



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**SRI LANKA ELECTRICITY (AMENDMENT)
ACT, No. 14 OF 2025**

[Certified on 18th of August, 2025]

Printed on the Order of Government

Published as a Supplement to Part II of the **Gazette of the Democratic
Socialist Republic of Sri Lanka** of August 22, 2025

PRINTED AT THE DEPARTMENT OF GOVERNMENT PRINTING, SRI LANKA

TO BE PURCHASED AT THE GOVERNMENT PUBLICATIONS BUREAU, COLOMBO 5

Price : Rs. 100.00

Postage : Rs. 150.00

This Act can be downloaded from www.documents.gov.lk



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

[Certified on 18th of August, 2025]

L.D.-O 17/2025

AN ACT AMEND THE SRI LANKA
ELECTRICITY ACT, NO. 36 OF 2024

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows: -

- | | |
|--|---|
| <p>1. This Act may be cited as the Sri Lanka Electricity (Amendment) Act, No. 14 of 2025.</p> | <p>Short title</p> |
| <p>2. The Long title to the Sri Lanka Electricity Act, No. 36 of 2024 (hereinafter referred to as the “principal enactment”) is hereby amended by the substitution for the words “TO PROVIDE FOR THE ESTABLISHMENT OF THE NATIONAL ELECTRICITY ADVISORY COUNCIL;”, of the words “TO PROVIDE FOR THE FORMULATION OF THE NATIONAL ELECTRICITY POLICY AS PART OF THE NATIONAL POLICY ON ENERGY;”.</p> | <p>Amendment of the Long title to Act, No. 36 of 2024</p> |
| <p>3. (1) In the principal enactment, there shall be substituted -</p> <p style="margin-left: 40px;">(a) for the expression “Wholesale Electricity Market”, wherever such expression appears, other than in paragraph (c) of section 2, subsection (4) of section 29 and subsections (1), (2) and (4) of section 30, of the expression “National Electricity Market”; and</p> <p style="margin-left: 40px;">(b) for the word “Council” wherever such word appears with reference to the National Electricity Advisory Council established under section 3, of the expression, “committee appointed by the Minister”.</p> <p style="margin-left: 40px;">(2) Save as provided in subsection (1), every reference to the –</p> | <p>General amendment to the principal enactment</p> |

- (a) “Wholesale Electricity Market” shall be read and construed as a reference to the “National Electricity Market”; and
- (b) “Council” with reference to the National Electricity Advisory Council established under section 3 of the principal enactment, shall be read and construed as a reference to the “committee appointed by the Minister”,

in any notice, notification, contract, communication or other document issued pursuant to the provisions of the principal enactment.

Amendment
of section 1 of
the principal
enactment

4. Section 1 of the principal enactment is hereby amended as follows: -

- (1) by the substitution for the words and figures “section 4, section 9,”, wherever such words and figures appear in that section, of the words and figures “section 4, section 5, section 9,”;
- (2) in subsection (2) of that section -
 - (a) by the repeal of the first proviso to that subsection and the substitution therefor, of the following proviso: -

“Provided that, prior to making such Order, the Minister shall be satisfied that –

- (a) the Preliminary Transfer Plan has been prepared by the Power Sector Reforms Secretariat;
- (b) the national electricity policy as part of the national policy on energy including the national tariff policy have been prepared

by the Minister and approved
by the Cabinet of Ministers; and

- (c) the Annual Power Procurement Plan and the Long Term Generation Expansion Plan and Long Term Transmission Development Plan have been prepared by the Ceylon Electricity Board which shall be applicable until the Long Term Power System Development Plan prepared by the National System Operator comes into effect.”;

(b) by the repeal of second proviso to that subsection;

- (3) by the repeal of paragraph (b) of subsection (4) of that section and the substitution therefor, of the following paragraph: -

“(b) the dates from which each Electricity Market specified in subsection (2) of section 30 shall come into operation under subsection (1) of section 30.”;

- (4) in subsection (5) of that section, by the substitution for all the words from “be placed before Parliament:” to the end of that subsection, of the following words: -

“be placed before Parliament.”; and

- (5) by the addition immediately after subsection (5) of that section, of the following subsection: -

“(6) Notwithstanding the provisions of subsection (2), if no appointed date is published in the *Gazette* as required by that subsection

even though the Minister is satisfied that the requirements in the proviso to that subsection have been met, the provisions of this Act, other than the provisions of this section, section 2, section 3, section 4, section 5, section 9, subsection (1) of section 10, paragraph (b) of subsection (2) of section 10, subsection (3) of section 10, subsection (5) of section 10, section 14, section 15, section 17, section 18, section 38, section 39 and the sections specified in subsection (4) of this section shall come into operation immediately upon the expiry of four months from the date on which this subsection comes into operation.”.

Amendment of
section 2 of the
principal
enactment

5. Section 2 of the principal enactment is hereby amended as follows: -

- (1) in paragraph (a) of that section, by the substitution for the words “electricity supply”, of the words “continuous and reliable electricity supply”;
- (2) in paragraph (c) of that section, by the substitution for the words “Wholesale Electricity Market;”, of the words “unbundled electricity sector and National Electricity Market;”;
- (3) in paragraph (g) of that section, by the substitution for the words “dangers arising from the” and “by improved safety standards;”, of the words “risks associated with the” and “through enhanced safety standards,” respectively; and
- (4) by the repeal of paragraph (i) of that section and the substitution therefor, of the following paragraph: -
 - “(i) to minimize the carbon footprint of the Sri Lankan electricity industry with the

view of achieving the Government's international commitments for decarbonisation, promoting renewable energy, and optimizing the integration of indigenous energy resources in line with the national policies of Sri Lanka.”.

6. The heading of PART II, of the principal enactment is hereby repealed and the following heading is substituted therefor: -

Replacement of heading of the PART II of the principal enactment

“NATIONAL ELECTRICITY POLICY AS PART OF THE NATIONAL POLICY ON ENERGY AND THE ISSUE OF POLICY GUIDELINES”.

7. Section 3 of the principal enactment is hereby repealed without prejudice to anything duly done in terms of the provisions of section 3, by the National Electricity Advisory Council established by that section, prior to the date of coming into operation of this section.

Repeal of section 3 of the principal enactment

8. Section 4 of the principal enactment is hereby amended as follows: -

Amendment of section 4 of the principal enactment

- (1) in subsection (1) of that section, by the substitution for the words “the policy of the Government”, of the words “the National Energy Policy and Strategies of Sri Lanka,”;
- (2) by the repeal of subsection (2) of that section and the substitution therefor of the following subsections: -

“(2) Upon the coming into operation of this section, the Minister shall, with a view to enabling Sri Lanka to meet the

increasing future demands for electricity, appoint a committee with the approval of the Cabinet of Ministers, consisting of not more than eight persons (hereinafter referred to as the “committee appointed by the Minister”) having at least fifteen years of expertise in one or more of the following fields, to formulate the draft national electricity policy as part of the national policy on energy, after consultation with the Regulator, National System Operator, licensees, consumer organisations and other relevant stakeholders and in compliance with all relevant national policies and policy guidelines: -

- (a) energy policy making;
- (b) economics;
- (c) finance;
- (d) energy system planning; and
- (e) renewable energy and energy transition.

(2A) A person shall be disqualified from being appointed or continued to be a member of the committee appointed by the Minister, if such person –

- (i) is not or ceases to be a citizen of Sri Lanka;
- (ii) is or has been within three years prior to being appointed, a member of Parliament, a Provincial Council or a Local Authority;

- (iii) is a connected person having any financial or other interest amounting to a conflict of interest directly or indirectly in any entity in the Electricity Industry or any matter performed by such person;
- (iv) is under any written law in force in Sri Lanka found or declared to be of unsound mind;
- (v) is a person who has been declared an insolvent or bankrupt under any written law in Sri Lanka or in any other country, is undischarged insolvent or bankrupt;
- (vi) has been convicted of any criminal offence by any court in Sri Lanka or in any other country; or
- (vii) is subject to any mental or physical disability which precludes such person from discharging the responsibilities assigned to such person as a member of the committee appointed by the Minister.

(2B) The Minister shall, after informing the Cabinet of Ministers in writing the reasons therefor, remove any member of the

committee appointed by the Minister, if such member is subject to any disqualification specified in subsection (2A).

(2C) The members of the committee appointed by the Minister shall hold office for a period of three years unless removed from the office by the Minister.

(2D) The Minister may reappoint any member for a further term of three years.

(2E) The committee appointed by the Minister shall be deemed to be a scheduled institution within the meaning of the Anti-Corruption Act, No. 9 of 2023 and the provisions of that Act shall be construed accordingly.”.

- (3) in subsection (3) of that section, by the substitution for the words and figures “in compliance with the direction of the Minister under subsection (2), proceed”, of the word “proceed”;
- (4) in subsection (9) of that section, by the substitution for the words and figures “subsections (1) to (7)”, of the words and figures “subsections (4) to (7)”; and
- (5) by the repeal of the marginal note of that section and the substitution therefor of the following marginal note: -

“Formulation of the
national electricity
policy as part of the
national policy on
energy”.

9. Section 5 of the principal enactment is hereby amended in subsection (3) of that section, in paragraph (l) of that subsection, by the substitution for the words “least cost economic dispatch”, of the words “security constrained economic dispatch”.

Amendment of
section 5 of the
principal
enactment

10. Section 10 of the principal enactment is hereby amended as follows: -

Amendment of
section 10 of the
principal
enactment

(1) in subsection (1) of that section –

(a) in paragraph (b) of that subsection, by the substitution for all the words from “shall consist of –” to the end of that paragraph, of the following words: -

“shall consist of the following five members: -

- (i) a representative from the Ministry of the Minister holding a post not below an Additional Secretary or an equivalent position in that Ministry;
- (ii) a Deputy Secretary to the Treasury;
- (iii) one person who has at least fifteen years of experience in power system operation and planning;
- (iv) one person who has at least fifteen years of experience in procurement; and
- (v) one person who has at least fifteen years of experience

in any one or more of the
following fields: -

A. finance;

B. economics;

C. accounting; or

D. commercial law,

and one of whom shall be appointed as
the Chairperson by the Minister.”;

(b) by the addition immediately after
paragraph (e) of that subsection, of the
following new paragraphs: -

“(f) The members of the Board
of Directors shall hold office for a
period of three years unless removed
from the office by the Minister.

(g) The Minister may reappoint any
member for a further term of three
years.”;

(2) in paragraph (a) of subsection (2) of that section,
by the substitution for the words “of Sri Lanka;”,
of the words “of Sri Lanka, ensuring continuous
and reliable electricity supply;”;

(3) in subsection (5) of that section, by the
substitution for the words “shall, in every two
years”, of the words “shall, within one year from
the appointed date and thereafter, in every two
years”;

- (4) in subsection (12) of that section, by the substitution for the words “persons who are”, of the words “companies which are”; and
- (5) by the addition immediately after subsection (14) of that section, of the following new subsection: -

“(15) The National System Operator shall draft, implement and maintain the grid code and other technical and operational codes and standards in relation to the National Grid of Sri Lanka in accordance with the provisions of paragraph (h) of subsection (4) of section 15.”.

11. Section 11 of the principal enactment is hereby amended as follows: -

Amendment of
section 11 of the
principal
enactment

- (1) in paragraph (a) of subsection (1) of that section –
 - (a) by the substitution for the words and figures “mentioned in subsection (3),”, of the words and figures “specified by an Order made under subsection (3),”;
 - (b) in sub-paragraph (i) of that paragraph by the substitution for the words and figures “specified under subsection (3),”, of the words and figures “specified by an Order made under subsection (3),”;
 - (c) by the repeal of all the words from “competitive and transparent procurement process:” to the end of that paragraph and the substitution therefor, of the words “competitive and transparent procurement process;”;

- (2) in subsection (2) of that section, by the substitution for the words “at its earliest convenience,”, of the words “within thirty working days of the date of receipt of any recommendation,”;
- (3) in subsection (3) of that section, by the substitution for all the words from “The Minister” to “National System Operator:”, of the words “The Minister may by Order published in the *Gazette*, specify the maximum capacity of each renewable energy technology based power plant along with storage or ancillary services directly associated with such power plant, which may be permitted to enter into standardized power purchase agreements with the National System Operator and distribution licensees in accordance with the provisions of subsection (4) of section 30: ”; and
- (4) by the addition immediately after subsection (3) of that section, of the following new subsections: -

“(4) The National System Operator may forego the requirement to submit a tender in respect of procuring any new generation plant or the expansion of any existing generation plant to meet any emergency situation as determined by the Cabinet of Ministers during a national calamity or a long term forced outage of a major generation plant, where the potential benefit of procuring emergency capacity required to be provided by any person at least cost outweighs protracted bid inviting process.

(5) Such period of emergency power purchasing from generation plants without submission of a tender shall not extend beyond one year from the relevant determination from the Cabinet of Ministers unless a prior approval of the Cabinet of Ministers is obtained as required with the existence of the emergency situation more than one year.

(6) On and after the date on which the competitive Ancillary Services Market commences operations as specified by an Order made under section 30, the provisions of subsections (4) and (5) shall cease to be in operation.”.

12. Section 14 of the principal enactment is hereby amended as follows: -

Amendment of
section 14 of the
principal
enactment

- (1) in subsection (1) of that section, by the substitution for the words “more than fifty *per centum*”, of the words “one hundred *per centum*”;
- (2) in subsection (2) of that section, by the substitution for the words “Any person who”, of the words and figures “Any company incorporated in terms of the Companies Act, No. 07 of 2007, which”; and
- (3) in subsection (3) of that section, by the substitution for the words “a person who”, of the words “a company, which”.

Amendment of
section 17 of the
principal
enactment

13. Section 17 of the principal enactment is hereby amended as follows: -

(1) in subsection (2) of that section -

(a) in paragraph (a) of that subsection, by the substitution for the words “limited companies incorporated” and “the transfer plan”, of the words and figures “limited companies referred to in items (a), (e), (f), (g), (h)(i) and (h)(ii) of Schedule I, incorporated” and “the preliminary transfer plan” respectively;

(b) by the insertion immediately after paragraph (a) of that subsection, of the following new paragraph: -

“(aa) within a period of one year from the date of publishing the final transfer plan in the *Gazette* as specified in section 18, the activities and all assets and liabilities of the companies referred to in items (a) and (g) of Schedule I along with their respective duties and functions shall further unbundle as designed by the final transfer plan and vest in the limited companies referred to in items (i)(i) and (i)(ii) of Schedule I, incorporated in terms of subsection (1).”;

(c) by the repeal of paragraph (b) of that subsection, and the substitution therefor of the following paragraph: -

“(b) the Secretary to the Treasury shall be initially allotted one hundred *per centum* of the shares in the successor companies incorporated under this section other than the companies referred to in items (a), (e), (f), (g) and (h)(ii) of Schedule I and the company referred to in item (i)(i) of Schedule I relating to the hydropower generation in which the Secretary to the Treasury shall be permanently allotted one hundred *per centum* of the shares.”; and

- (2) by the addition immediately after subsection (3) of that section, of the following new subsections:-

“(4) The administration and management of the affairs of the company referred to in item (a) of Schedule I shall be vested in a Board of Directors appointed by the Minister which shall consist of the following five members:-

- (a) a representative from the Ministry of the Minister holding a post not below an Additional Secretary or an equivalent position in that Ministry;
- (b) a Deputy Secretary to the Treasury;

- (c) one person who has at least fifteen years of experience in management of electricity generation systems;
- (d) one person who has at least fifteen years of experience in procurement;
- (e) one person who has at least fifteen years of experience in any one or more of the following fields: -
 - (i) financial management;
 - (ii) economics;
 - (iii) accounting; or
 - (iv) commercial law,

and one of whom shall be appointed as the Chairperson by the Minister.

(5) The administration and management of the affairs of the company referred to in item (e) of Schedule I shall be vested in a Board of Directors appointed by the Minister which shall consist of following five members: -

- (a) a representative from the Ministry of the Minister holding a post not below an Additional Secretary or an equivalent position in that Ministry;
- (b) a Deputy Secretary to the Treasury;

- (c) one person who has at least fifteen years of experience in management of electricity transmission systems;
- (d) one person who has at least fifteen years of experience in procurement;
- (e) one person who has at least fifteen years of experience in any one or more of the following fields: -
 - (i) financial management;
 - (ii) economics;
 - (iii) accounting; or
 - (iv) commercial law,

and one of whom shall be appointed as the Chairperson by the Minister.

(6) The administration and management of the affairs of the company referred to in item (g) of Schedule I shall be vested in a Board of Directors appointed by the Minister which shall consist of following five members: -

- (a) a representative from the Ministry of the Minister holding a post not below an Additional Secretary or an equivalent position in that Ministry;
- (b) a Deputy Secretary to the Treasury;

- (c) one person who has at least fifteen years of experience in management of electricity distribution systems;
- (d) one person who has at least fifteen years of experience in procurement;
- (e) one person who has at least fifteen years of experience in any one or more of the following fields: -
 - (i) financial management;
 - (ii) economics;
 - (iii) accounting; or
 - (iv) commercial law,

and one of whom shall be appointed as the Chairperson by the Minister.

(7) The administration and management of the affairs of the company referred to in item (h)(i) of Schedule I shall be vested in a Board of Directors appointed by the Minister which shall consist of following five members:-

- (a) a representative from the Ministry of the Minister holding a post not below an Additional Secretary or an equivalent position in that Ministry;

- (b) a Deputy Secretary to the Treasury;
- (c) one person who has at least fifteen years of experience in the electricity sector corporate management;
- (d) one person who has at least fifteen years of experience in procurement;
- (e) one person who has at least fifteen years of experience in any one or more of the following fields: -
 - (i) financial management;
 - (ii) economics;
 - (iii) accounting; or
 - (iv) commercial law,

and one of whom shall be appointed as the Chairperson by the Minister.

(8) The administration and management of the affairs of the company referred to in item (h)(ii) of Schedule I shall be vested in a Board of Directors appointed by the Minister which shall consist of following nine members: -

- (a) a representative from the Ministry of the Minister holding a post not below an Additional Secretary or an equivalent position in that Ministry;
- (b) a Deputy Secretary to the Treasury;
- (c) three persons who have at least fifteen years of experience in any one or more of the following fields: -
 - (i) financial management;
 - (ii) economics;
 - (iii) accounting; or
 - (iv) commercial law;
- (d) four persons from employees serving in the Ceylon Electricity Board on the day preceding the appointed date and former employees of the Ceylon Electricity Board,

and one of whom shall be appointed as the Chairperson by the Minister.

(9) (a) The members of the Boards of Directors of the companies referred to in subsections (4), (5), (6), (7) and (8) including the Chairperson, shall hold office for a period of three years unless removed from the office by the Minister.

(b) The Minister may re-appoint any such member including the member appointed as the Chairperson for a further term of three years.

(c) The Board of Directors of the companies referred to in subsections (4), (5), (6), (7) and (8) and the companies referred to in items (i)(i) and (i)(ii) of Schedule I shall submit to the Minister, a general disclosure of their interests as at the date of their appointment before assuming office as a Director of the Board of Directors.

(d) Any Director of the companies referred to in subsections (4), (5), (6), (7) and (8) and the companies referred to in items (i)(i) and (i)(ii) of Schedule I who has, directly or indirectly, any interest in any matter that is to be taken up before the Board of Directors shall disclose the nature of such interest to the Board of Directors and shall not take part in any deliberation or decision of the Board of Directors with regard to that matter.

(e) Any person other than a representative from the Ministry of the Minister or the Treasury, shall not be appointed as a member of two or more Boards of Directors of the companies referred to in items (a), (e), (f), (g), (h)(i), (i)(i) and (i)(ii) of Schedule I.

(10) The Boards of Directors of the companies referred to in subsections (4), (5), (6), (7) and (8), shall –

- (a) formulate the draft of the following policies, from time to time: -
 - (i) Enterprise Management Policy;
 - (ii) Investment and Procurement Policy;
 - (iii) Enterprise Risk Management Policy;
 - (iv) Financial Management Policy;
 - (v) Disclosure Policy;
 - (vi) Anti-Corruption Policy;
 - (vii) Human Resources Policy; and
 - (viii) Strategic Communications Policy;
- (b) submit the draft policies to the Minister to obtain the approval of the Cabinet of Ministers; and
- (c) upon the approval being granted by the Cabinet of Ministers to the draft policies, comply with such policies in respect of all matters on the administration and management of the affairs of the company.”.

14. Section 18 of the principal enactment is hereby amended as follows: -

Amendment of
section 18 of the
principal
enactment

(1) in subsection (2) of that section -

(a) in paragraph (b), by the substitution for the words “not later than two years”, of the words “not later than one year”;

(b) in paragraph (c) –

(i) by the substitution for the words “in items (a), (f) and (h)(ii) of Schedule I”, of the words and figures “in items (a), (e), (f), (g) and (h)(ii) of Schedule I”;

(ii) by the substitution for all the words from “in terms of paragraph (b):” to the end of that subsection, of the words “in terms of paragraph (b).”; and

(2) in subsection (3) of that section -

(a) by the repeal of paragraph (b) of that subsection and the substitution therefor of the following paragraph: -

“(b) specify the proportions in which the existing financial liabilities of the Ceylon Electricity Board, including the supplier liabilities shall be allocated amongst the successor companies;”;

(b) in sub-paragraph (ii) of paragraph (e) of that subsection, by the substitution for the

words “Provident Fund obligations”, of the words “Provident Fund and Pension Fund obligations”;

(c) in paragraph (f) of that subsection, by the substitution for the words “within four months of this section comes into operation;”, wherever such words appear in that paragraph, of the words “within fourteen months of this section comes into operation;”;

(d) in paragraph (g) of that subsection, by the substitution for the word and figures “section 17.”, of the word and figures “section 17;”;

(e) by the insertion immediately after paragraph (g) of that subsection, of the following new paragraphs: -

“(h) ensure that all officers and servants of the Generation Company referred to in item (a) of Schedule I (in this paragraph referred to as “Generation Company”) holding office in the Generation Company on the day preceding one year from the date of publishing the final transfer plan in the *Gazette* shall be-

(i) duly identified by the Generation Company;

(ii) notified by the Generation Company of their proposed assignation to the respective successor companies

referred to in item (i)(i) of Schedule I within four months from the date of publishing the final transfer plan in the *Gazette*; and

- (iii) required to notify the Generation Company within two months of the receipt of the notice referred to in sub-paragraph (ii), whether they opt to be assigned to such respective successor companies referred to in item (i)(i) of Schedule I or not,

and shall with effect from the date succeeding one year from the date of publishing the final transfer plan in the *Gazette* shall be assigned to such successor companies referred to in item (i)(i) of Schedule I under the final transfer plan on terms and conditions not less favourable than those enjoyed by them on the day preceding the appointed date under the contract of employment with the Ceylon Electricity Board. Where an employee does not opt to be assigned to a successor company referred to in item (i)(i) of Schedule I under the final transfer plan, such employee shall be entitled to a voluntary retirement scheme and the terms and conditions of such scheme shall be prescribed within four months from the date of publishing the final transfer plan in the *Gazette*; and

(i) ensure that all officers and servants of the Distribution Company referred to in item (g) of Schedule I (in this paragraph referred to as “Distribution Company”) holding office in the Distribution Company on the day preceding one year from the date of publishing the final transfer plan in the *Gazette* shall be-

- (i) duly identified by the Distribution Company;
- (ii) notified by the Distribution Company of their proposed assignation to the respective successor companies referred to in item (i)(ii) of Schedule I within four months from the date of publishing the final transfer plan in the *Gazette*; and
- (iii) required to notify the Distribution Company within two months of the receipt of the notice referred to in sub-paragraph (ii), whether they opt to be assigned to such respective successor companies referred to in item (i)(ii) of Schedule I or not,

and shall with effect from the date succeeding one year from the date of publishing the final transfer plan in the *Gazette* shall be assigned to

such successor companies referred to in item (i)(ii) of Schedule I under the final transfer plan on terms and conditions not less favourable than those enjoyed by them on the day preceding the appointed date under the contract of employment with the Ceylon Electricity Board. Where an employee does not opt to be assigned to a successor company referred to in item (i)(ii) of Schedule I under the final transfer plan, such employee shall be entitled to a voluntary retirement scheme and the terms and conditions of such scheme shall be prescribed within four months from the date of publishing the final transfer plan in the *Gazette*.”.

15. Section 20 of the principal enactment is hereby amended as follows: -

Amendment of
section 20 of
the principal
enactment

- (1) by the repeal of subsection (3) of that section and the substitution therefor, of the following subsection: -

“(3) (a) Only a limited company incorporated under the Companies Act, No. 07 of 2007 in which the Government of Sri Lanka holds -

- (i) one hundred *per centum* of its shares shall be eligible to apply for the issue of the national system operator licence;

- (ii) one hundred *per centum* of its shares shall be eligible to apply for the issue of the national transmission network service provider licence.

(b) For the avoidance of doubt, it is hereby stated that –

- (i) there shall be only one national system operator licence; and
- (ii) there shall be only one national transmission network service provider licence,

granted under this Act.”;

- (2) in subsection (5) of that section, by the substitution for the words “any person,”, of the words and figures “any company incorporated under the Companies Act, No. 07 of 2007,”; and
- (3) by the repeal of subsection (6) of that section and the substitution therefor, of the following subsections: -

“(6) (a) A holder of a generation licence, other than the Government of Sri Lanka, who holds more than five *per centum* of shares of a single company, directly or indirectly, shall not be issued a distribution licence.

(b) A holder of a distribution licence, other than the Government of Sri Lanka, who holds more than five *per centum* of shares of a single company, directly or indirectly, shall not be issued a generation licence.

(c) A person, other than the Government of Sri Lanka, who holds more than five *per centum* of shares of a single company, directly or indirectly, shall not be issued more than one distribution licence.

(d) Any person or company other than the Government of Sri Lanka shall not simultaneously hold, directly or indirectly, more than five *per centum* of the shares of two companies issued with a combination of the following licences: -

- (i) a generation licence and a distribution licence; or
- (ii) more than one distribution licence.”.

16. Section 24 of the principal enactment is hereby amended as follows: -

Amendment of
section 24 of
the principal
enactment

- (1) by the substitution for the words “A generation licensee shall be entitled to -”, of the words “A generation licensee shall -”; and
- (2) in paragraph (g) of that section, by the substitution for the words “national system operator licensee”, of the words “National System Operator”.

Amendment of
section 28 of
the principal
enactment

17. Section 28 of the principal enactment is hereby amended in subsection (1), by the substitution for the words “in the generation and distribution of electricity, and the capacity or amount of electricity so generated”, of the words “in the generation, distribution or supply of electricity and the capacity or amount of electricity so generated, distributed or supplied”.

Amendment of
section 29 of
the principal
enactment

18. Section 29 of the principal enactment is hereby amended as follows: -

(1) in subsection (3) of that section –

(a) by the substitution for the words “in accordance with the national tariff policy:-”, of the words “in consultation with the Ministry of Finance, in accordance with the national tariff policy:-”;

(b) in paragraph (a) of that subsection, by the substitution for the words “National System Operator”, of the words “National System Operator and distribution licensees”;

(2) in the proviso to subsection (4) of that section, by the substitution for the words and figures “the Wholesale Electricity Market” and “in terms of part IX”, of the words and figures “the competitive Wholesale Electricity Market” and “in terms of sub-paragraph (ii) of paragraph (b) of subsection (2) of section 30” respectively.

Amendment of
section 30 of
the principal
enactment

19. Section 30 of the principal enactment is hereby amended as follows: -

- (1) in subsection (1) of that section, by the substitution for the words “specify the date from which Wholesale Electricity Market shall commence operations,”, of the words and figures “specify the dates from which each Electricity Market specified in subsection (2) shall commence operations,”;
- (2) by the repeal of subsection (2) of that section and the substitution therefor of the following subsection: -

“(2) (a) The National Electricity Market shall be a competitive market and the procedures to be adopted in the operation thereof shall be as prescribed.

(b) The National Electricity Market shall consist of any one of the following or a combination of two or more of the following: -

- (i) a competitive Wholesale Electricity Spot Market that facilitates short term power procurement of day-ahead and intra day requirements of the National System Operator;
- (ii) a competitive Wholesale Electricity Market that facilitates the trading of long-term electricity supply contracts between generation licensees and distribution licensees;
- (iii) a competitive Ancillary Services Market that includes

frequency control ancillary services, reactive power ancillary services and black-start support services for the National system Operator; and

(iv) Retail Electricity Market.”;

(3) by the insertion immediately after subsection (3) of that section, of the following new subsection:-

“(3A) Upon the coming into operation of this subsection, the Minister shall, with a view to enabling National System Operator to operate the National Electricity Market, order the National System Operator to formulate the market models not later than three years from the appointed date, with implementation timeline including required terms and conditions necessary for facilitating the efficient operation of the National Electricity Market.”; and

(4) in subsection (4) of that section, by the substitution for the words “Wholesale Electricity Market.”, of the words and figures “National Electricity Market, where interconnection capacity shall not exceed 10 MW with the tariff prescribed in terms of the provisions of paragraph (a) of subsection (3) of section 29.”.

Amendment of
section 40 of
the principal
enactment

20. Section 40 of the principal enactment is hereby amended by the substitution for the words “apply to or in relation to the provisions of this Act.”, of the words “apply to or in relation to any person or body of persons to whom the provisions of this Act shall apply.”.

21. Section 52 of the principal enactment is hereby amended as follows: -

Amendment of
section 52 of
the principal
enactment

- (1) by the insertion immediately after the definition of the expression “Minister” of that section, of the following new definition: -

““National Energy Policy and Strategies of Sri Lanka” means, the National Energy Policy and Strategies of Sri Lanka published in *Gazette* Extraordinary No. 2135/61 dated August 9, 2019 and its subsequent revisions and updates published in the *Gazette*;”; and

- (2) by the insertion immediately after the definition of the expression “regional transmission network” of that section, of the following new definition: -

““security constrained economic dispatch” means, the process that determines the most cost-effective optimal allocation of available generation units to meet the electricity demand while ensuring that all system operating limits in terms of network stability, reliability and security of the electrical power system such as generator capabilities, minimum and maximum output levels, ramp rates, reserve requirements, transmission line limits, voltage limits, and stability limits are respected;”.

Amendment of
the Schedule I
to the principal
enactment

22. Schedule I to the principal enactment is hereby amended as follows: -

(1) by the repeal of item (a) of that Schedule and the substitution therefor, of the following item: -

“(a) one company (hereinafter referred to as the “Generation Company”) of which one hundred *per centum* of the shares are held by the Secretary to the Treasury to take over the assets, liabilities and functions of the Ceylon Electricity Board, as referred to in the preliminary transfer plan, relating to -

- (i) the hydropower generation;
- (ii) Norochcholei Lakvijaya Coal Power Plant and Lanka Coal Company (Pvt) Limited;
- (iii) the thermal power generation other than coal power generation;
- (iv) the Mannar Thambapavani Wind Power Plant; and
- (v) Trincomalee Power Company Limited;”;

(2) by the repeal of items (b), (c) and (d) of that Schedule;

(3) by the repeal of item (e) of that Schedule and the substitution therefor, of the following item: -

“(e) one company of which one hundred *per centum* of the shares are held by the Secretary to the Treasury to take over the assets, liabilities and functions of the Ceylon Electricity Board, as referred to in the preliminary transfer plan, relating to –

(i) the development, maintenance and operation of the physical infrastructure that makes up the National Grid of Sri Lanka;

(ii) other selected assets, functions and activities; and

(iii) LTL Holdings Limited and Sri Lanka Energies (Pvt) Limited;”;

(4) by the repeal of item (g) of that Schedule and the substitution therefor, of the following item: -

“(g) one company (hereinafter referred to as the “Distribution Company”) of which one hundred *per centum* of the shares are held by the Secretary to the Treasury to take over the assets, liabilities and functions of the Ceylon Electricity Board, as referred to in the preliminary transfer plan, relating to –

(i) the distribution divisions namely Division 1, Division 2, Division 3 and Division 4;

- (ii) other selected assets, functions and activities; and
 - (iii) Lanka Electricity Company (Pvt) Limited;”;
- (5) by the addition immediately after item (h) of that Schedule, of the following new item: -
- “(i) (i) such number of companies to take over the generation functions of the Generation Company as referred to in the final transfer plan;
 - (ii) such number of companies to take over the distribution functions of the distribution divisions of the Distribution Company as referred to in the final transfer plan.”.

Sinhala text to prevail in case of inconsistency

23. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

