



COUNTRY ASSESSMENT REPORT SRI LANKA

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1.1 Country Assessment Report Template

Country Name	Sri Lanka
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1.2 Electrical Generation and Demand

Generation	Technology	Capacity (GWh)
	Wind	818 GWh
	Hydro	5951 GWh
	Biofuels	167 GWh
	Solar	859 GWh
	Oil	3203 GWh
	Coal	4646 GWh
	Total	15644 GWh
Demand	Sector	Demand (TJ)
	Residential	19517 TJ
	Commercial/Service/Public Sector	16437 TJ
	Industrial	16485 TJ
	Primary Activities	7 TJ
	Total	52466 TJ (IEA, 2023)

1.3 Electrical Interconnection and Import/Export

Connected country	Capacity (MW)	Annual import from country (GWh)	Annual export to country (GWh)
Additional information	Sri Lanka currently has no operational cross-border electrical interconnection in service; the only major interconnection project under development is with India. A 285 km link with 1000 MW capacity from Madurai (India) to Mannar/Anuradhapura (Sri Lanka), including 50 km of subsea cable, has been planned and is expected to be commissioned by 2030. (UNCC, 2025)		

1.4 Market Structure

Sri Lanka's electricity market remains centrally planned and vertically integrated, with ongoing reforms aimed at introducing competition and improving efficiency. Historically, the sector has been dominated by the Ceylon Electricity Board (CEB), a state-owned corporation that controlled nearly all electricity generation, transmission, distribution, and retail functions. CEB's dominance persisted under legacy legislation until the introduction of the Sri Lanka Electricity Act, No. 36 of 2024, which was designed to restructure the sector by unbundling CEB into separate corporate entities covering generation, transmission, distribution, trade and supply, and to promote private sector participation and competition in line with broader national energy policy objectives, including decarbonisation and renewable integration.

In terms of market participants and trade, CEB remains the central buyer and dispatcher of electricity, purchasing power from its own plants as well as from small and independent producers under PPAs. Private sector generation, especially solar, mini-hydro and wind facilities, has expanded under these contractual arrangements, but there is no fully liberalised wholesale market or spot electricity market analogous to markets in OECD countries. Long-term planning and procurement decisions are still coordinated through state bodies and regulators, with PPAs forming the principal mechanism for new capacity integration.

Regulatory oversight is provided by PUCSL. The 2024 Electricity Act and its 2025 Amendment further refine institutional frameworks, reinforce governance and corporate structuring of successor entities to CEB, and align

industry reform with national energy policy goals ([CEYLON TODAY, 2025](#), [PUCSL, 2024](#) and [ECONOMYNEXT, 2025](#))

Sri Lanka does not currently operate an official domestic tradable REC market established under national regulation. However, I-RECs are used voluntarily.

1.5 Responsible Government Department

Key Government Bodies & Roles

- The **Ministry of Power and Energy** is the central cabinet ministry responsible for formulating and implementing national policies for the power and renewable energy sectors.
- The Public Utilities Commission of Sri Lanka (**PUCSL**) is the independent multi-sector regulator designated by the Sri Lanka Electricity Act as the economic, technical, and safety regulator for the industry. This entity sets and regulates electricity tariffs, issues licenses, monitors performance, and monitors competition.
- The Sri Lanka Sustainable Energy Authority (**SLSEA**) identifies and prioritises land for projects, manages the Renewable Energy Resources Development Plan (2025–2030), and facilitates the approval process through a Project Approving Committee (PAC).
- The Ceylon Electricity Board (**CEB**) is the vertically integrated state monopoly. Under the 2024 reforms, it is being unbundled into separate corporate entities as referenced above.

1.6 Existing/Planned Legislation

Key Legislation and Policies

- The Sri Lanka Electricity Act (2024) mandates the unbundling of the Ceylon Electricity Board (CEB) into independent corporate entities for generation, transmission, and distribution. It provides for a Wholesale Electricity Market and an open access policy, allowing large-scale consumers to purchase power directly from licensed renewable generators. The Act also includes provisions re the decarbonization of the electricity industry as a primary objective, aligning with national policies and international obligations.
- The National Electricity Policy of Sri Lanka (2025/2026) is the overarching policy designed to transition the market to a competitive market and emphasises the enhancement of renewable energy shares.
- The National Electricity Market Rules has established specific rules for the operation of the wholesale market and retail competition are being developed by PUCSL.
- Broader renewable energy targets
 1. 70% Renewable Energy by 2030
 2. Carbon Neutrality by 2050
 3. Govt has committed to building no further coal plants, focusing instead on solar, wind, and battery storage.

1.7 Environmental and Renewable Electricity Legislation

In addition to the above-mentioned policies,

- the ‘Renewable Energy Resources Development Plan’ (2025–2030) identifies and prioritizes large-scale renewable projects based on resource potential and land use,
- The National Climate Finance Strategy (2025–2030) is designed to mobilize international funding for low-carbon technologies

- the ‘Long-Term Generation Expansion Plan’ (LTGEP) guides the integration of variable renewable energy (VRE) and grid upgrades necessary for high solar and wind penetration.

The overall approach appears to be focused on market-enabling, shifting from a state-led model to one that leverages private capital and international finance to bridge perceived funding gaps.

1.8 Existing/Planned Certificate or Support Systems

There is currently no single, mandatory domestic Renewable Energy Certificate (REC) mechanism fully operational in Sri Lanka. It is plausible that SLSEA and the Climate Change Secretariat (CCS) could become the local issuer for I-REC should the authorities be minded to take on the role of local issuer.

Currently there is no explicit legislation that either mandates or restricts the use of I-RECs in Sri Lanka. I-RECs are currently used voluntarily by private companies, particularly in the export-driven apparel sector, to meet Scope 2 emission targets and international reporting standards like RE100 or SBTi.

1.9 Extent of Engagement with Government

The I-TRACK Foundation and GCC have not had direct engagement with national actors in Sri Lanka. However, input from national actors remains welcome at any stage, and appointment of a Local Issuer can be accomplished at the preference of government, based on official communication to the I-TRACK Foundation secretariat.

1.10 Expected Response from Government

N/A

1.11 Proposed Restrictions

Standard issuance checks

1.12 Any Other Relevant Information

1.13 Author

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DATE	25	02	2026

