment was delayed.

However, in May 2021, applications were invited for the post of Assistant Director (Engineer) and accordingly 16 engineers who scored high marks were selected through the interview and appointed with effective from 01.01.2022. Only 10 of them assumed their appointments and 05 of them have resigned their post so far. Then in the year 2022, after issuing circulars restricting the recruitment by the government, according to the request made for recruitment to essential positions, approval was granted on 02.01.2024 to recruit 08 Assistant Director (Engineering) posts and accordingly, now 06 new Assistant Directors (Engineers) have been recruited.

The Department of Management Services approved the recruitment for posts of 05 technical assistant on 18.09.2023 and accordingly the recruitment has been made so far.

- (e) This is expected to be implemented in future.
- (f) The Authority has only one officer to monitor land affairs and deal with other relevant institutions. These days were as he was very busy with Siambalanduwa, Punaren and Mannar renewable energy projects. For this purpose, we will restore the number of cadre approved for the Authority and take necessary measures to solve the land issues very soon.

Chairman
Sri Lanka Sustainable Energy Authority

Corporate Information

Name of the Authority

Sri Lanka Sustainable Energy Authority

Legal Status

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

Registered Office

72, Ananda Coomaraswamy Mawatha, Colombo 07.

Tele : 0112575203 / 0112575030

Fax : 0112575089

Email : info@energy.gov.lk

Web : www.energy.gov.lk