



PARLIAMENT OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

SRI LANKA ELECTRICITY (AMENDMENT)

A

BILL

to amend the Sri Lanka Electricity Act, No. 36 of 2024

Presented by the Minister of Energy on 23rd of May, 2025

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STATEMENT OF LEGAL EFFECT

Clause 2: This clause amends the long title of the Sri Lanka Electricity Act, No. 36 of 2024 (hereinafter referred to as the “principal enactment”) and is consequential to the amendments made by clause 7 and clause 8.

Clause 3: This clause makes general amendments to the principal enactment by replacing –

- (a) the expression “Wholesale Electricity Market” with the expression “National Electricity Market”; and
- (b) the word “Council” wherever such word appears with reference to the National Electricity Advisory Council, with the expression “committee appointed by the Minister”,

and is consequential to the amendments made by clause 8 and clause 18.

Clause 4: This clause amends section 1 of the principal enactment and the legal effect of the section as amended is to make provisions to defer the date on which certain provisions of the principal enactment come into operation in the event of no appointed date is published under subsection (2) of that section and to enhance the clarity of the provisions of that section.

Clause 5: This clause amends section 2 of the principal enactment and the legal effect of the section as amended is to ensure that the objects of the principal enactment comply with the national policies of Sri Lanka and its international commitments.

Clause 6: This clause replaces the heading of PART II of the principal enactment and is consequential to the amendments made by clause 7 and clause 8.

Clause 7: This clause repeals section 3 of the principal enactment which includes provisions relating to the establishment of the National Electricity Advisory Council.

Clause 8: This clause amends section 4 of the principal enactment and the legal effect of the section as amended is to make provisions to enable the Minister to appoint a committee with the approval of the Cabinet of Ministers to formulate the draft national electricity policy as Part of the national policy on energy and to specify disqualifications applicable to a member of such committee.

Clause 9: This clause amends section 5 of the principal enactment by replacing the expression “least cost economic dispatch” with the expression “security constrained economic dispatch”.

Clause 10: This clause amends section 10 of the principal enactment and the legal effect of the section as amended is to -

- (a) change the composition of the Board of Directors of the company issued with the National System Operator licence and make the members of such Board of Directors eligible for re-appointment; and

- (b) enhance the responsibilities of the National System Operator by enabling such 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.

Clause 11: This clause amends section 11 of the principal enactment and the legal effect of the section as amended is to make provisions –

- (a) to introduce a period within which the Regulator shall grant approval for the price recommended by the National System Operator for purchasing electricity or electricity generating capacity; and
- (b) to enable the National System Operator to forgo the requirement to submit a tender in procuring new generation plant during a national calamity, etc.

Clause 12: This clause amends section 14 of the principal enactment and the legal effect of the section as amended is to make provisions to increase the percentage of the shares of a company that should be held by the Government of Sri Lanka from fifty *per centum* to one hundred *per centum* to be eligible to apply for the national transmission network service provider licence.

Clause 13: This clause amends section 17 of the principal enactment and the legal effect of the section as amended is to -

- (a) incorporate provisions in relation to unbundling of activities, assets, liabilities, duties and functions of the companies referred to in items (a) and (g) of Schedule I, in accordance with the final transfer plan;
- (b) make provisions to enable the Minister to appoint the members of the Board of Directors of the companies referred to in items (a), (e), (g) and (h) (ii) of Schedule I, and for matters incidental; and
- (c) impose responsibility on the Board of Directors of companies referred to in items (a), (e), (g) and (h) (ii) of Schedule I to formulate the draft of the policies specified in that section in order to submit to the Cabinet of Ministers for approval through the Minister.

Clause 14: This clause amends section 18 of the principal enactment and the legal effect of the section as amended is to make provisions to –

- (a) extend the application of the provisions of that section to companies referred to in items (e), (f) and (g) of Schedule I;
- (b) specify the proportions in which the existing financial liabilities of the Ceylon Electricity Board shall be allocated amongst the successor companies;
- (c) extend the period of time within which the Ceylon Electricity Board shall notify the officers and servants of the Ceylon Electricity Board in relation to their assignment to the respective successor companies; and

- (d) extend the period of time within which the terms and conditions of the voluntary retirement scheme shall be prescribed.

Clause 15: This clause amends section 20 of the principal enactment and the legal effect of the section as amended is to introduce certain limitations that should be applicable in issuing a generation licence or a distribution licence.

Clause 16: This clause amends section 24 of the principal enactment and the legal effect of the section as amended is to enhance the clarity of the provisions of that section.

Clause 17: This clause amends section 29 of the principal enactment and the legal effect of the section as amended is to make provisions for the Regulator to consult the Ministry of Finance in prescribing the tariff in accordance with the national tariff policy.

Clause 18: This clause amends section 30 of the principal enactment and the legal effect of the section as amended is to introduce provisions to specify four Electricity Markets of which the National Electricity Market consists.

Clause 19: This clause amends section 52 of the principal enactment and the legal effect of the section as amended is to introduce definitions for the expressions “National Energy Policy and Strategies of Sri Lanka” and “security constrained economic dispatch”.

Clause 20: This clause amends Schedule I of the principal enactment and is consequential to the amendments made by clause 13.

Sri Lanka Electricity (Amendment)

L.D.-O 17/2025

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

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

1. This Act may be cited as the Sri Lanka Electricity Short title
(Amendment) Act, No. of 2025.

5 2. The Long title to the Sri Lanka Electricity Act, No. 36 Amendment of
of 2024 (hereinafter referred to as the “principal enactment”) the Long title
is hereby amended by the substitution for the words “TO to Act, No. 36
PROVIDE FOR THE ESTABLISHMENT OF THE of 2024
NATIONAL ELECTRICITY ADVISORY COUNCIL;”, of
10 the words “TO PROVIDE FOR THE FORMULATION OF
THE NATIONAL ELECTRICITY POLICY AS PART OF
THE NATIONAL POLICY ON ENERGY;”.

3. (1) In the principal enactment, there shall be substituted - General
amendment to
the principal
enactment

15 (a) for the expression “Wholesale Electricity
Market”, wherever such expression appears,
other than in paragraph (c) of section 2,
subsection (4) of section 29 and subsections
(1), (2) and (4) of section 30, of the expression
“National Electricity Market”; and

20 (b) for the word “Council” wherever such word
appears with reference to the National Electricity
Advisory Council established under section 3,
of the expression, “committee appointed by the
Minister”.

25 (2) Save as provided in subsection (1), every reference
to the –

(a) “Wholesale Electricity Market” shall be read and construed as a reference to the “National Electricity Market”; and

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

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

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

Amendment
of section 1 of
the principal
enactment

15 (1) by the substitution for the words and figures “section 4, section 9”, wherever such words and figures appear in that section, of the words and figures “section 4, section 5, section 9”;

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

20 (a) by the repeal of the first proviso to that subsection and the substitution therefor, of the following proviso: -

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

25 (a) the Preliminary Transfer Plan has been prepared by the Power Sector Reforms Secretariat;

30 (b) the national electricity policy as part of the national policy on energy including the national tariff policy have been prepared

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

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

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

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

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

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

25 “be placed before Parliament.”; and

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

30 “(6) Notwithstanding the provisions of
subsection (2), if no appointed date is published
in the *Gazette* as required by that subsection
even though the Minister is satisfied that the
requirements in the proviso to that subsection have

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

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

Amendment
 of section 2
 of the
 principal
 enactment

15 (1) in paragraph (a) of that section, by the
 substitution for the words “electricity supply”,
 of the words “continuous and reliable electricity
 supply”;

20 (2) in paragraph (c) of that section, by the substitution
 for the words “Wholesale Electricity Market;”,
 of the words “completely unbundled electricity
 sector and National Electricity Market;”;

25 (3) in paragraph (g) of that section, by the
 substitution for the words “dangers arising from
 the” and “by improved safety standards”, of the
 words “risks associated with the” and “through
 enhanced safety standards” respectively; and

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

30 “(i) to minimize the carbon footprint of the
 Sri Lankan electricity industry with the
 view of achieving the Government’s
 international commitments for

decarbonisation, promoting renewable energy, and optimizing the integration of indigenous energy resources in line with the national policies of Sri Lanka.”.

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

Replacement
of heading of
the PART II
of the
principal
enactment

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

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

Repeal of
section 3 of
the principal
enactment

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

Amendment of
section 4 of the
principal
enactment

(1) in subsection (1) of that section, by the substitution for the words “the policy of the Government”, of the words “the National Energy Policy and Strategies of Sri Lanka,”;

(2) by the repeal of subsection (2) of that section and the substitution therefor of the following subsections: -

“(2) Upon the coming into operation of this section, the Minister shall, with a view to enabling Sri Lanka to meet the increasing future demands for electricity, appoint a committee with the approval

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

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

20 (2A) A person shall be disqualified
from being appointed or continued to be a
member of the committee appointed by the
Minister, if such person –

- 25 (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
30 Authority;

- 5 (iii) is a connected person having any financial or other interest amounting to a conflict of interest directly or indirectly in any entity in the Electricity Industry or any matter performed by such person;
- 10 (iv) is under any written law in force in Sri Lanka found or declared to be of unsound mind;
- 15 (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;
- 20 (vi) has been convicted of any criminal offence by any court in Sri Lanka or in any other country; or
- 25 (vii) is subject to any mental or physical disability which precludes such person from discharging the responsibilities assigned to such person as a member of the committee appointed by
- 30 the Minister.

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

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

5 (2C) The members of the committee appointed by the Minister shall hold office for a period of three years unless removed from the office by the Minister.

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

10 (3) in subsection (3) of that section, by the substitution for the words and figures “in compliance with the direction of the Minister under subsection (2), proceed”, of the word “proceed”;

15 (4) in subsection (9) of that section, by the substitution for the words and figures “subsections (1) to (7)”, of the words and figures “subsections (4) to (7)”; and

20 (5) by the repeal of the marginal note of that section and the substitution therefor of the following marginal note: -

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

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

Amendment of section 5 of the principal enactment

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

Amendment of
section 10 of
the principal

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

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

“shall consist of the following five members: -

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

(ii) a Deputy Secretary to the Treasury;

20 (iii) one person who has at least fifteen years of experience in power system operation and planning;

(iv) one person who has at least fifteen years of experience in procurement; and

25 (v) one person who has at least fifteen years of experience in any one or more of the following fields: -

A. finance;

30 B. economics;

C. accounting; or

D. commercial law,

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

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

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

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

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

20 (3) in subsection (12) of that section, by the substitution for the words “persons who are”, of the words “companies which are”; and

25 (4) by the addition immediately after subsection (14) of that section, of the following new subsection: -

 “(15) The National System Operator shall draft, implement and maintain the grid code

5 and other technical and operational codes and standards in relation to the National Grid of Sri Lanka in accordance with the provisions of paragraph (h) of subsection (4) of section 15.”.

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

Amendment of
section 11 of
the
principal
enactment

- (1) in paragraph (a) of subsection (1) of that section –
- 10 (a) by the substitution for the words and figures “mentioned in subsection (3)”, of the words and figures “specified by an Order made under subsection (3)”;
- 15 (b) in sub-paragraph (i) of that paragraph by the substitution for the words and figures “specified under subsection (3),”, of the words and figures “specified by an Order made under subsection (3),”; and
- 20 (c) by the repeal of all the words from “competitive and transparent procurement process:” to the end of that paragraph and the substitution therefor, of the words “competitive and transparent procurement process.”;
- 25 (2) in subsection (2) of that section, by the substitution for the words “at its earliest convenience,”, of the words “within thirty working days of the date of receipt of any recommendation,”;
- 30 (3) in subsection (3) of that section, by the substitution for all the words from “The Minister” to “National System Operator:”, of the words “The Minister may by Order published in

the *Gazette*, specify the maximum capacity of each renewable energy technology based power plant along with storage or ancillary services directly associated with such power plant, which may be permitted to enter into standardized power purchase agreements with the National System Operator and distribution licensees in accordance with the provisions of subsection (4) of section 30: ”; and

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

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

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

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

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

Amendment of section 14 of the principal enactment

10 (1) in subsection (1) of that section, by the substitution for the words “more than fifty *per centum*”, of the words “one hundred *per centum*”;

15 (2) in subsection (2) of that section, by the substitution for the words “Any person who”, of the words and figures “Any company incorporated in terms of the Companies Act, No. 07 of 2007, which”; and

20 (3) in subsection (3) of that section, by the substitution for the words “a person who”, of the words “a company, which”.

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

Amendment of section 17 of the principal enactment

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

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

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

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

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

25 “(b) The Secretary to the Treasury
shall be initially allotted
one hundred *per centum* of
the shares in the successor
companies incorporated
under this section other than
the companies referred to in
30 items (a), (e), (f), (g) and (h)
(ii) of Schedule I in which
the Secretary to the Treasury
shall be permanently allotted
one hundred *per centum* of the
shares:

Provided however, the Secretary to the Treasury may be permanently allotted one hundred *per centum* of the shares in any limited company incorporated under subsection (1) and be vested with the assets and functions of the Ceylon Electricity Board relating to the hydropower generation.”; and

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

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

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

25 (b) a Deputy Secretary to the
Treasury;

(c) one person who has at least fifteen years of experience in management of electricity generation systems;

(d) one person who has at least fifteen years of experience in procurement;

(e) one person who has at least fifteen years of experience in any one or more of the following fields: -

- 5 (i) financial management;
- (ii) economics;
- (iii) accounting; or
- (iv) commercial law,

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

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

15

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

20

(b) a Deputy Secretary to the Treasury;

(c) one person who has at least fifteen years of experience in management of electricity transmission systems;

25

(d) one person who has at least fifteen years of experience in procurement;

30

- (e) one person who has at least fifteen years of experience in any one or more of the following fields: -

- 5 (i) financial management;
- (ii) economics;
- (iii) accounting; or
- (iv) commercial law,

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

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

- 20 (a) a representative from the Ministry of the Minister holding a post not below an Additional Secretary or an equivalent position in that Ministry;
- (b) a Deputy Secretary to the Treasury;
- 25 (c) one person who has at least fifteen years of experience in management of electricity distribution systems;
- (d) one person who has at least fifteen years of experience in procurement;
- 30

(e) one person who has at least fifteen years of experience in any one or more of the following fields: -

- 5 (i) financial management;
- (ii) economics;
- (iii) accounting; or
- (iv) commercial law,

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

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

15

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

20

(b) a Deputy Secretary to the Treasury;

(c) three persons who have at least fifteen years of experience in any one or more of the following fields: -

25

- (i) financial management;
- (ii) economics;

(iii) accounting; or

(iv) commercial law,

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

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

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

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

20 (a) formulate the draft of the
following policies, from time to
time: -

(i) Enterprise Management
Policy;

(ii) Investment and
Procurement Policy;

25 (iii) Enterprise Risk
Management Policy;

(iv) Financial Management
Policy;

(v) Disclosure Policy;

(vi) Anti-Corruption Policy;

(vii) Human Resources
Policy; and

5 (viii) Strategic Communications
Policy;

(b) submit the draft policies to the
Minister to obtain the approval
of the Cabinet of Ministers; and

10 (c) upon the approval being granted
by the Cabinet of Ministers to
the draft policies, comply with
such policies in respect of all
15 matters on the administration
and management of the affairs
of the company.”.

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

Amendment
of section 18
of the
principal
enactment

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

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

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

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

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

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

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

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

Amendment
of section
20 of the
principal
enactment

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

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

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

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

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

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

granted under this Act.”;

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

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

(b) A holder of a distribution licence, other than the Government of Sri Lanka, who holds more than five *per centum* of

shares of a single company, directly or indirectly, shall not be issued a generation licence.

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

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

15 (i) a generation licence and a distribution licence; or

(ii) more than one distribution licences.”.

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

Amendment
of section
24 of the
principal
enactment

(1) by the substitution for the words “A generation licensee shall be entitled to -”, of the words “A generation licensee shall -”; and

25 (2) in paragraph (g) of that section, by the substitution for the words “national system operator licensee”, of the words “National System Operator”.

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

Amendment
of section
29 of the
principal
enactment

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

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

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

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

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

Amendment
of section
30 of the
principal
enactment

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

- (2) by the repeal of subsection (2) of that section and the substitution therefor of the following subsection: -

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

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

15 (i) a competitive Wholesale Electricity Spot Market that facilitates short term power procurement of day-ahead and intra day requirements of the National System Operator;

20 (ii) a competitive Wholesale Electricity Market that facilitates the trading of long-term electricity supply contracts between generation licensees and distribution licensees;

25 (iii) a competitive Ancillary Services Market that includes frequency control ancillary services, reactive power ancillary services and black-start support services for the
30 National system Operator; and

(iv) Retail Electricity Market.”;

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

5 “(3A) Upon the coming into operation of this subsection, the Minister shall, with a view to enabling National System Operator to operate the National Electricity Market, order the National System Operator to formulate the market models not later than three years from the appointed date, with implementation timeline including required terms and conditions necessary for facilitating the efficient operation of the National Electricity Market.”; and

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

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

Amendment
of section
52 of the
principal
enactment

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

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

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

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

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

Amendment
of the
Schedule I to
the principal
enactment

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

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

- 5 (i) the hydropower generation;
- (ii) Norochcholei Lakvijaya Coal Power Plant and Lanka Coal Company (Pvt) Limited;
- (iii) the thermal power generation other than coal power generation;
- 10 (iv) the Mannar Thambapavani Wind Power Plant; and
- (v) Trincomalee Power Company Limited;”;
- (2) by the repeal of items (b), (c) and (d) of that Schedule;
- 15 (3) by the repeal of item (e) of that Schedule and the substitution therefor, of the following item: -
- 20 “(e) one company of which one hundred *per centum* of the shares are held by the Secretary to the Treasury to take over the assets, liabilities and functions of the Ceylon Electricity Board, as referred to in the preliminary transfer plan, relating to –
- 25 (i) the development, maintenance and operation of the physical infrastructure that makes up the National Grid of Sri Lanka;

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

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

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

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

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

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

20 (iii) Lanka Electricity Company (Pvt) Limited;”;

(5) by the addition immediately after item (h) of that Schedule, of the following new item: -

25 “(i) (i) such number of companies to take over the generation functions of the Generation Company as referred to in the final transfer plan;

5

- (ii) such number of companies to take over the distribution functions of the distribution divisions of the Distribution Company as referred to in the final transfer plan.”.

21. 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

