

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

Part II of December 01, 2023

SUPPLEMENT

(Issued on 05.12.2023)



SRI LANKA ELECTRICITY

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BILL

to provide for the implementation of reforms to the electricity industry; to provide for the establishment of the National Electricity Advisory Council; to provide for the Public Utilities Commission of Sri Lanka, established under the Public Utilities Commission of Sri Lanka Act, No. 35 of 2002 to be the regulator for the electricity industry in terms of this Act; to provide legislative measures applicable to the incorporation of corporate entities under the Companies Act, No. 07 of 2007 in whom all activities connected to the generation, transmission, distribution, trade, supply and procurement of electricity shall vest; to specify the processes to be applicable to all related activities; to repeal the Ceylon Electricity Board Act, No. 17 of 1969 and the Sri Lanka Electricity Act, No. 20 of 2009 and to provide for all matters connected therewith or incidental thereto

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Sri Lanka Electricity

L.D.—O. 1/2023

AN ACT TO PROVIDE FOR THE IMPLEMENTATION OF REFORMS TO THE ELECTRICITY INDUSTRY; TO PROVIDE FOR THE ESTABLISHMENT OF THE NATIONAL ELECTRICITY ADVISORY COUNCIL; TO PROVIDE FOR THE PUBLIC UTILITIES COMMISSION OF SRI LANKA, ESTABLISHED UNDER THE PUBLIC UTILITIES COMMISSION OF SRI LANKA ACT, NO. 35 OF 2002 TO BE THE REGULATOR FOR THE ELECTRICITY INDUSTRY IN TERMS OF THIS ACT; TO PROVIDE LEGISLATIVE MEASURES APPLICABLE TO THE INCORPORATION OF CORPORATE ENTITIES UNDER THE COMPANIES ACT, NO.07 OF 2007 IN WHOM ALL ACTIVITIES CONNECTED TO THE GENERATION, TRANSMISSION, DISTRIBUTION, TRADE, SUPPLY AND PROCUREMENT OF ELECTRICITY SHALL VEST; TO SPECIFY THE PROCESSES TO BE APPLICABLE TO ALL RELATED ACTIVITIES; TO REPEAL THE CEYLON ELECTRICITY BOARD ACT, NO. 17 OF 1969 AND THE SRI LANKA ELECTRICITY ACT, NO. 20 OF 2009 AND TO PROVIDE FOR ALL MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

WHEREAS the need for reforms to the existing institutional framework of the Electricity Industry which duly recognises the need, and is designed to attract new investment into the Electricity Industry supported by desegregation of the activities of the Electricity Industry currently vested in a single Government owned entity by the incorporation of independent corporate entities in whom shall be vested all activities connected with the generation, transmission, distribution, trade, supply and procurement of electricity and who shall be responsible for the efficient management of these activities and for the creation of market competition in these activities:

Preamble

AND WHEREAS a process commencing with the preparation of a scheme for the transition and reorganisation of the Electricity Industry and the implementation of identified reforms based on timely and essential legal, structural, oversight and market based changes; the reforms seek to ensure financial self-sufficiency of the corporate entities to be established under this Act, through a cost reflective and transparent system of tariffs, transparent financial, investment

and resource management and improved accountability and oversight measures, to facilitate private sector investment in every activity of the Electricity Industry using stock market listing and public private partnership modalities:

- 5 AND WHEREAS it is also necessary to recognise the Government of Sri Lanka's commitment to the evolution of the Electricity Industry through the implementation of its decarbonization goals, climate change policies and the enhancement of the contribution of renewable energy to the
- 10 generation of electricity facilitated by modern technology and processes to optimise generation of energy from domestic renewable energy sources to minimize the dependence on imported fossil fuel sources and adaption of emerging technologies in energy conversion, storage and
- 15 management to facilitate the integration of renewable energy and to promote competition amongst alternate processes of generation of electricity in an efficient and transparent manner:

NOW THEREFORE, Be it enacted by the Parliament of the

20 Democratic Socialist Republic of Sri Lanka as follows:-

1. (1) This Act may be cited as the Sri Lanka Electricity Act, No. of 2023. Short title
and dates of
operation

(2) The provisions of this Act other than the provisions of this section, section 32 and the sections specified in

25 subsection (4), shall come into operation on such date as shall be appointed by the Minister by Order published in the *Gazette* (hereinafter referred to as the "appointed date"):

Provided that, the appointed date shall be a date not later than six months from the date on which the Bill becomes an

30 Act of Parliament:

5 Provided further, if no appointed date is published in the *Gazette* as required by this subsection, the provisions of this Act, other than the provisions of this section, section 32 and the sections specified in subsection (4) shall come into operation immediately upon the expiry of six months from the date on which the Bill becomes an Act of Parliament.

(3) The provisions of this section and section 32 shall come into operation on the date on which the Bill becomes an Act of Parliament.

10 (4) The Minister may, taking into consideration the special circumstances required by this Act to be created or fulfilled for the implementation of the provisions specified in paragraphs (a) and (b) of this subsection, appoint by Order published in the *Gazette*, different dates for the coming into
15 operation of, each of such sections as follows:-

(a) the date from which the provisions of section 12 relating to open access shall come into operation; and

20 (b) the date from which the provisions of Part IX relating to the wholesale electricity market shall come into operation.

(5) Every Order made in terms of subsection (4), shall within ninety days from the date of publication of the relevant Order in the *Gazette* be placed before Parliament:

25 Provided that, the Orders required to be made in terms of subsection (4) shall be made after the expiry of a period of two years and before the expiry of a period of five years from the date on which the Bill becomes an Act of Parliament. If no Order has been made within this period of five years, the
30 provisions of the sections referred to in subsection (4) shall be deemed to come into operation on the date on which the said period of five years expires:

Provided further, the Minister may, at any time within three months prior to the expiration of the said five years, with the approval of the Cabinet of Ministers extend such period, by Order published in the *Gazette* for another period
 5 of one year at a time so however, the aggregate period of such extensions shall not exceed five years.

PART I

OBJECTS OF THE ACT

2. The objects of this Act, in relation to the generation, transmission, distribution, trade, supply and procurement of
 10 electricity within Sri Lanka shall be - Objects of
the Act

- 15 (a) to ensure improved Electricity Industry performance through independent and accountable corporate entities responsible for the provision and maintenance, in so far as it is economically viable to do so, of a well-coordinated, efficient and economical system of electricity supply throughout Sri Lanka at all times, through transparent policies;
- 20 (b) to facilitate the establishment of independent and accountable corporate entities for the efficient supply of electricity throughout the country;
- (c) to promote and facilitate the establishment and functioning of the Wholesale Electricity Market;
- 25 (d) to promote competition in relation to the generation, transmission, distribution, trade and supply and procurement of electricity and wherever possible to improve energy security and reliability;
- (e) to ensure that persons to whom licences have been granted under this Act (hereinafter referred to as

“licensees”) will act efficiently in order to mobilize adequate finances for carrying out the activities authorised or required by the respective licences issued to them;

- 5 (f) to ensure that all reasonable demands for electricity, including future requirements for electricity are met, whilst ensuring efficient use of electricity supplied to all premises;
- 10 (g) to protect the public from dangers arising from the generation, transmission, distribution, trade, supply and procurement of electricity by improved reliability and the quality of electricity services;
- (h) to identify the principles and methodologies to be adhered to in the determination of tariffs; and
- 15 (i) to provide by law, decarbonization of the Sri Lankan Electricity Industry and the promotion of renewable energy and energy integration in accordance with Sri Lanka’s national policies and its international obligations whilst ensuring optimal use of natural
- 20 resources.

PART II

NATIONAL ELECTRICITY ADVISORY COUNCIL, THE NATIONAL ELECTRICITY POLICY AND THE ISSUE OF POLICY GUIDELINES

25 3. (1) There shall be established for the purposes of this Act, a Council which shall be called and known as the National Electricity Advisory Council (hereinafter referred to as the “Council”).

Establishment of the National Electricity Advisory Council

30 (2) The Council shall by the name assigned to it by subsection (1), be a body corporate and shall have perpetual succession and a common seal and may sue and be sued by such name.

(3) (a) The Council shall be charged with the responsibility of advising the Minister on all or any of the following matters:-

- 5 (i) matters relating to the Electricity Industry and formulation of the national electricity policy in terms of section 4 of this Act;
- 10 (ii) matters relating to the implementation of the Electricity Industry reforms in accordance with the provisions of this Act, relating to the generation, transmission, distribution, trade, supply and procurement of electricity in Sri Lanka;
- 15 (iii) on the modalities relating to the formulation of proposals and plans for the development of the Electricity Industry including the establishment of competitive electricity markets including interconnections with regional markets through the reform process in order to ensure its successful implementation;
- 20 (iv) the coordination of activities of related agencies to ensure the optimal utilisation of indigenous energy resources, including renewable energy, modern technologies and energy efficiency in the best interests of the national economy;
- 25 (v) matters related to the preparation of the Long-Term Power System Development Plan in terms of the national electricity policy under the provisions of this Act, including additions to the generation and transmission capacity,
- 30

5 the ability of private sector investors to provide electricity generation capacity based on a competitive tariff structure, measures for the implementation of the Government's climate change policies and decarbonization and renewable energy integration goals;

10 (vi) matters relating to the formulation and the methodology to be adhered to in fixing the tariffs in terms of the national tariff policy, whilst ensuring a level of financial sustainability and a reasonable return on the investment of the regulated entities; and

15 (vii) any other matter connected with or arising out of the national electricity policy as the Minister may refer to the Council.

(b) The Council may, in discharging its responsibilities under this subsection, consult with relevant stakeholders.

20 (4) The Minister shall, with the approval of the Cabinet of Ministers, appoint five persons to be members of the Council, one of whom shall be appointed by the Minister as the Chairperson of the Council.

25 (5) The Chairperson and two members shall be persons who possess eminence, competency and experience in the fields of electrical engineering, finance and economics, respectively. The two other members shall be persons who possess eminence, competency and experience in the field of either energy transition, energy efficiency, renewable energy and climate financing or any other similar field as the Minister considers to be of current relevance to the
30 activities of the Electricity Industry.

(6) The members of the Council shall hold office for a period of two years and shall exercise, perform and discharge the powers, duties and functions assigned to the Council in accordance with the provisions of this Act and terms of reference set out in their letters of appointment:

Provided that, the members of the first Council appointed under this section other than the Chairperson, shall hold office for a period of two years as shall be determined by the Minister and specified in the letters of appointment issued to such members.

(7) (a) The Minister may co-opt persons with specific qualifications and expertise to be present at meetings of the Council, where the relevant expertise is material for supporting any particular issue before the Council.

(b) Such persons shall participate in and assist at any meeting at which the issue requiring their expertise is being discussed so however, shall not be entitled to vote on any matter so discussed.

(8) (a) A person shall be disqualified from being appointed or continued to be a member of the Council, 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 matter relating to the functions performed by such member or connected 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 Council.

(b) The Minister shall, after informing the Cabinet of Ministers in writing the reasons therefor, remove any member of the Council if such member is subject to any disqualification specified in paragraph (a).

(9) (a) The Council shall employ such number of persons to function as the staff of the Council who shall assist the Council in the discharge of its responsibilities in terms of the provisions of paragraph (a) of subsection (3) including the matters concerning the responsibilities of the Council.

(b) The Council shall in consultation with the Minister make rules specifying the organisational structure of the staff and the duties assigned to each member of the staff and the manner in which the day-to-day business of the Council to be managed.

(c) The manner and the rates of the remuneration payable to the members and the staff of the Council shall be determined by the Minister in consultation with the Secretary to the Treasury.

(10) The Council shall make rules to regulate the manner in which the business of the Council is to be transacted and the procedure to be followed in the conduct of meetings of the Council.

5 (11) The Minister shall, from time to time, issue to the Council such directions and guidelines on matters connected to the National electricity policy including the overall planning and coordination as may be required for the efficient performance and discharge of the duties and functions of
10 the Council. Such directions and guidelines shall be consistent with the objects of this Act and the National electricity policy.

15 4. (1) The national electricity policy shall reflect the objects of the Act specified in section 2, and identify processes and methodologies for the achievement of each such object.

Formulation of the national electricity policy and issue of policy guidelines

20 (2) Upon the coming into operation of this Act, the Minister shall, with a view to enabling Sri Lanka to meet the increasing future demands for electricity, after consultation with the Regulator, National System Operator, licensees, consumer organizations and all other relevant stakeholders and in compliance with all relevant national policies and policy guidelines of the Minister, direct the Council to formulate the draft national electricity policy.

25 (3) The Council shall in compliance with the direction of the Minister under subsection (2), proceed to formulate the draft national electricity policy which shall include an outline of the Government's policy on-

30 (a) developing a power system based on optimal utilisation of all indigenous energy resources including renewable energy with advanced technologies to minimize the cost of electricity supply;

- (b) technologies to be used in connection with the generation of electricity;
- 5 (c) incentivize investments in energy technologies such as renewable energy, energy storage, green hydrogen and energy efficiency which increase national energy security and reduces the dependence on imported fossil fuel sources;
- 10 (d) ensuring financial viability of the Electricity Industry and the need to attract private sector investments to the Electricity Industry including the development of renewable energy-based electricity generation, transmission, energy storage and end user energy efficiency;
- 15 (e) introducing competition in a phased-out manner in connection with the generation and supply of electricity and specifying pre-conditions and milestones for the establishment of a competitive electricity market which provides consumers with a choice;
- 20 (f) mobilizing investment needed for sustainable economic growth of the Electricity Industry to achieve national targets in electricity;
- 25 (g) including national tariff policy which shall be revised, from time to time, to ensure financial viability of the Electricity Industry across the electricity supply value chain and electricity affordability of vulnerable groups; and
- 30 (h) identifying priorities and measures, to be identified by the Government towards meeting the objects of the Act.

(4) (a) Upon the completion of the formulation of the draft national electricity policy by the Council in terms of subsection (2) and after adequate public stakeholder consultation, the Minister shall, upon being satisfied that
5 such draft national electricity policy is consistent with the provisions of this Act and the overall policy of the Government, forward such draft policy to the Cabinet of Ministers for its approval.

(b) The Cabinet of Ministers may, review the policy
10 forwarded to the Cabinet of Ministers under paragraph (a), and may suggest amendments thereto prior to granting approval to such policy.

(5) Upon receiving the approval of the Cabinet of Ministers, the Minister shall cause the national electricity
15 policy to be published in the *Gazette* within one month from the date of receipt of such approval.

(6) The national electricity policy once approved and published in the *Gazette* in terms of this section shall have the effect of superseding all previous policy documents on
20 generation, transmission, distribution, trade, supply and procurement of electricity, without prejudice to anything done thereunder.

(7) Upon the receipt of the approval of the Cabinet of Ministers as required by subsection (4), the Regulator shall
25 ensure the implementation of the national electricity policy through the issuance of guidelines to the licensees.

(8) The Minister may once in every five years on the advice of the Council and after consultations with the stakeholders cause a review of the national electricity policy
30 to be conducted:

5 Provided that, if prior to the completion of the aforesaid period of five years, an urgent need to update the national electricity policy arises, the Minister may direct the Council to cause a review of the national electricity policy to be conducted.

(9) The Council shall collate all information gathered from such review and where it appears necessary, update the national electricity policy as at the date of such review and submit it to the Minister.

10 (10) The Minister shall ensure that the procedure specified in subsections (1) to (5) be complied with in relation to updating the national electricity policy.

15 (11) The Minister may, in consultation with the Minister assigned the subject of Policy and Planning implementation, from time to time, issue in writing policy guidelines relating to the implementation of the principles of the national electricity policy including national strategies and national targets of such policy. Such guidelines shall -

20 (a) provide guidance to the Regulator with respect to, but not limited to, the following:-

25 (i) estimating the requirement for electricity in Sri Lanka in order to attain national targets for sustainable development of electricity growth and the oversight mechanisms relating to licensing, regulatory and inspection activities as required by this Act;

30 (ii) identifying national targets for increasing the renewable energy and enhancing energy security of the country in an affordable and sustainable manner;

- 5 (iii) specifying the procedure to be followed in the granting of approval to new generation capacity, new generators and the selection of new capacity providers through a competitive bidding procurement process, the modalities of which and the formats to be used shall be as prescribed and the National System Operator shall be responsible for implementing such process;
- 10 (iv) preparing codes of practice and technical and operational codes and standards including the grid code or any other manual of procedure to be developed by licensees for the operation and maintenance of systems relating to activities connected with generation, transmission, distribution, trade, supply and procurement of electricity in Sri Lanka;
- 15
- 20 (v) facilitating the implementation of the national tariff policy specified in section 26, and to undertake a review of such tariffs, from time to time;
- 25 (vi) identifying the principles and policies to be followed in initiating electricity market reforms for the introduction of competition and consumer choice;
- 30 (vii) issuing licences as specified in Part VII in such manner as would not be construed as being detrimental to the interests of the Electricity Industry, for the generation, transmission, distribution, bulk sales and trading of electricity;

- (viii) ensuring at all times, the availability of a reliable and reasonably priced supply of electricity to the consumers and to minimize the cost of delivery;
- 5 (ix) preparing and publishing Electricity Industry reports in respect of each calendar year; and
- (x) facilitating Electricity Industry reform; and
- (b) to provide guidance to the National System Operator with respect to, but not limited to, the following:—
- 10 (i) the granting of incentives, including market-based instruments, to promote private sector investments in renewable energy and such enabling technologies as the Minister may, from time to time, specify by Order published in the *Gazette*;
- 15 (ii) to consider the optimal utilisation of renewable energy resources and fuel diversity including decarbonization and the development of renewable energy resources in the generation of electricity as well as energy trading with regional markets-
- 20 (A) to incentivize the adoption of renewable energy by prescribing Renewable Energy Portfolio Standards on distribution licensees and large consumers and to establish tradable Renewable Energy Certificates the formats of which shall be as prescribed;
- 25

- (B) to enable such entities to meet their Renewable Energy Portfolio Standards using market-based instruments;
 - 5 (C) to promote competition and efficiency in the Electricity Industry through the establishment of a competitive electricity market in a phased-out manner as prescribed;
 - 10 (D) to provide open access to the electricity transmission and distribution network to eligible consumers; and
 - (E) to enable direct purchase of electricity from generator stations;
 - 15 (iii) to identify targets and prioritize measures through which the Government of Sri Lanka intends to achieve the objects of this Act outlined in the national electricity policy with reference to the preparation of the Long-Term Power System Development Plan; and
 - 20 (iv) to enable the supply of electricity at least at economic cost and with specified reliability to meet the national targets and international obligations required for sustainable economic growth.
- 25 (12) (a) Subject to any relevant written law, the Regulator and the National System Operator shall forthwith give effect to any written policy guidelines issued in terms of subsection (11).

(b) The Regulator and the National System Operator may notify the Minister of any difficulties which may arise in giving effect to the policy guidelines. The Minister shall, in consultation with the Regulator and the National System Operator determine, within the framework of the Act and the principles relating to the relevant policy guidelines, the measures to be adopted in addressing such difficulties and shall notify the Regulator and the National System Operator of the same.

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PART III

REGULATOR FOR THE ELECTRICITY INDUSTRY

5. (1) The Public Utilities Commission of Sri Lanka (in this Act referred to as the “Regulator”) established under the Public Utilities Commission of Sri Lanka Act, No. 35 of 2002 (hereinafter referred to as the “Public Utilities Commission Act of Sri Lanka”) shall, with effect from the date on which the Bill becomes an Act of Parliament, be deemed to be the Regulator for the Electricity Industry.

Public Utilities Commission of Sri Lanka to be the Regulator of the Electricity Industry

(2) In the exercise, performance and discharge of its powers, duties and functions in relation to the Electricity Industry, the Regulator shall at all times, act reasonably, with fairness, impartiality and independence and in a manner that is timely, transparent, objective and consistent with the principles and provisions in this Act:

25 Provided that, the Regulator may, in the event only that no provision has been made in this Act, in respect of any particular matter, have recourse to, and apply the relevant provisions of the Public Utilities Commission of Sri Lanka Act to the determination of the same:

Provided further, in the event of a conflict between the provisions of this Act and the provisions of the Public Utilities Commission of Sri Lanka Act, in its application to the Electricity Industry, the provisions of this Act shall prevail.

- 5 **6.** (1) The Regulator shall for the purpose of discharging its functions under this Act, maintain at its office, a register in such form as shall be prescribed. Register to be maintained by the Regulator

(2) The Regulator shall cause to be entered in such register the following matters:-

- 10 (a) particulars relating to every licence issued and exemption granted under this Act;
- (b) particulars relating to the modification of the conditions of any such licence granted or the revocation of any such licence;
- 15 (c) every decision of the Regulator, including every order, direction or determination;
- (d) every enforcement order made in terms of this Act;
- (e) particulars relating to any other instrument or document to which the Regulator's seal has been
- 20 affixed; and
- (f) the minutes of the proceedings of any public hearing held in terms of this Act.

- (3) The content of the register shall be made available for inspection by the public, during the reasonable hours of the
- 25 day. Certified copies of any information contained in the register may on application be provided to the applicant on

payment for a prescribed fee. The information contained in the register may also be published on the website of the Regulator.

5 7. (1) The Regulator may for the purpose of discharging and performing its functions and duties under this Act, by notice in writing, require every licensee and any other person to furnish to the Regulator or any person authorised in that behalf by the Regulator within such period as may be specified in such notice, all such information or documents
10 as may be specified in such notice which are in the custody of such licensee or the person, as the case may be.

Powers of the Regulator to call for information

 (2) It shall be the duty of every licensee or person who is required by a notice under subsection (1) to furnish any information or documents to comply with such requirement
15 within the period specified in such notice, unless such person is prohibited in terms of any written law for the time being in force, from furnishing the document or information so required.

 (3) No information or document furnished under
20 subsection (1) shall be published or disclosed by the Regulator to any other person except with the consent of the licensee or the person furnishing such information or document.

 (4) The disclosure by the Regulator of any information or
25 document furnished in terms of subsection (1) without the consent of the licensee or the person furnishing such information or documents -

- (a) to a court of law when required to do so by such court; or
- 30 (b) for the purpose of discharging any function assigned to the Regulator by this Act; or

(c) for the purpose of enabling compliance with a condition of a licence granted under this Act requiring any information to be furnished; or

5 (d) in compliance with the provisions of the Right to Information Act, No.12 of 2016,

shall be deemed, not to be a contravention of the provisions of subsection (3).

8. (1) The Regulator shall appoint, such number of duly qualified persons, as Electrical Inspectors, as may be required
10 for the purposes of this Act. Electrical Inspectors

(2) It shall be the duty of an Electrical Inspector appointed under subsection (1) to discharge the functions assigned to him in terms of this section or any other provisions of this Act, including the following: -

15 (a) to inspect and test electricity lines and electricity plants belonging to persons authorised by a licence, or exempted from the requirement of obtaining a licence, to generate, transmit, trading including bulk purchases and bulk sales, distribute or supply
20 of electricity;

(b) to inspect and test, if and when requested to do so by any consumer, any electricity line and electricity plant on such consumer's premises, for the purpose of ascertaining whether any requirement relating to such electricity line or plant or the supply of
25 electricity through or by such lines or plants, imposed in terms of this Act or any regulation or rule made thereunder, has been complied with; and

30 (c) to carry out such other ancillary functions related to the functions specified in paragraph (a) or (b) as may be determined by the Regulator.

(3) (a) The Electrical Inspectors shall discharge the functions relating to an inspection or test assigned to them in terms of this section, under the supervision of the Regulator. Upon completion of an inspection or test carried
5 out in terms of this section, the Electrical Inspectors shall submit to the Regulator a report of the findings of such Inspector in relation to every inspection or test of any electricity line or electricity plant carried out by such Inspectors.

10 (b) The Regulator may upon review of any report so submitted, agree or disagree with the findings of an Electrical Inspector. In the event of a disagreement, the Regulator may require the relevant Electrical Inspector to make necessary changes to the report prior to implementation.

15 (4) The Regulator may make rules for the purposes of this section in respect of all or any of the following matters:-

(a) qualifications of persons to be appointed as Electrical Inspectors;

20 (b) setting out the manner in which, and the times at which, any duties imposed on the Electrical Inspectors are to be performed;

(c) requiring persons authorized by a licence or exempted from the requirement of obtaining a licence, to generate, transmit, trade, distribute or
25 supply of electricity –

(i) to furnish Electrical Inspectors with records or other relevant information; and

(ii) to allow such Electrical Inspectors to access premises and to use electricity plants and
30 other facilities;

- (d) specifying the sum payable as fees, if any, which are payable to such Electrical Inspectors and the persons by whom such sums are payable;
- 5 (e) setting out the procedure to be followed by the National System Operator in carrying out an audit of the activities of Electrical Inspectors;
- (f) identifying the circumstances in which a licensee may be relieved from its obligation to supply electricity; and
- 10 (g) setting out the procedure to be followed in the event of a disagreement between an Electrical Inspector and a consumer or a licensee in relation to the inspection and testing of electricity lines and electricity plants as provided for in paragraph (a)
- 15 or (b) of subsection (2).

(5) Any fee received by the Electrical Inspector under this section shall be credited to the Fund of the Regulator established under section 31 of the Public Utilities Commission of Sri Lanka Act.

ESTABLISHMENT OF THE NATIONAL SYSTEM OPERATOR

- 25 **9.** A public company incorporated in terms of the Companies Act, No. 07 of 2007 in which the Government of Sri Lanka holds one hundred *per centum* of its shares, shall be eligible to apply in terms of this Act for the issuance of the national system operator licence.
- Eligibility for issue of the national system operator licence

10. (1) A Company referred to in section 9 shall be the National System Operator (hereinafter referred to as the “National System Operator”) and a national system operator licence shall be issued to such company within nine months
5 from the appointed date.
- (2) The National System Operator shall be responsible for—
- (a) establishing, operating and maintaining a National Load Dispatch Centre, and shall assign to the
10 National Load Dispatch Centre the function of carrying out, of the real time operation of the National Grid of Sri Lanka which shall be done under the supervision of the National System Operator;
- (b) submitting an annual power procurement plan on
15 or before the thirtieth day of September of every year to the Regulator setting out the manner in which the National System Operator intends to meet the projected demand for electricity from the available
20 generation capacity including new generation capacity expected to be commissioned in the succeeding year;
- (c) ensuring the integrated operation of the power
25 system of the country based on the projections in the annual power procurement plan and the monitoring and reporting of any variations from the annual power procurement plan are carried out as necessary;
- (d) the coordinated operation of the power system to
30 ensure in real time the balance between electricity, supply and demand and for this purpose, shall ensure—

Issue of
licence to the
National
System
Operator and
functions

- (i) compliance with principles, guidelines and methodologies in respect of optimal generation scheduling and dispatch, as shall be prescribed;
- 5 (ii) optimal generation scheduling and dispatch of electricity from the generating plants in accordance with the power purchase agreements or standardized power purchase agreements which have been entered into or
10 have been transferred to the National System Operator, on the most economical and advantageous terms and in a transparent and accountable manner to meet the total demand for electricity at any given time. The
15 procedures to be followed and the formats of the agreements to be used shall be as prescribed;
- (iii) carrying out real time operations for grid control and daily power dispatch through the
20 secure and economic operation of the National Grid of Sri Lanka in accordance with the grid standards and the grid code, monitor the grid operations and provide the information and data required for conducting
25 the dispatch audit to the Regulator in such manner, as shall be prescribed;
- (e) ensuring the non-discriminatory transmission congestion management in a timely and effective manner;
- 30 (f) the establishment of a bulk supply account to record all financial transactions relating to the purchase of bulk electricity from a generation licensee

5 through power purchase agreements or standardized power purchase agreements and selling to the distribution licensees through power sales agreements, or with the prior approval of the Regulator to any other consumers, or in the case of electricity trading with the regional market, including monitoring the import and export of electricity.

10 The procedures to be followed and the formats of the bulk supply account and the formats of the agreements to be used shall be as prescribed;

(g) maintaining records of the quantity and quality of electricity, transmitted through the National Grid of Sri Lanka;

15 (h) exercising supervision and control over the overall operation of the National Grid of Sri Lanka; and

20 (i) procuring energy storage and ancillary services as determined, from time to time, by the National System Operator with the approval of the Regulator, to manage the intermittent nature of renewable energy, arising out of the greater integration of renewable energy into the power system at a future date:

25 Provided that, the National System Operator shall not engage in any commercial activity other than in the manner and subject to such conditions, as shall be prescribed.

30 (3) The Minister shall, after such consultation with the Regulator as he considers necessary, prescribe the procedure, format and manner in which the matters specified in subsection (2) are to be implemented by the National System Operator.

(4) For the avoidance of doubt, it is hereby stated that, from and after the appointed date the transfer of functions of the Ceylon Electricity Board as specified in section 17 connected with -

- 5 (a) generation scheduling, commitment, and merit order economic dispatch of generating plants;
- (b) optimised planning of future power system to meet the electricity demand taking into consideration cost, economic value and decarbonization objects;
- 10 (c) operation and maintenance of the national load dispatch centre; and
- (d) procurement of electricity in bulk form, from the generation licensees and sale of such procured electricity in bulk form to distribution licensees and to any other consumers trading in the domestic, regional, or international market,
- 15

shall be done, consequent to the vesting of the aforesaid functions of the Ceylon Electricity Board in the National System Operator.

- 20 (5) The National System Operator shall prepare the Long-Term Power System Development Plan which shall include both generation and transmission capacity, energy storage and ancillary service additions covering a period of five years and shall comprise matters specified in subsections
- 25 (6), (7) and (8) in keeping with the duly approved national electricity policy formulated under section 4 and a perspective plan for further period of ten years to fifteen years indicating the targets and objects of the Government of Sri Lanka for the development of the power system.

(6) The National System Operator shall, in preparing the said Long-Term Power System Development Plan, take into consideration, the availability of the most economically advantageous electricity generation capacity and submit
5 the same to the Regulator.

(7) The Regulator shall after consultations with the generation licensees, the National Transmission Network Service Provider and relevant stakeholders, finalize and submit the prepared plan to the Minister for his approval.
10 Such approval shall include any amendments as may be proposed by the Minister.

(8) The National System Operator shall be held accountable for the implementation of the approved Long Term Power System Development Plan.

15 (9) The Minister shall forthwith be notified of any deviations made by the National System Operator from the approved Plan.

(10) The National System Operator shall annually forward a Report specifying the deviations made and the reasons for
20 such deviations to the Minister for his approval.

(11) The Long-Term Power System Development Plan shall include –

(a) plans to ensure that there is sufficient capacity from
25 generation plants to meet the reasonable estimated demand for electricity, for both generation expansion and transmission network development, inclusive of evaluation of least economic cost generation technologies, energy conversion and storage technologies, and other demand side
30 technologies;

(b) identify the power generation capacity additions needed to meet the expected demand for electricity based on the priorities and other considerations outlined in the National electricity policy;

5 (c) include the power transmission capacity additions to ensure power system reliability and evacuation of electricity from the generation licensees,

to procure with the approval of the Regulator, electricity generation capacity, energy storage capacity or any other
10 form of ancillary service capacity, in accordance with the approved Long Term Power System Development Plan either in the form of a new generation plant or by extending any existing generation plant or from energy storage and ancillary service providers, as the case may be. The
15 procurement shall be undertaken in accordance with the national procurement guidelines of the Government of Sri Lanka and shall be applicable to both direct procurement and to public private partnership, and the procedure for such procurement and the formats required therefor shall be as
20 prescribed:

Provided that, the provisions of subsection (11) shall be applicable only for the procurement of electricity generation and energy storage capacity by the national system operator licensee and have no effect on the electricity
25 purchasing transactions between the generation licensees and any consumers or other customers using open access procedures;

(d) to identify new transmission capacity and transmission assets to augment the National Grid
30 of Sri Lanka specified in section 14 and to provide connectivity to new power plants or to provide connectivity to the regional markets in accordance

with the approved Long Term Power System Development Plan subject to such terms and conditions as approved by the Regulator:

5 Provided that, the National System Operator licensee may proceed to procure with the approval of the Regulator new transmission assets for the purposes mentioned above from private investors. The procurement shall be undertaken in accordance with the national procurement guidelines of the
10 Government of Sri Lanka and shall be applicable to both direct procurement and to public private partnership, and the procedure for procurement and the formats required therefor shall be as prescribed;

15 (e) the procurement of new generation capacity, energy storage and ancillary services and transmission capacity shall be undertaken in accordance with the National Procurement Guidelines of the Government of Sri Lanka:

20 Provided that, where the additional procedures may be required for undertaking any investments in terms of this paragraph as public private partnerships, the procurement shall be undertaken in accordance with the National Procurement Guidelines of the Government and shall be
25 applicable to both direct procurement or to public private partnerships, and procedure for procurement and the formats required therefor shall be as prescribed;

30 (f) enter into power purchase agreements with generation licensees and transmission service agreements with transmission licensees specified in section 11:

5 Provided that, all power purchase agreements and Standardized Power purchase agreements which had been entered into by the Ceylon Electricity Board, and which are valid and are in operation on the day immediately preceding the appointed date shall, from and after such date continue to be valid and effective as if entered into in terms of this Act for a period only for nine months, from the appointed date:

10 Provided further, that the period of extended validity shall be approved by the Regulator and the licensees shall be required to enter into new power purchase agreements and transmission service agreements with the National System Operator:

15 Provided further, prior to the expiration of the said period of nine months the licensees shall take all steps as are specified in terms of this Act in order to obtain the new licences which would permit them to continue as transmission licensees; The formats for all agreements required for power generation plants shall be as prescribed.

20 (12) The Minister may on the advice of the Regulator, by Order published in the *Gazette*, specify the capacity of any renewable energy technology which may be permitted to enter into standard power purchase agreements with the National System Operator:

 Provided that, the maximum capacity of such technology shall not exceed 10 MW.

(13) The Long-Term Power System Development Plan shall provide for the development of a Wholesale Electricity Market which shall -

5 (a) become operational on such date as the Minister shall appoint by Order published in the *Gazette* under section 1;

(b) be vested with the responsibility for the operation of the Wholesale Electricity Market,

10 and the procedure and formats for bulk power procurement by the National System Operator and sale from the National System Operator shall be as prescribed:

15 Provided that, the Government of Sri Lanka may in the interests of the national economy, allow distribution licensees to enter into power purchase agreements with generation licensees prior to the establishment of the Wholesale Electricity Market.

20 (c) recover all reasonable costs connected with the functions of the National System Operator and may levy and collect such tariffs, fees and charges from the distribution licensees as approved by the Regulator; and

25 (d) the National System Operator shall be required to enter into a transmission operating agreement with the National Transmission Network Service Provider granting the National System Operator with operating authority over transmission and network facilities under the control of the National
30 Transmission Network Service Provider.

11. (1) Notwithstanding anything to the contrary contained in this Part, any person may construct, maintain or operate a captive generating plant and dedicated transmission lines:

captive
generating
plants and
dedicated
transmission
lines

5 Provided that, -

(a) the supply of electricity from a captive generating plant through the National Grid of Sri Lanka shall be regulated in the same manner as the generating station of a generation licensee;

10 (b) the safety regulations issued by the Regulator for power generation and transmission shall only apply in relation to captive generating plants exceeding a threshold capacity to be stipulated by rules made by the Regulator and such plants as exceed
15 threshold capacity shall be required to be licenced with the Regulator;

(c) if such captive generating plants and dedicated transmission lines are connected to the National Grid of Sri Lanka, such captive generating plants shall obtain a captive generation or transmission licence, as the case may be. Such captive generating plants which are connected to the National Grid of Sri Lanka shall be required to comply with the Grid Code and other technical parameters and safety
20 measures stipulated by the Regulator and the
25 National Transmission Network Service Provider.

(2) Every person who has constructed a captive generating plant as shall be prescribed and maintains and operates such plant, shall enjoy the right to open access for
30 the purpose of carrying electricity from such plant to the destination of use in accordance with the guidelines as shall

be prescribed relating to open access and payment of the charges specified in respect thereof:

5 Provided that, such open access shall be subject to availability of adequate transmission and distribution capacity which shall be determined by the National Transmission Network Service Provider and the relevant distribution licensee.

(3) Any dispute regarding the availability of transmission and distribution capacity shall be resolved by the Regulator.

10 **12.** (1) The Minister, in consultation with the Regulator, Open access
the National Transmission Network Service Provider and
the distribution licensee, shall operationalize the
applicability of open access from such date as is determined
by Order published in the *Gazette* in terms of section 1 of
15 this Act. Such open access shall be made operational in a
phased-out manner and the extent of open access in
successive phases shall take place in such manner as shall
be prescribed and be subject to such conditions including
payment of cross subsidies and other operational limitations
20 as may be prescribed. Open access charges and any surcharge
to be paid thereon, shall be payable in such sum as determined
by the Regulator in terms of the provisions of Part VIII.

(2) The surcharge received in terms of subsection (1) shall
be utilized to meet the cross subsidy within the area of supply
25 of the distribution licensee:

Provided that, –

(a) such surcharge and cross subsidies shall be progressively reduced in the manner specified in the national tariff policy; and

- (b) such surcharge shall not be levied if open access is provided to a person who has established a captive generating electricity plant for carrying the electricity to a destination for his own use.

5

PART V

NATIONAL TRANSMISSION NETWORK SERVICE PROVIDER

13. (1) No person other than a public company incorporated in terms of the Companies Act, No. 07 of 2007 in which the Government of Sri Lanka holds more than fifty *per centum* of its shares, shall be eligible to apply in terms of this Act for the issue of the National Transmission Network Service Provider Licence.

eligibility to
apply for
national
transmission
network
service
provider
licence

(2) Any legal person who has been issued with a letter of award by the National System Operator for constructing a transmission line in accordance with paragraph (d) of subsection (11) of section 10 shall apply to the Regulator for an additional transmission licence and for approval to proceed with the construction in accordance with the applicable Grid Code and other technical standards and parameters.

(3) For the avoidance of doubt, it is stated that the limitation specified in subsection (1) shall not apply to a legal person who has been issued with an additional transmission licence under this section.

14. (1) A Company referred to in subsection (1) of section 13 (in this Act referred to as the “National Transmission Network Service Provider”) shall be responsible for the maintenance of the National Transmission Network (in this Act referred to as the “National Grid of Sri Lanka”) operating at a voltage greater than 33 KV including the high voltage switchgear of transmission substations currently owned and operated by the Ceylon Electricity Board.

Responsibilities
of the
National
Transmission
Network
Service
Provider & c.

(2) (a) The National Transmission Network Service Provider shall be responsible for the implementation of the functions of the Ceylon Electricity Board connected with the development, expansion and maintenance of the physical infrastructure of the National Grid of Sri Lanka and for the transmission of bulk electricity to distribution licensees, and other eligible entities in the domestic, regional or international market:

Provided that, the National Transmission Network Service Provider shall not enter into any contract or otherwise engage in the generation, distribution, supply or trading of electricity.

(b) The procedures and the formats and the manner in which the matters specified in this subsection are to be implemented by the National Transmission Network Service Provider shall be as prescribed after consultation with the Regulator where the Minister considers such consultation is necessary.

(3) Transfer of functions discharged by the Ceylon Electricity Board in terms of section 17 the day immediately preceding the appointed date connected with –

- 5 (a) the development, expansion and maintenance of the physical infrastructure of the National Grid of Sri Lanka and ensure an efficient, coordinated, reliable and economical integrated transmission system is operated throughout Sri Lanka;
- 10 (b) the connection and transmission of electricity in bulk form to distribution licensees and high voltage consumers who are connected to the transmission system, by recovering tariffs and other charges in connection with the transmission of electricity in terms of the respective licences,

15 shall be done, consequent to the vesting of the functions of the Ceylon Electricity Board specified in paragraphs (a) and (b) in the National Transmission Network Service Provider and after obtaining the required national transmission system operator licence in the manner provided for in this section.

(4) The National Transmission Network Service Provider shall –

- 20 (a) commence the transmission of electricity through the National Grid of Sri Lanka under the supervision of the National System Operator in accordance with the terms of the licence and the provisions of this Act and regulations and rules made thereunder in that behalf;
- 25 (b) provide inputs to the National System Operator to identify the transmission capacity requirements and to facilitate the preparation of the Long-Term Power System Development Plan;

- 5 (c) invest in, and, where it is in the interests of the national economy, facilitate the National System Operator in procuring private sector investment for new transmission capacity and the procurement shall be undertaken in accordance with the National Procurement Guidelines of the Government and shall be applicable to both direct procurement or to public private partnerships, and procedure for procurement and the formats required therefor shall be as prescribed;
- 10 (d) undertake to physically witness the commissioning tests of such transmission assets built by the private investors and thereafter issue a Compliance Certificate which certifies that the Grid Code and all other applicable technical standards or parameters have been complied with. Upon the issuance of the Compliance Certificate, the National Transmission Network Service Provider shall enable interconnection by such transmission assets built by private investors to the National Grid of Sri Lanka on a non-discriminatory basis;
- 15 (e) develop, expand and maintain an efficient, coordinated, reliable and economical integrated transmission system throughout the entire country;
- 20 (f) connect and transmit electricity in bulk form, in such manner as shall be prescribed, from generation licensees and regional markets to distribution licensees, regional markets and other eligible consumers connected to the National Grid of Sri Lanka and recover transmission charges or any other charges as shall be prescribed;
- 25
- 30

- 5 (g) provide open access of transmission services to all eligible consumers of the National Grid of Sri Lanka upon compliance with the pre-conditions for the grant of open access as shall be prescribed subject to the payment of open access charges as determined by the Regulator to cover the cost of use of transmission and distribution assets owned by the transmission and distribution licensees;
- 10 (h) liaise with the National System Operator to draft, implement and maintain the Grid Code and other technical and operational codes and standards in relation to the National Grid of Sri Lanka:

Provided that, the Grid Code shall be updated in a regular manner as shall be prescribed;

- 15 (i) facilitate whenever the need to do so arises, in consultation with the Regulator, the expansion of network in terms of the Grid Code and the duly approved Long-Term Power System Development Plan;
- 20 (j) submit, from time to time, to the Regulator, proposals relating to the levying of transmission tariffs and other charges; and
- 25 (k) maintain separate accounts for the transmission business carried on in terms of the transmission licence and enter into a transmission operating agreement with the National System Operator.

- 30 **15.** (1) The National Transmission Network Service Provider shall have the power to construct transmission lines, grid substations and other associated transmission plants and equipment within the territory of Sri Lanka in terms of the duly approved Long Term Power System Development

Transmission lines and grid substations

Plan and upon a request by the National System Operator to connect with the regional transmission networks with the approval of the Cabinet of Ministers:

5 Provided that, the National System Operator may mobilize private sector investment in order to facilitate the expansion of the National Grid of Sri Lanka and the procurement shall be undertaken in accordance with the National Procurement Guidelines of the Government and shall be applicable to both direct procurement or to public
10 private partnerships, and procedure for procurement, and the formats required therefor shall be as prescribed.

(2) The matters to be included in the duly approved Long Term Power System Development Plan, shall be as set out in subsection (11) of section 10.

15 (3) The functions relating to the operation and oversight of the Transmission Network shall be discharged by the National System Operator.

PART VI

INCORPORATION OF PUBLIC COMPANIES UNDER THE COMPANIES ACT, No.07 OF 2007

20

16. (1) There shall be incorporated in terms of the Companies Act, No.07 of 2007, such number of public Companies as may be required, in terms of the structure of the Electricity Industry described in the Schedule:

Incorporation of Public Companies under the Companies Act No. 07 of 2007 and the vesting therein of the restructured activities of the Ceylon Electricity Board

25 Provided that, the Memorandum and Articles of Association of each of such public companies shall be prepared substantially in the format as shall be prescribed. The Memorandum and Articles of Association of each of such public companies so incorporated shall also specify in
30 detail the activities to be vested by operation of law, in each

of such public companies under the transfer plan prepared under section 17 for the purposes of this Part.

5 (2) On the appointed date, by virtue of the operation of the provisions of this section, the restructured activities of the Ceylon Electricity Board relating to the generation, transmission, distribution and supply of electricity, shall vest in the public companies incorporated in terms of subsection (1), in accordance with the scheme set out in the transfer plan specified in section 17.

10 (3) If after the requirements of subsections (1) and (2) have been completed it is apparent that one or more residual companies are required to be incorporated for the transfer plan to be fully implemented, such required number of residual companies shall be incorporated in the manner
15 provided for in the Companies Act, No.07 Of 2007, and the provisions of subsections (1) and (2) of this section shall '*mutatis mutandis*' be applicable in relation to such residual companies.

20 **17.** (1) The Minister shall, in consultation with the Minister assigned the subject of Finance and the Secretary to the Treasury, and where it is deemed necessary, with the relevant stakeholders, require the Power Sector Reform Secretariat established under section 32, to prepare a transfer plan for the transition, transfer and reorganization of the
25 Electricity Industry in Sri Lanka (hereinafter referred to as the "transfer plan"). The transfer plan shall contain detailed plans, proposals and strategies for the unbundling of the activities of the Ceylon Electricity Board relating to the generation, transmission and distribution of electricity.

30 (2) The Power Sector Reform Secretariat shall, subject to the policy directions of the Minister prepare the transfer plan which shall comprise -

Preparation
of the
transfer plan

5 (a) a preliminary transfer plan, which shall be approved by the Cabinet of Ministers and thereafter to be published in the *Gazette* on the day immediately succeeding the appointed date and shall contain all details of the vesting of the activities relating to the restructuring of the generation, transmission and distribution of electricity as well as a financial plan for the vesting of assets which shall be initially required for the successor companies to commence operations; and

10 (b) a final transfer plan which shall be prepared not later than two years from the appointed date and shall be approved by the Cabinet of Ministers and immediately thereafter be published in the *Gazette*.
15 The final transfer plan shall after Gazetting be deemed to comprise the process of implementation of all remaining matters required to complete the restructuring of the Electricity Industry.

(3) The transfer plan prepared under subsection (1) shall—

20 (a) identify the duties and functions discharged by the Ceylon Electricity Board immediately prior to the appointed date;

25 (b) in connection with the existing financial liabilities of the Ceylon Electricity Board, specify that a portion of the said liabilities which shall include supplier liabilities be allocated to the successor company to whom the hydro power generation assets of the Ceylon Electricity Board will be assigned and which shall be a company of which

- one hundred per *centum* of the shares are held by the Government of Sri Lanka and the balance portion of the said liabilities will be allocated amongst the other successor companies, in such proportions as shall be specified in the transfer plan;
- 5
- (c) separate such duties and functions of the Ceylon Electricity Board into the following categories to enable the allocation and subsequent vesting of the following duties and functions its employees to the successor companies referred to in section 16:-
- 10
- (i) electricity generation based on hydro, thermal and renewable energy sources;
- 15
- (ii) electricity transmission services and maintenance of the National Grid of Sri Lanka;
- 20
- (iii) electricity demand forecasting and planning, procurement of electricity and sale in bulk form, economic dispatch of electricity, the management, including operation and maintenance of the National Load Dispatch Centre and National Grid of Sri Lanka operation including transmission network expansion planning; and
- 25
- (iv) electricity distribution or supply;

- 5 (d) identify such duties, functions and activities of the Ceylon Electricity Board which are not connected directly to the duties and functions specified in paragraph (b), including but not limited to the management of employee's pensions and employee's provident fund, support services, and the distribution of existing human resources, which shall be vested in and be discharged by residual companies referred to in section 16.
- 10 (e) allocate, to a company or companies referred to in section 16, whose sole shareholder shall be the Government of Sri Lanka –
- 15 (i) all residual assets of the Ceylon Electricity Board not connected with the generation, transmission and distribution of electricity, all residual liabilities of the Ceylon Electricity Board not directly related to the procuring of assets related to functions specified in paragraph (c) and the existing employees of the Ceylon Electricity Board who are not directly engaged in performing activities related to functions specified in paragraph (c);
- 20
- 25 (ii) the functions of the Provident Fund and Pension Fund of the Ceylon Electricity Board as the custodian and trustee and to manage such Provident Fund and Pension fund;
- (f) ensure that, all officers and servants of the Ceylon Electricity Board, holding office in the Ceylon

Electricity Board on the day preceding the appointed date shall effect from the date succeeding such date -

5 (i) be deemed to be officers and servants of any one of the successor companies referred to in section 16, on terms and conditions not less favourable than those enjoyed by them on the date preceding the appointed date as the officers and servants of the Ceylon Electricity Board and to which they were entitled under
10 any written law;

15 (ii) be required to communicate, to the Power Sector Reform Secretariat established under section 32, before the final transfer plan of the incorporation of the successor companies referred to in section 16 is completed whether they opt to be employed by such successor companies which option once communicated shall be final:

20 Provided that, neither the salary or other allowances nor the terms and conditions of service of the officers and servants shall be varied to the disadvantage of such officers and servants consequent to being employed by a successor company.

25 (4) In the event such officer or servant opts to join the service of a successor company referred to in section 16, such officer or servant shall -

- 5 (a) for the purpose only of calculating the pension entitlement and other retirement benefits, be deemed to have continued in office a public officer in the Ceylon Electricity Board from the date on which such officer or servant was employed by the Ceylon Electricity Board until the termination of his period of service in the successor companies referred to in section 16, and shall if the period of service of any such officer or servant in a successor company when added to his previous period of service in the Ceylon Electricity Board, amounts to twenty years or more, be eligible at the end of his period of service in a successor company for the grant of pension and retirement benefits which may be applicable to such officers and servants under the provisions of any other written law including the Minutes on Pensions;
- 10
- 15
- 20 (b) continue to make such contributions to the Provident Fund as they are required to make in terms of the rules or regulations of the Ceylon Electricity Board Provident Fund;

25 (5) (a) An officer or servant of the Ceylon Electricity Board who opts for voluntary resignation from the date on which such officer or servant was notified of the offer of employment in a successor company shall be entitled to such compensation as shall be paid in terms of a Voluntary Retrenchment Scheme, the formulation of which shall be prescribed and if such officer or servant has completed eighteen years of service in the Ceylon Electricity Board,

be entitled to pension and other retirement benefits which may be applicable to such officers and servants in accordance with the rules of the Pension Fund of the Ceylon Electricity Board and of any written law including the Minutes on
5 Pensions.

(b) Notwithstanding anything to the contrary in any other written law, the Secretary to the Treasury shall provide financial contributions, from time to time, to bridge the funding shortfall of the Pension Fund to enable such Pension
10 Fund to continue meeting the monthly pension payment commitment in terms of the rules and regulations applicable to the Pension Fund, of -

- (i) the officers and servants of the Ceylon Electricity Board who were in service prior to the appointed
15 date and retired from the services of the Ceylon Electricity Board prior to such date;
- (ii) the officers and servants of the Ceylon Electricity Board who opt for voluntary resignation from the service of the Ceylon Electricity Board;
- 20 (iii) the officers and servants of the Ceylon Electricity Board, who opted to join the services of the successor companies,

referred to in section 16 and retire from the services of a successor company after reaching the age of retirement as
25 per the service contract with the successor company.

PART VII

LICENSING

18. (1) A person shall not -

- (a) generate electricity;
- 5 (b) transmit electricity in bulk form, from a generation licensee to any distribution licensees or to any other eligible consumer connected to the transmission network or to and from any entity in the domestic, regional or international market;
- 10 (c) perform the duties of the National System Operator as specified in section 10;
- 15 (d) distribute and supply or distribute electricity for the purpose of giving an electricity connection to any premises or to any consumer or trader,
- 20 unless such person is authorised to do so in terms of a licence granted to him in terms of this Act, or the supply of electricity is exclusively for private use of a licensee, or a person who is exempted from the requirement of obtaining a licence in terms of the provisions of section 25.

Unlicensed generation and distribution of electricity to be an offence

(2) A person who -

- 25 (a) generates, transmits or distributes electricity for the purpose of giving an electricity connection to any consumer or premises; or
- (b) exports or imports electricity, otherwise than under the authority of a licence issued for such purpose under this Act, or an exemption granted

5 under this Act, commits an offence under this Act and shall on conviction after summary trial before a Magistrate be liable to a fine not less than three hundred thousand rupees or to imprisonment of either description for a term not less than six months and not exceeding one year, or to both such fine and imprisonment.

10 (3) Where a person is prosecuted for an offence under subsection (2), the Court shall, in addition to the punishment imposed under that subsection, further order the person convicted to refrain with immediate effect from carrying on the activity which such person is convicted of under subsection (1), until such person obtains a licence for such activity as required by that subsection.

15 (4) No proceedings shall be instituted in respect of an offence under this section except with the written sanction of the Regulator.

19. (1) Any person shall be eligible to apply for the issue of a generation licence. Eligibility to apply for a licence

20 (2) The following shall be eligible to apply for the issue of a distribution licence:-

25 (a) a company incorporated under the Conversion of Public Corporations or Government owned Business Undertakings into Public Companies Act, No.23 of 1987 or the Companies Act, No. 07 of 2007, as the case may be;

(b) a Local Authority;

(c) a society registered under the Co-operative Societies Law No.5 of 1972.

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

- (a) one hundred per *centum* of its shares shall be eligible to apply for the issue of the national system operator licence;
- 5 (b) not less than fifty per *centum* of its shares shall be eligible to apply for the issue of the National transmission network service provider licence.
- (4) All functions of the Ceylon Electricity Board, relating to –

 - 10 (a) the national system operator licence including the generation scheduling, commitment and economic dispatch of generating plants, planning of future electricity demand, operation and maintenance of the National Load Dispatch Centre, procurement of electricity in bulk form from the generation licensees and sale of such procured electricity in

15 bulk form to the distribution licensees and to any traders or consumers in the domestic or regional market;
 - 20 (b) the National Transmission Network Service Provider including the maintenance of the physical infrastructure that comprises the National Grid of Sri Lanka and for the transmission of electricity in bulk form to any consumer in the domestic or regional market,
- 25 shall on the appointed date vest in the successor company incorporated in terms of paragraph (a) of subsection (3).

 - (5) Additional transmission licences may be granted to any legal person, which acquires subject to the limitation specified in paragraph (b) of subsection (4), the right to build

30 a transmission asset pursuant to paragraph (d) of subsection (11) of section 10 and subsection (2) of section 13.

(6) No person shall be granted a combination of any two of the following licences: –

- (a) the national transmission network service provider licence and a generation licence;
- 5 (b) the national transmission network service provider licence and a distribution licence;
- (c) the national transmission network service provider licence and national system operator licence;
- 10 (d) the national system operator licence and a distribution licence;
- (e) the national system operator licence and a generation licence; or
- (f) a generation licence and a distribution licence.

20 **20.** (1) An application for the grant of a licence for generation, transmission, distribution, supply or trading of electricity or for an extension of any one of such licences, shall be made in writing to the Regulator in such form as shall be prescribed, and shall be accompanied by such information and documents, and such fee, as shall be prescribed.

Application for a licence and grant of licence

25 (2) On receipt of the application, the Regulator shall, if the Regulator is of the opinion that on the basis of the information disclosed with the respective application, there appears to be no impediment to the issue of a licence to the applicant, inform the Minister of the same and proceed to take all necessary steps for the granting of such licence or the extension applied for, including -

- 30 (a) publishing a notice on the official website of the Regulator, or in the *Gazette* or a local newspaper in the Sinhala, Tamil and the English languages of its

5 intention to grant the licence or the extension applied for, with the details of the intended project in order to inform persons who are likely to be affected by the issue of the licence or extension of the same; and

(b) forward to the Minister all relevant notices and documents related to the application.

(3) Every notice under subsection (2), shall state—

10 (a) that the Regulator proposes to grant the licence or extension to the applicant and the purpose for which the licence is applied for;

(b) the reasons for intending to grant such licence or extension; and

15 (c) the period which shall not be less than twenty-eight days from the date of publication of the notice within which representations in writing may be made to the Regulator stating the concerns of persons in relation to activities of such intended project or the situation of such project and objecting to the grant of such licence.
20

(4) On receipt of a written representation against granting the particular licence, the Regulator shall appoint an adjudicating panel consisting of two members having eminence and experience not less than ten years in the fields of law and engineering to inquire into the matter. After
25 permitting the concerned persons referred to in paragraph (c) of subsection (3) to make their representation and making such inquiries and visiting the site, the adjudicating panel shall notify the Regulator in writing of its recommendation.

30 (5) The Regulator shall, in keeping with the recommendation made by the adjudicating panel under subsection (4), make its determination in respect thereof

which shall be informed to the applicant within ninety days from the date of receipt of the recommendation.

5 (6) (a) If the determination of the Regulator is to dismiss the representation, the Regulator shall thereafter proceed to grant the licence applied for and such licence shall be in the respective form as shall be prescribed, in respect of each respective category of licence.

10 (b) The terms and conditions applicable to each category of licences shall be as prescribed and the licence issued to the applicant shall also include a schedule specifying the terms and conditions applicable to the relevant licence being granted.

(7) Every licence issued in terms of this Part shall be subject to –

- 15 (a) conditions of licences;
- (b) powers and duties of the respective categories of licences;
- 20 (c) the provisions relating to obtaining of permits and clearances for carrying out construction and maintenance activities undertaken by licensees;
- (d) the standards and procedures applicable to the supply of electricity which the distribution licensees are required to be complied with; and
- 25 (e) the procedure applicable to metering of electricity consumption,

as shall be prescribed and shall be applicable to each such licensee.

21. (1) Subject to the provisions of subsection (2), a licence shall be capable of being assigned either with or without any condition authorizing such assignment.

Assignment
of licences

(2) A licence shall not be capable of being assigned except with the prior consent of the Regulator.

(3) In deciding whether to approve the application made under subsection (1) of section 20, the Regulator shall apply
5 the same criteria as it would apply if it were deciding whether to grant a corresponding licence or part of a corresponding licence to the assignee.

(4) Approval in terms of subsection (3) may be given subject to the assignee agreeing to –

10 (a) such modification of the conditions of the licence or the imposition of such further conditions as the Regulator considers necessary, for the purpose of protecting the interests of consumers; and

15 (b) such incidental or consequential modifications of the conditions as the Regulator considers necessary.

(5) A licence may include conditions authorizing assignment, subject to compliance by the assignee of certain
20 specified conditions.

(6) An assignment or purported assignment of a licence shall be void-

(a) if the licence is not capable of assignment;

25 (b) if the assignment or purported assignment is in breach of a condition of the licence; or

(c) if there has been before the assignment or purported assignment, a contravention of a condition subject to which consent was given under subsection (2).

22. (1) The Regulator may, if it appears to be necessary to modify any licence in the national interest, with the concurrence of the Minister, proceed to modify the conditions of the specific licence being granted with the agreement of the licensee, or without the agreement of the licensee, in the circumstances of general application as shall be prescribed and, in the manner and form as shall be prescribed in relation to the different categories of licences.

Modification
or
revocation
of licences,
and
enforcement
orders

(2) The Regulator may, after considering any representation made to it in response to a notice published as specified in subsection (3) and with the concurrence of the Minister, revoke by Order published in the *Gazette*, a generation licence or national transmission service provider licence or distribution licence or National Transmission Network Service Provider licence, in accordance with the terms as to revocation of such licences.

(3) Prior to the revocation of any licence in terms of subsection (2), the Regulator shall by notice published in the *Gazette* and by such other means as it considers appropriate for bringing it to the attention of persons likely to be affected by such revocation, state that it proposes to revoke the licence specified in the notice, and the reasons for proposing to do so and specify the period within which representations may be made to it against such revocation. The procedure to be followed in revoking a licence shall be as prescribed.

(4) (a) Where it appears to the Regulator that a licensee is-

- (i) contravening or is likely to contravene the terms and conditions of the respective licence subject to which it has been issued; or
- (ii) contravening or is likely to contravene any statutory requirement,

make an enforcement order, operative for a period specified therein, against such licensee, as is considered necessary in the circumstances to secure the compliance of such licensee and notify the Minister of the same.

(b) An enforcement order shall require the respective licensee, to cease and desist from taking any action in relation to the matters specified in such order, during the period that such enforcement order is in force.

5 (c) An enforcement order shall cease to have effect at the expiration of the specified period, and it may be modified or revoked at any time during the period of operation thereof.

(d) The procedure to be followed in making such enforcement order shall be as prescribed.

- 10 **23.** A generation licensee shall be entitled to - Additional conditions for generation licensees
- (a) establish, operate and maintain generating stations, tie-lines, sub-stations, and dedicated transmission lines and any other associated equipment connected therewith;
 - 15 (b) implement and maintain such technical or operational codes, standards or parameters in relation to the generation system as the National System Operator and National Transmission Network Service Provider considers necessary or expedient;
 - 20 (c) take all possible steps to protect persons, electricity plants and equipment from injury and damage;
 - 25 (d) develop and maintain electricity lines, cables, electricity plants and fuel handling and associated equipment;
 - (e) sell electricity to any other licensee or consumer identified in the licence;
 - 30 (f) submit technical details regarding its generating stations to the Regulator; and
 - (g) co-ordinate with the National Transmission Network Service Provider and the national

system operator licensee for transmission of the electricity generated by such licensee.

24. (1) A distribution licensee may require any person who requires a supply of electricity in terms of this Act to accept in respect of such supply,-
- Additional conditions for a distribution licensee
- (a) any terms requiring that such person continues to receive and pay for such supply of electricity for a minimum period of time and subject to minimum consumption requirements;
- (b) any restrictions which may be required to be imposed for the purpose of enabling such licensee to comply with any regulations made under this Act, or the Electricity Supply Code which shall be as prescribed for the purposes of this Act; and
- (c) any terms restricting any liability of such licensee for any economic, consequential or other indirect loss sustained by such person, however arising, which it is reasonable in all the circumstances for that person to be required to accept.
- (2) It shall be the duty of a distribution licensee to develop and maintain an efficient, coordinated and economically viable distribution system at the licensee's cost, in his area of supply and to supply electricity in terms of this Act, so as to enable owners or occupiers of premises in such area to obtain an electricity supply connection by paying the service connection charges from the nearest connecting point of the distribution line to the meter box on such premises, without requiring such owner or occupier to pay for the capital cost of erection of distribution lines and other associated connecting facilities.
- (3) (a) A distribution licensee shall allow, on a non-discriminatory basis, a connection to an embedded generator including rooftop solar generator to its distribution network.

(b) The interconnection of such network shall be subject to compliance with the technical and safety requirements and other conditions as may be prescribed.

5 (4) The Regulator shall implement open access from such date as shall be determined by Order published in the *Gazette* in terms of section 12.

10 (5) (a) Where any person, whose premises is situated within the area of supply of a distribution licensee through open access as provided in subsection (2) requires a supply of electricity from a generating company or any licensee other than such distribution licensee, such person may, by notice, require the distribution licensee to open access to such electricity supply in accordance with the rules made by the Regulator and the duties of the distribution licensee with respect to such supply shall be of a common carrier providing non-discriminatory open access .

20 (b) Where the Regulator permits a consumer or class of consumers to receive supply of electricity from a person other than the distribution licensee of his area of supply, such consumer shall be liable to pay open access charges as provided for in section 12, as may be specified by the Regulator to meet the fixed cost of such distribution licensee arising out of his obligation to supply.

25 (c) Every distribution licensee shall, within six months from the appointed date or date of grant of licence, whichever is earlier, establish a forum for addressing and providing a platform for the redress of grievances of the consumers in accordance with the rules made by the Regulator.

30 **25.** Where any person or category of persons engages in the generation and distribution of electricity, and the capacity or amount of electricity so generated is below such amount as the Minister may specify by Order published in the *Gazette*, such person or category of persons shall be

Statutory
exemptions

deemed, by operation of law, to be statutorily exempted from the requirement of obtaining a licence therefor:

5 Provided that, if it is brought to the notice of the Regulator that the person or category of persons enjoying such statutory exemption is in violation of the conditions attached to such exemption, the Regulator shall immediately notify such person or category of persons to cease all activities connected with such generation and distribution and forthwith disconnect all equipment used for such purpose.

10 PART VIII

TARIFFS

15 **26.** (1) The Minister may issue policy guidelines as Tariffs specified in subsection (2) of section 4 pertaining to the national tariff policy for inclusion in the formulation of the national tariff policy, which shall form part of the national electricity policy. The national tariff policy shall include the principles and methodologies to be adopted by the Regulator in setting the tariffs specified in subsection (3).

20 (2) In setting the tariffs, the Regulator shall ensure financial sustainability including a reasonable return on the investment of the regulated entities.

(3) The following shall be the tariffs required to be set, as shall be prescribed by the Regulator in accordance with the national tariff policy:-

25 (a) the feed in tariff to be included in standard power purchase agreements payable to generators supplying electricity to the National System Operator in accordance with subsection (12) of section 10;

30 (b) The power purchase tariffs for new generating capacity, procured in accordance with

paragraphs (a), (e) and (f) of subsections (11) of section 10;

- (c) The power purchase tariffs of the distribution licensees;
- 5 (d) the transmission tariff and open access charges payable to transmission and distribution licensees;
- (e) the end user consumer tariff consisting of distribution tariff and supply tariff; and
- 10 (f) the aggregate revenue requirement to be recovered by transmission and distribution licensees.

(4) This section shall apply to ‘tariffs’ and ‘other charges’ to be levied by the National System Operator -

- 15 (a) for procuring of electricity in bulk form from the generation licensees including when so required, the import of electricity from the generators or suppliers of the regional market (hereinafter referred to as the ‘bulk purchase tariff’);
- 20 (b) for the sale of electricity in bulk form to the distribution licensees or to any consumers or traders or customers in the export market (hereinafter referred to as the ‘bulk sale tariff’):

25 Provided that, with the establishment of the Wholesale Electricity Market in the manner provided for in terms of Part IX and its implementation from such date as shall be determined by Order published in the *Gazette* in terms of section 1, the tariffs specified in subsection

30 (3) shall cease to be operative in a phased-out manner;

(5) All tariffs shall be set in accordance with a cost reflective mechanism in accordance with the methodology set out in the national tariff policy permitting the relevant licensees to recover the eligible reasonable costs incurred in carrying out the activities authorized by such licences on an efficient manner.

(6) The end user consumer tariff levied by a distribution licensee for the distribution and supply of electricity or distribution or supply of electricity (hereinafter referred to as the “distribution and supply tariffs”) shall consist of-

(a) the distribution tariff set by the Regulator, based on the national tariff policy upon consideration of the reasonable cost of maintaining and operating the distribution network including consumer services; and

(b) the supply tariff set by the Regulator to recover the cost of the bulk purchase tariff and transmission tariff paid by the distribution licensees;

Provided that, with the establishment of the Wholesale Electricity Market in the manner provided for in terms of Part IX and its operation in terms of section 1, the supply tariff shall be determined on the basis of the power procurement cost of the distribution licensees from the market.

(7) For the avoidance of doubt, it is stated that -

(a) the end user consumer tariffs levied by the distribution licensees shall consist of two distinct tariffs namely, the “electricity distribution tariff” and the “supply tariff”;

(b) with the implementation of open access at a future date, the supply tariff shall cease to be

5 applicable to consumers opting for open access, as open access charges shall be determined on the basis of commercial agreements between the generation licensees and the eligible traders or customers opting for open access:

Provided that, the distribution licensee shall be entitled to levy the distribution tariff from such consumers availing of open access as part of the open access charges.

10 (8) The open access charges to be levied by transmission and distribution licensees shall be set by the Regulator in terms of the relevant provisions of the national tariff policy applicable to the determination of open access charges.

15 (9) The bulk purchase tariff, bulk sale tariff, transmission tariff, open access charges, and the distribution tariff and the supply tariffs, as the case may be, shall be determined by the Regulator, and tariff filing made by the licensees as prescribed in accordance with the national tariff policy and conditions specified in the relevant licences, and -

20 (a) allow the relevant licensee to recover all reasonable costs incurred in the carrying out of all activities authorized by the licence granted to such licensee on an efficient basis;

25 (b) be approved by the Regulator in the manner provided for in the national tariff policy and policy guidelines based on the national electricity policy, issued by the Minister in terms of section 4; and

30 (c) be published in such manner as may be determined by the Regulator ensuring wide public awareness.

(10) The licences of the National System Operator, the National Transmission Network Service Provider, or a distribution licensee, as the case may be, shall include provisions for bulk procurement tariff or for bulk sale tariff
5 and other charges or for transmission tariff and other charges or for open access charges and other charges, and for distribution tariff and supply tariff and other charges, as the case may be, shall be subject to review by the Regulator to ensure that these tariffs are cost reflective in the manner
10 prescribed and which also provide for -

- (a) the annual timetable for the review of transmission tariff and distribution tariffs, open access charges and other charges;
- 15 (b) a quarterly timetable for the review of bulk sale tariff, bulk purchase tariff and supply tariff; and
- (c) the manner in which consumers and other interested parties could participate in the procedure for purposes of review.

(11) notwithstanding any other provision of this Act, the
20 Regulator may, -

- (a) upon being satisfied of the adequacy of funds being provided by the Government to bear the cost of any subsidy approved by the Government to subsidize certain consumers; and
- 25 (b) considering any cross subsidy recoverable from such categories of consumers as determined by the Minister in terms of the national tariff policy,

set tariffs and charges to be levied by the relevant licensees, which reflect such subsidies.

PART IX

WHOLESALE ELECTRICITY MARKET

27. (1) The Minister shall by Order published in the *Gazette* under section 1, specify the date from which the Wholesale Electricity Market shall commence operations, subject to any conditions which may be stated therein.

Establishment
of the
Wholesale
Electricity
Market

(2) On being brought into operation, the Wholesale Electricity Market shall be a fully autonomous and competitive, and the National Systems Operator shall be responsible for the operation of the Wholesale Electricity Market. Matters relating to the coordination with the relevant stakeholders, electricity market experts who are knowledgeable and experienced in the operation of such Wholesale Electricity Market and the procedure to be adopted in the operation thereof, shall be as prescribed.

(3) Prior to an Order being made in terms of subsection (1) for the operation of a fully autonomous Wholesale Electricity Market by the National Systems Operator, the Minister shall ensure that regulations, terms and conditions, guidelines, and rules necessary for facilitating the efficient operation of the Wholesale Electricity Market have been made identifying and specifying the operating, technical, commercial and economic parameters and the market monitoring processes and the terms and conditions, guidelines, regulations and rules necessary for facilitating the efficient operation of the Wholesale Electricity Market have been made in terms of this Act.

28. The Minister shall issue policy guidelines in consultation with the Regulator, on steps to be adopted to prevent anti-competitive practices, monopolies, collusion and abuses of a dominant position, and consequent merger situations affecting the competition in the Electricity Industry.

Policy
guidelines
relating to
competition
practices

PART X

MISCELLANEOUS

29. (1) Subject to the provisions of subsection (2), a person shall not install an electricity line above or below the ground, except in accordance with a licence obtained in that behalf in terms of this Act.

Licence
required for
overhead and
underground
electricity
lines

(2) The provisions of subsection (1) shall not apply –

(a) to an electricity line or an underground cable which has a nominal voltage not exceeding thirty-three kilovolts, or any other higher voltage as may be determined by the Regulator; and

(b) to such portion of an electricity line as is or will be, within the premises being occupied or is under the control of, the person responsible for its installation.

(3) A licence granted under this section –

(a) may include such conditions (including conditions as to the ownership and operation of the electricity line) as appear to the Regulator to be appropriate;

(b) may be varied or revoked by the Regulator at any time after the end of such period as may be specified in the licence; and

(c) subject to paragraph (b), shall continue in force for such period as may be specified in, or determined by, or under the licence.

(4) The Regulator may direct that an electricity line be designated as a “high voltage line” for the purposes of this Act.

5 **30.** The provisions of the Land Acquisition Act (Cheptor 295) may be used to apply to the acquisition of land required for any project connected to the Electricity Industry in terms of the provisions of this Act, if such project is for a public purpose in terms of and within the meaning of the Land Acquisition Act.

Acquisition of property for power generation and transmission projects

10 **31.** (1) Where the Minister is of the opinion, that the potential benefit of having an electricity generation project or transmission development project initiated within a specific time would be for the general welfare and benefit of the public, the Minister may grant approval to purchase any land or any interest in that land, as described in a survey plan pertaining to that land, subject to complying with following requirements:-

Purchase of land for power generation and transmission projects

15 (a) the consent of the owner of the land or the person entitled to any interest in that land has been obtained;

20 (b) if the land or any interest in that land is required for a project to generate electricity by using energy resources other than non-conventional renewable energy resources or for the provision of transmission infrastructure project which falls within Long Term Power system Development Plan, the prior approval of the Regulator shall be obtained by the National Transmission Network Service Provider or the national system operator licensee, as the case may be, for implementation of such project;

25 (c) the purchase price for the land or any interest in that land shall be the market value of the land as determined by the Chief Valuer, and if the owner of the land or the person entitled to any interest in that land is not agreeable to the market value, the Price Negotiating Committee specified in paragraph (d) is authorized to negotiate the price, in the manner as shall be prescribed;

30

(d) the Price Negotiating Committee for the purposes of this section shall comprise of -

- (i) the Secretary to the Treasury who shall be the Chairman of the Committee;
- 5 (ii) the Secretary to the Ministry of the Minister;
- (iii) the Chief Valuer or any senior valuation officer of the Valuation Department nominated by him; and
- 10 (iv) a member of the Sri Lanka Institution of Valuers nominated by such Institution.

(2) The Price Negotiating Committee shall have a duty to satisfy themselves of the title of the owner to the land or any interest in such land;

15 (3) The title report relating to the title of such land submitted by the National Transmission Network Service Provider or the national system operator licensee, as the case may be, certifying that the relevant land or any interest in such land, sought to be purchased is free from any encumbrances and that the owner or the person has a clear
20 title to the said land or any interest in such land, can be accepted as proof of title.

(4) The procedure to be followed in the implementation of the provisions of this section shall be as prescribed.

PART XI

25

GENERAL

32. (1) There shall be established for the purpose of assisting the Minister in the implementation of the reform process as provided for in this Act, a secretariat called and known as the Power Sector Reforms Secretariat.

Establishment
of the Power
Sector
Reforms
Secretariat

(2) The Minister shall appoint not more than three persons with integrity, and not less than ten years of experience in administration or finance to be members of the Power Sector Reforms Secretariat. The Minister shall appoint a person
5 possessing experience in electrical engineering as the Director-General of the Power Sector Reforms Secretariat.

(3) The Power Sector Reforms Secretariat shall have the power to direct and oversee the implementation of the reforms enumerated in this Act. The Secretary to the Ministry
10 of the Minister shall in the implementation of the reforms process as envisaged in this Act, exercise supervision over the Power Sector Reforms Secretariat subject at all times, to the direction and control of the Minister.

(4) The Power Sector Reforms Secretariat shall -

- 15 (a) assist the Minister in implementing the provisions of this Act and ensuring that the new companies incorporated in terms of the Companies Act, No.07 of 2007 as specified in
20 section 16 commence operations as provided for in the Act;
- (b) coordinate in the preparation of the policy guidelines in terms of the Act;
- 25 (c) assist the Minister in prioritizing and facilitating the preparation of regulations to be made under the provisions of this Act in order to ensure the implementation of the reforms to the Electricity Industry;
- 30 (d) facilitate the preparation in an expeditious manner of the preliminary transfer plan and the final transfer plan required for the finalisation of the reforms process;
- 35 (e) coordinate the formulation of a comprehensive and efficient financial restructuring process which identifies methodology to be applied to the restructuring of the liabilities of the Ceylon

Electricity Board including the completion of the process of divesting the Ceylon Electricity Board of its activities as identified in the Transfer Plan prepared in terms of section 17; and

- 5 (f) initiate capacity building of the National System Operator in operating the reformed power sector and in the procurement of new generation capacity using competitive, transparent and accountable procedures.

- 10 (5) The provisions relating to the Power Sector Reforms Secretariat shall cease to be operative on the expiration of a period of two years from the date on which the Bill becomes an Act of Parliament:

- 15 Provided that, the Minister may, thirty days prior to the expiration of the said period of two years, by an Order published in the *Gazette* extend, subject to obtaining the approval of the Cabinet of Ministers for such extension, the functioning of the Power Sector Reforms Secretariat by one year at a time:

- 20 Provided further, the cumulative period for which the Power Sector Reforms Secretariat may be so extended shall not extend beyond a period of five years from the date on which the Bill becomes an Act of Parliament.

- 25 **33.** (1) The Board of Directors of the Ceylon Electricity Board shall cooperate with the Power Sector Reforms Secretariat in the restructuring activities being carried out in terms of this Act. The General Manager of the Ceylon Electricity Board shall on behalf of the Board be required to furnish within thirty days from the appointed date, to the
30 Power Sector Reforms Secretariat, -
- Ceylon Electricity Board required to provide all data and information in its possession to the Power Sector Reforms Secretariat

- 5 (a) all data and documents and any other material information including, information relating to all activities being carried out by the Ceylon Electricity Board, in whatever form, in the possession of the said Board;
- (b) information concerning all assets including technical parameters of generation and transmission equipment under the control of the Ceylon Electricity Board;
- 10 (c) information relating to the financial status of the Ceylon Electricity Board;
- (d) a complete human resources audit relating to all employees of the Ceylon Electricity Board;
- 15 (e) information relating to all pending litigation of the Ceylon Electricity Board;
- (f) information of all contractual commitments the Ceylon Electricity Board has entered into which are required for the purpose of finalising the transfer plan required by section 17:

20 Provided that, the Power Sector Reforms Secretariat shall maintain confidentiality in respect of all information received from the Ceylon Electricity Board and use such information only for the purpose of exercising and discharging its powers and functions in terms of the provisions of this Act.

25

30 **34.** The provisions of Chapter I of Part III under the Heading “Offences relating to Bribery or Corruption” of the Anti-Corruption Act, No. 9 of 2023 shall, *mutatis mutandis*, apply to, or in relation to, the provisions of this Act.

Application of certain provisions of the Anti - Corruption Act, No. 9 of 2023, to this Act

35. (1) Every person who takes, uses or extracts any electricity – Extraction of electricity to be an offence

5 (a) which is in the course of being transmitted or distributed by a transmission or distribution licensee; and

 (b) otherwise than in pursuance of a contract made with a distribution licensee or other transmission licensee,

10 commits an offence and shall on conviction after summary trial before a Magistrate be liable to a fine not exceeding one hundred thousand rupees and to an additional fine in a sum of money being the value of the act or default constituting such offence or to

15 imprisonment of either description for a term not exceeding three months or to both such fine and imprisonment. Any sum recovered as an additional fine shall be paid to the licensee on application made to court.

20 (2) Any person who aids or abets the commission of any offence punishable under this section shall be guilty of an offence under this Act and be liable to the same punishment as is provided for such offence.

25 (3) Where two or more persons are convicted of having committed the same offence whether as principal offender or abettor, the value of such loss or damage may be apportioned among such persons and the amount so apportioned shall be imposed on each of such persons as a fine.

30 (4) A certificate issued by the licensee shall be received as proof of the value of such loss or damage in the absence of evidence to the contrary. In the absence of any agreement, a licensee may charge the offenders for electricity supplied as if it were electricity supplied to a consumer in accordance with the method of charging provided for in the licence.

36. (1) Without prejudice to the provisions of this Act, every person who –
- Improper use of electricity to be an offence
- 5 (a) not being an authorised officer of a licensee, connects or disconnects any electricity line through which electricity is or may be supplied by the licensee to or from meter, indicator or other apparatus;
- 10 (b) without the consent of a licensee lays, or causes to be laid, any electricity line or connects any electricity line, equipment, apparatus, or works, for the purpose of establishing a connection with any electricity line, apparatus or works belonging to a licensee; or
- 15 (c) intentionally or negligently -
- (i) alters the quantity of electricity supplied to any premises by a distribution licensee as registered on any meter used for measuring the same; or
- 20 (ii) prevents any meter from duly registering the quantity of electricity supplied through that meter,
- 25 commits an offence under this Act and shall on conviction after summary trial before a Magistrate, be liable, in addition to a penalty not less than one hundred thousand rupees and not exceeding five hundred thousand rupees, to a fine in a sum of money being the value of the loss or damage caused to the licensee as a result of the act or default constituting such offence, and such recovered additional fine shall be paid to the licensee on application made to court by such licensee.
- 30

(2) Where any person is prosecuted for an offence under paragraph (c) of subsection (1) a certificate issued by the distribution licensee to the effect that -

- 5 (i) the meter was in the custody or under the control of the person being prosecuted; and
- (ii) there is clear proof that the meter has been tampered causing an alteration of the register of the quantity of electricity registered on such meter and therefore preventing the meter from
- 10 duly registering such usage,

shall be admissible in evidence and shall be *prima facie* proof of the matters contained therein.

(3) Any person who aids or abets the commission of any offence punishable under this section shall be guilty of an

15 offence under this Act and shall be liable to the same punishment as is provided for the principal offence. Where two or more persons are convicted of having committed the same offence, whether as principal offender or abettor, the value of such loss or damage may be apportioned among

20 such persons and the amount so apportioned, shall be imposed on each of such persons as a fine.

(4) A certificate issued by the licensee shall be received as proof of the value of such loss or damage in the absence of evidence to the contrary. In the absence of any agreement, a

25 licensee may charge for energy supplied to any consumer in accordance with any method of charging provided for in the licence.

(5) In the case of such offence being continued after conviction, there shall be imposed a further fine not

30 exceeding five thousand rupees for each day on which such offence is being continued after conviction.

(6) Where any person is convicted of an offence under paragraph (c) of subsection (1), the distribution licensee may discontinue the supply of electricity to the premises of the person convicted and remove the meter in respect of which
5 the offence was committed and thereafter keep the same in safe custody, until the Regulator authorizes the licensee to dispose it. However, in the event that the unpaid dues are recovered by the distribution licensee, the distribution licensee shall, within a reasonable period of time, restore the
10 supply of electricity that was discontinued.

(7) Notwithstanding anything to the contrary in the Code of Criminal Procedure Act, No.15 of 1979, an offence under this Act shall be a cognizable offence and a non-bailable offence within the meaning and for the purposes of that Act.

15 **37.** (1) Every person who contravenes any provision of this Act or any regulation made thereunder commits an
20 offence under this Act and shall, except as otherwise expressly provided in this Act, be liable on conviction after summary trial before a Magistrate to a fine not exceeding two hundred thousand rupees and in any case where such
25 offence is continued after conviction, to a further fine not exceeding five thousand rupees for each day on which such offence being continued after conviction.

General
penalty

(2) Upon conviction of any person for an offence under
25 this Act, a Magistrate may, in addition to, or in lieu of, imposing any punishment specified for the offence under subsection (1), make an order directing that any installation or other apparatus involved in the commission of the offence shall be dismantled and removed before a date specified in
30 such order.

(3) An officer authorised in writing by the Regulator may institute proceedings in a Magistrate's court for an offence under this Act notwithstanding anything to the contrary in any other written law.

(4) No prosecution for an offence under this Act shall be instituted except with the written sanction of the Regulator.

38. Where an offence under this Act is committed by a body of persons, then – Offences by bodies of persons

- 5 (a) if that body of persons is a body corporate, every director and officer of that body corporate; or
- (b) if that body of persons is a partnership, every partner of that partnership,

shall be deemed to be guilty of that offence:

- 10 Provided that, that a director or officer of that body corporate or a partner of such partnership shall not be deemed to be guilty of such offence, if such person proves that such offence was committed without the knowledge of such person or that such person used all
- 15 such diligence as was necessary, to prevent the commission of such offence.

39. (1) Where the Regulator has reasonable grounds to believe that an activity contrary to the provisions of this Act is being carried out on any premises, the Regulator or any Powers of entry, inspection and search

20 officer acting on behalf of the Regulator may, on obtaining a warrant from a Magistrate, and on production of the same, if required,-

- 25 (a) to enter, inspect and search at all reasonable hours of the day the premises in which any regulated entity is carrying on its business or any other connected premises; and
- (b) to inspect, take copies of or seize and detain any relevant records or documents of that regulated entity.

(2) Any person who obstructs the Regulator or an officer acting on behalf of the Regulator in the exercise of his powers under this section commits an offence.

5 **40.** (1) If any difficulty arises in giving effect to the provisions of this Act or any Order, regulation, rule or notification made under this Act, the Minister may take such steps as are not inconsistent with the provisions of this Act, as may be necessary or expedient for eliminating any specific difficulty. Removal of difficulties

10 (2) The Minister may by Order published in the *Gazette* specify the steps taken for the purpose of removing any such difficulty.

15 **41.** (1) Rules may be made in respect of all matters for which rules are required or authorised to be made in terms of this Act. Rules

(2) Every rule made in terms of this Act shall be published in the *Gazette* and shall come into force on the date of such publication or on such later date as may be specified therein.

20 **42.** (1) Every Order made in terms of this Act shall be published in the *Gazette* and shall come into operation on the date of such publication. Orders

25 (2) Every Order published in the *Gazette* in terms of subsection (1) shall be placed before Parliament for approval, by a resolution of Parliament, within ninety days from such publication.

(3) Any Order not so approved shall be deemed to be rescinded with effect from the date of the resolution but without prejudice to anything duly done thereunder.

30 **43.** (1) The Minister may make regulations under this Act in respect of all matters required by this Act to be prescribed Regulations

or in respect of which regulations are required or authorised by this Act to be made.

(2) Every regulation made under this section shall be published in the *Gazette* and shall come into operation on the date of such publication or on such later date as may be specified therein.

(3) Every regulation made under this section shall within three months of its publication in the *Gazette* be brought before Parliament for approval. Any such regulation, which is not so approved shall be deemed to be rescinded as from the date of its disapproval, but without prejudice to anything duly done thereunder.

(4) Notification of the date on which any regulation made by the Minister is so deemed to be rescinded shall be published in the *Gazette*.

PART XII

REPEALS AND TRANSITIONAL PROVISIONS

44. (1) With effect from the date of coming into operation of the provisions of this Act in terms of subsection (2), (3) or (4) of section 1, as the case may be, the Ceylon Electricity Board Act, No.17 of 1969 shall stand repealed. Notwithstanding the repeal of the Ceylon Electricity Board Act, No. 17 of 1969 -

Repeals and
Transitional
Provisions

(a) all regulations made under the repealed Ceylon Electricity Board Act, No.17 of 1969, and in force on the day immediately preceding the appointed date, shall, in so far as such regulations are not inconsistent with any provision of this Act, continue to be in operation from and after the appointed date, until regulations are made under this Act, to replace such regulations;

- 5 (b) the provisions of the promotion schemes, codes of conduct and the disciplinary codes of the Ceylon Electricity Board in force on the day immediately preceding the appointed date shall, in so far as such promotion schemes, codes of conduct and the disciplinary codes are not inconsistent with any provision of this Act, continue to be in operation from and after the appointed date, in respect of any matter or question arising in relation to the promotions and disciplinary control of the employees of the Ceylon Electricity Board who have opted to continue in the service of the successor companies, until promotion schemes, codes of conduct and disciplinary codes are promulgated under this Act to regulate promotions and disciplinary control of such employees;
- 10
- 15
- 20 (c) where after the appointed date, there remains any matter or issue arising in or concerning the Electricity Industry, for which no provisions or no effective provision has been made in this Act, such of the provisions of the Ceylon Electricity Board Act, No.17 of 1969 as are not inconsistent with the provisions of this Act shall from and after the appointed date, continue to be in operation and be applicable only in respect of any such matter or issue only and no other, until provision is made in this Act for such purpose;
- 25
- 30 (d) all actions or proceedings whatever nature instituted by or against the Ceylon Electricity Board and pending on the day immediately preceding the appointed date shall be deemed as from the appointed date to be actions and proceedings instituted by or against the respective successor company and may be continued accordingly;
- 35 (e) all judgments, decrees or orders of any court made by or against the Ceylon Electricity Board before the appointed date, shall from and after such date

be deemed to continue to be in force and shall be enforced accordingly in terms of this Act;

- 5 (f) any reference to the Ceylon Electricity Board in any notification, contract, instrument, record, share certificate, document, deed, bond, agreement, guarantee, Power of Attorney, grant of legal representation or any other instrument of whatever nature, which are currently in force shall be deemed to be valid and effectual and continue to be enforced
10 accordingly in terms of this Act.

(2) The Sri Lanka Electricity Act, No. 20 of 2009, shall stand repealed. Notwithstanding the repeal of Sri Lanka Electricity Act, No. 20 of 2009-

- 15 (a) all licences and deemed licences issued under the provisions of Sri Lanka Electricity Act, No.20 of 2009, and in force on the day preceding the appointed date shall, in so far as such licences authorised any one of the following activities, shall from and after the appointed date, continue to be
20 valid and effective for a period of nine months from such date –

- (i) all generation licences and deemed generation licences issued for generation of Electricity;
- 25 (ii) the National Transmission Network Service Provider licence deemed to have been issued to carry on activities listed under sections 14 and 15 of this Act for operation, maintenance, future planning and development of the
30 National Transmission Network (also referred to as the “National Grid of Sri Lanka”);
- (iii) the distribution licences issued for the distribution of electricity and or to supply of electricity to consumers and or to any

premises of the authorised areas of the distribution divisions of the Ceylon Electricity Board;

5 (iv) national system operator licence deemed to have been issued to carry on activities listed under section 10 for procurement and sale of electricity in bulk form to distribution licensees and to any other customers;

10 (v) distribution licence issued to Lanka Electricity Company (Pvt) Ltd, for distribution and or to supply of electricity to consumers or to any premises of the authorised area of the Lanka Electricity Company (Pvt) Ltd:

15 Provided that, not less than six months prior to the expiry of the period of nine months referred to in paragraph (a) of subsection (2), all licensees and deemed licensees, shall be required to forward applications to obtain licences in terms of the provisions of this Act; and

20

(b) all regulations made under section 56 of the repealed Sri Lanka Electricity Act, No. 20 of 2009, and in force on the day immediately preceding the appointed date, shall with effect from such date, shall continue to be in force and be deemed, in so far as such regulations are not inconsistent with any provision of this Act, until regulations are made under this Act.

25

(3) The Registrar of Lands, shall be required to register

30 all lands that have been transferred from the Department of Electrical Undertaking and the local authorities to the Ceylon Electricity Board by virtue of the operation of the provisions of Part II of the Ceylon Electricity Board Act, No. 17 of 1969, upon submission of a certificate issued under the hand

35 of the General Manager of the Ceylon Electricity Board

based on information and documentary proof in respect of such transfer as is within the possession and control of the General Manager certifying that the Ceylon Electricity Board is the owner and is in occupation of all lands described
5 (with metes and boundaries) in the Schedule annexed to such Certificate.

(4) A certificate shall be issued under the hand of the General Manager of the Ceylon Electricity Board to the effect that the Ceylon Electricity Board became the owner and
10 occupier of the lands more fully described in the Schedule annexed to the certificate as from the date of taking over the all electrical undertakings including all assets and lands, which were owned and possessed by the Department of Electrical Undertakings or any local authority, by virtue of
15 the operation of the provisions of Part II of the Ceylon Electricity Board Act, No. 17 of 1969 and from and after the date on which all electrical undertakings of the Department of Ceylon Electricity Board had enjoyed all benefits of those lands and assets as the property of the Ceylon Electricity
20 Board free of any encumbrances.

(5) For the purpose of this section, the term “Registrar” means the Registrar of Lands appointed under the Registration of Documents Ordinance (Chapter 117) and having jurisdiction over the districts or divisions in which
25 such lands are situated.

(6) Notwithstanding the repeal of the Ceylon Electricity Board Act, No. 17 of 1969, the relevant Government agencies responsible to manage, including operation and maintenance of water reservoirs, water ponds and water bodies of the
30 “Mahaweli Complex”, “Laxapana Complex”, “other hydro complex” shall continue to release water to the hydro energy generating plants of the successor companies, to keep such hydro energy plants occupied with the power generation, on terms and conditions that may be agreed upon between
35 the relevant Government agencies and such successor companies or its subsidiaries.

45. In this Act unless the context otherwise requires - Interpretation

“authorise” means authorised by licence or exemption under this Act;

5 “Authorised Area” in relation to a person authorised by a licence to transmit or to distribute and supply electricity, means the area designated in the licence;

10 “bulk sales” in relation to the sale of electricity, means the sale of electricity in bulk via the national transmission network to distribution licensees, and to traders and customers who are connected to the transmission network, as may be identified in the relevant licence;

15 “captive generating plant” means a power plant set up by any person to generate electricity primarily for such persons own use but any excess electricity may be sold by such person to the distribution licensees or to the National System Operator in terms of a licence issued under this Act;

20 “Ceylon Electricity Board” means the Ceylon Electricity Board established by the Ceylon Electricity Board Act, No. 17 of 1969;

25 “connect” in relation to any premises means to connect a consumer to the distribution line of the distribution licensee, and the expression “connection” shall be construed accordingly;

30 “consumer” means any person who is supplied with electricity for personal use by a licensee or the Government of Sri Lanka or by any other person engaged in the business of supplying electricity to the public and includes any person whose

premises are for the time being connected for the purpose of receiving electricity and includes any prospective consumer;

5 “dedicated transmission line” means any electricity supply line or point to point connection which is required for the purpose of connecting electricity lines or electricity plants of a captive generating plant or generating station, to any transmission line or substation, as the case may be;
10

“direct procurement” means the engagement of a contractor or supplier for the supply of an electricity plant or electricity line under a supply contract for the full payment upon commissioning and acceptance of the plant;
15

“distribute” in relation to electricity means a system which consists of low voltage lines and electrical plant and is used for conveying electricity to any premises or to any other distribution system and the expressions “distribution” and “distribution system” shall be construed accordingly;
20

“distribution line” in relation to a distribution licensee, means any distribution line in the Authorised Area of the distribution licensee which is being used for the purpose of supplying electricity to any premises;
25

“distribution voltage” means any voltage not exceeding 33 kilovolt or such voltage as determined by the Regulator;
30

“electrical plant” means any plant, equipment, or appliance used for or in connection with the generation, transmission, distribution or supply of electricity, and does not include any

electricity line, any meter used for ascertaining the quantity of electricity supplied to any premises or any electrical appliance under the control of a consumer;

5 “electrical power system” means the combination of
electrical generators (i.e., power plants),
transmission and distribution lines, equipment,
circuits, and transformers used to generate and
transport electricity from the generator to the
10 consumption areas or to adjacent electrical
power systems;

“electricity line” means any line whether used for
carrying electricity for any purpose which is laid
underground or on the surface, and includes any
15 equipment used as support for any such line,
including, but not limited to, any structure, pole
or other thing in, on, by or from which any such
line is supported, carried or suspended; any
apparatus connected to any such line for the
20 purpose of carrying electricity; and any wire,
cable, tube, pipe other similar thing (including
its casing, insulator or coating) which surrounds
or supports or is installed in close proximity to
any such line;

25 “electricity trading” means the purchase of electricity
for resale and the expression “trade” shall be
construed accordingly;

“Electricity Supply Code” means a Code of prescribed
standards to be complied with by all distribution
30 licensees;

“enforcement order” means an order made in terms of
subsection (4) of section 22 of this Act;

“generating station” means any facility for generating
electricity, including the site where such

- generating station is installed, and any building, plant, transformer, switchgear, switch yard, cables or other appurtenant equipment, if any, used for the aforesaid purpose , and any building used for housing the operating staff of a generating station, and where electricity is generated by hydro power, includes penstocks, head and tail works, main and regulating reservoirs, dams and other hydraulic works, but does not include any sub-station;
- 5
- 10
- “generator” means a generation licensee or a person exempted from the requirement of obtaining a generation licence;
- 15
- “grid” means a high voltage backbone system of interconnected transmission lines, substations and generating plants;
- 20
- “Grid Code” means the National Grid Code which specifies the methodology relating to the planning, scheduling or dispatch of electrical energy within Sri Lanka’s power system;
- 25
- “high voltage line” means an electricity line or cable of a nominal voltage exceeding 33 kilovolt, or of such nominal voltage as may be specified by the Regulator, from time to time;
- 30
- “indigenous energy resources” means any form of energy resource available in Sri Lanka such as domestically produced fossil fuel energy, energy produced from renewable energy and includes any other derivatives thereof but does not include any imported fossil fuel based energy products;
- “interest” means any financial or other interest directly or indirectly, in any company or undertaking carrying on any of the following activities :-

- (a) the generation, transmission, distribution, or supply of electricity;
 - 5 (b) the manufacture, production, sale or supply of fuel for the generation of electricity;
 - 10 (c) the import, manufacture, sale, lease, hire or other supply of or, dealing in, machinery, plant, equipment, apparatus or fittings for generation, transmission, distribution, supply or use of electricity; or
 - (d) the provision of legal, accountancy or banking services to any company or undertaking;
- 15 "Lanka Electricity Company (Pvt.) Ltd." means the Lanka Electricity Company (Private) Limited registered under the Companies Act No. 28 of 1982;
- 20 "licence" means a licence issued in terms of section 20 of this Act, and the term "licensee" means any person to whom a licence in terms of this Act has been issued for engaging in the activities connected to the generation, transmission, distribution, supply, trade or procurement of electricity;
- 25 "line" means any wire, cable, pipe, conductor or other similar thing (including its casing or coating) which is designed or adapted for use in carrying electricity;
- 30 "local authority" means a Municipal Council, Urban Council or a Pradeshiya Sabha, and includes any authority created and established by or under any law to exercise, perform and discharge,

- 5 powers, duties and functions corresponding to or similar to the powers, duties and functions exercised, performed and discharged by any such Municipal Council, Urban Council or a Pradeshiya Sabha;
- “Minister” means the Minister assigned the subject of electricity in terms of Article 44 or 45 of the Constitution;
- 10 “National Load Dispatch Centre” means the Centre established under section 10 of this Act for carrying out real time operation of the National Grid;
- 15 “National System Operator” means the person or body of persons to whom a licence has been issued in terms of section 10 of this Act;
- “National Transmission Network Service Provider” means the person or body of persons to whom the licence to operate the National Transmission Network has been granted;
- 20 “open access” means the non-discriminatory provision for the use of transmission network or distribution lines or associated facilities for supplying electricity to consumers eligible to purchase electricity directly from generating licensees under this Act, in accordance with directions issued by the Regulator. It permits third party suppliers to provide electricity to access the transmission and distribution network on the same conditions as the network owner or
- 25 any other user, upon payment of a wheeling tariff;
- 30 “power system” means all aspects of generation, transmission, distribution and supply of

electricity and includes one or more of the following, namely:-

- 5 (a) generating stations;
- (b) transmission lines;
- (c) sub-stations;
- (d) tie-lines;
- (e) load dispatch activities;
- (f) distribution mains;
- 10 (g) electricity supply lines;
- (h) overhead lines;
- (i) service lines; and
- (j) works;

“premises” means any land, building or structure;

15 “prescribed” means prescribed by regulations made under this Act;

20 “public private partnership” means the entering into a long term agreement with an investor for the provision of electricity, energy storage, ancillary services or transmission services where the capital investments will be substantially born by the investor;

“Regional Market” means the electricity market that is in operation outside the territory of the Sri Lanka within the South Asian Region;

25 “standardized power purchase agreement” means a power purchase agreement on pre-defined terms and conditions where the technology specific power purchase tariff and other contractual terms for renewable energy based power plants having
30 a maximum capacity of 10MW;

“supply” in relation to electricity, means the distribution of electricity using the distribution

network of a distribution licensee or any entity licensed to do so;

5 “transmission network” means all high voltage cables and overhead lines (not being an essential part of the distribution system of a licensee) used for conveying electricity from a generation station to a substation, from one generation station to another or from one substation to another, together with any transformers, switchgear and other works and equipment necessary to and used for the control and protection of such cables or overhead lines, and such buildings or part thereof as may be required to accommodate such transformers, switchgear and other works and equipment;

15 ”transmission voltage” means any voltage above 33 kilovolt or such other voltage as determined by the Regulator to be the voltage or voltages at which the transmission system operates;

20 “transmit” in relation to electricity, means the transportation of electricity by means of a transmission system, which consists of high voltage lines and electricity plant and is used for conveying electricity from a generating station to a substation, from one generating station to another or from one sub-station to another, and the expressions “transmission” and “transmission system” shall be construed accordingly;

25 “utility” means the electricity lines or electricity plant, including all lands, buildings, works and materials attached thereto belonging to any person acting as a licensee under the provisions of this Act and an “electric utility” means any plant, works, system, facilities or properties, together with all parts and appurtenances thereto,

30

35

including contract and franchise rights used and useful primarily for the production, transmission or distribution of electric energy;

5 “wheeling” means the use of the distribution system and associated facilities of a transmission licensee, as the case may be, by another person other than the transmission or distribution licensee for the conveyance of electricity to eligible consumers on payment of wheeling charges;

10

“wheeling charges” means the transmission and distribution network usage tariff approved by the Regulator for the provision of wheeling services in terms of this Act;

15

“Wholesale Electricity Market” means a market where multiple electricity suppliers compete with each other to provide electricity to consumers at the most beneficial cost; and

20

“works” includes electricity line, and any building, plant, machinery, apparatus and any other thing of whatever description required to transmit, distribute or supply electricity to the public and to carry into effect the objects of a licence or sanction granted under this Act.

25

[Section 16]

SCHEDULE

The activities relating to the hydro-electric generation, thermal electricity generation, and renewable energy generation as set out below, which are presently vested with the Ceylon Electricity Board, shall on the date of the coming into operation of this Act, being a date no later than six months from the date on which this Act has been certified by the Speaker in terms of Article 79 of the Constitution as an Act of Parliament, be re-structured and vest in the corporate entities which will be incorporated under the Companies Act, No.07 of 2007 for the purposes of the implementation of this Act, substantially in the manner set out below:-

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35

- (a) one company to take over the hydropower generation assets of the Ceylon Electricity Board ;
- 5 (b) one company to take over the Coal power Plant owned and operated by the Ceylon Electricity Board as well as Lanka Coal Company;
- (c) one company to take over the thermal generation assets of the Ceylon Electricity Board;
- (d) one company to take over the Wind Power Plant owned, possessed and operated by the Ceylon Electricity Board;
- 10 (e) one company to take over the functions of the Ceylon Electricity Board relating to the development, maintenance and operation of the physical infrastructure that makes up the National Grid of Sri Lanka;
- 15 (f) one company to take over the functions of the Ceylon Electricity Board relating to generation scheduling, commitment and economic dispatch of generating plants and functions relating to the planning of future electricity and transmission demand;
- 20 (g) separate companies to take over the distribution functions of the distribution divisions of the Ceylon Electricity Board; and
- 25 (h) such number of companies as shall be required for managing the residual functions of the Ceylon Electricity Board. Such residual companies shall be incorporated to undertake among other matters which may not be allocated to any successor company, the following residual functions:-
 - 30 (i) one company to take over functions of the Ceylon Electricity Board other than those functions and activities entrusted to the companies incorporated;
 - (ii) one company to take over the functions of the Provident Fund and Pension Fund of the Ceylon Electricity Board and to act as the custodian and

trustee and manage of such provident fund and pension fund, provided that, the entire share holdings of the company shall always remain with the Government.

- 5 **46.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.
- Sinhala text to prevail in case of inconsistency

