

# DEVELOPING REGULATORY INSTRUMENTS FOR CROSS BORDER ENERGY TRADE (CBET) FOR SRI LANKA

- Dileepa Karunarathna
- Public Utilities Commission of Sri Lanka
- Asia Clean Energy Forum 2025
- Session: Enhancing Regulatory and Policy Frameworks for Power Trade
- 5<sup>th</sup> June 2025

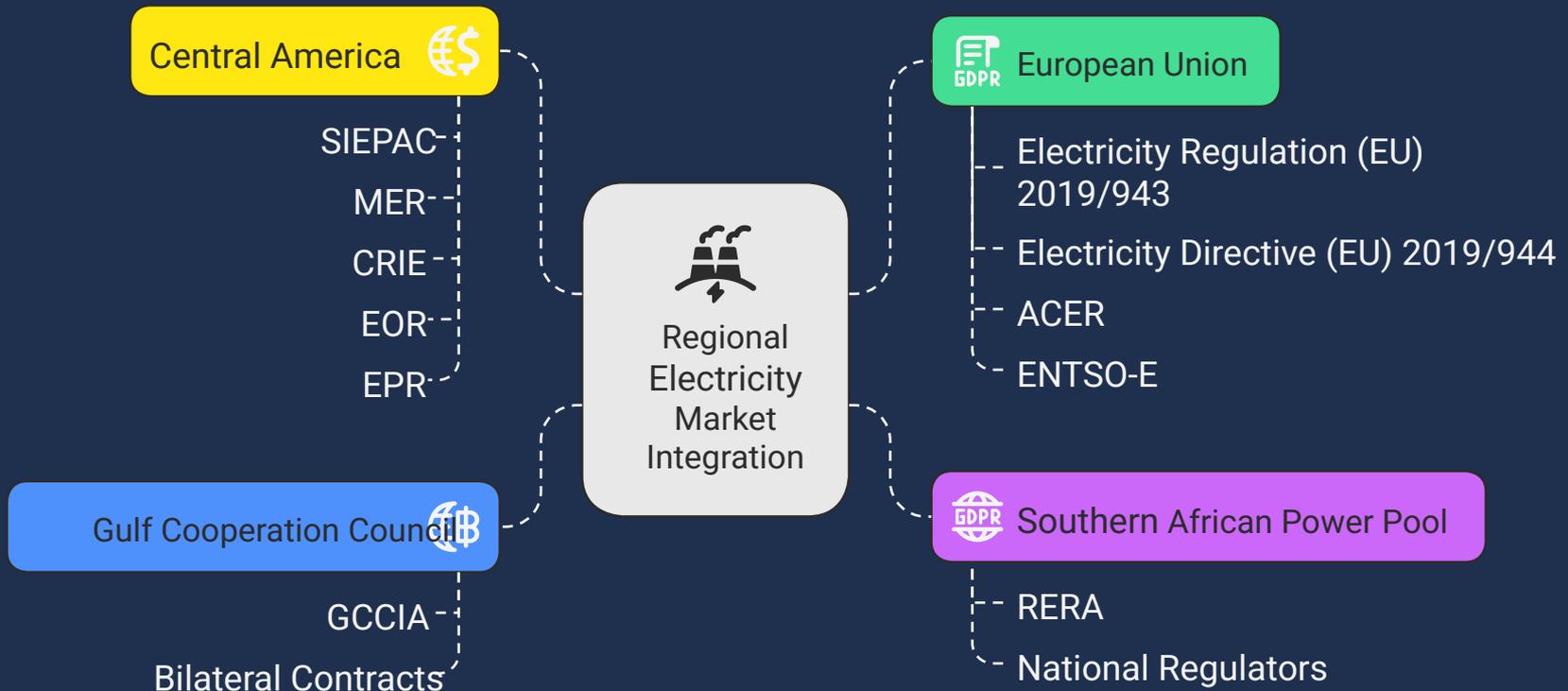
## CONTEXT & STRATEGIC RELEVANCE

- Electricity Interconnection with India – India-Sri Lanka Joint Vision Statement (July 2023)
- Access to BBIN markets (Bangladesh, Bhutan, India, Nepal)
- Need for harmonized, transparent CBET regulatory tools
- Drivers: Electricity Act 2024, 70% RE by 2030, Carbon neutrality by 2050

## INTERNATIONAL PRECEDENTS IN CBET REGULATION

- EU: EC Directives, ACER (Agency for the Cooperation of Energy Regulators) – Market Integration
- Southern Africa Power Pool (SAPP): RERA Guidelines – Market Rules, CBET Licensing
- Central America: MER, Marco Treaty – Interconnection Code
- Gulf Cooperation Council (GCC): GCCIA Agreements – Market Procedures

# Regional Electricity Market Integration Models



# SRI LANKA'S ELECTRICITY SECTOR REFORM - 2024 ACT

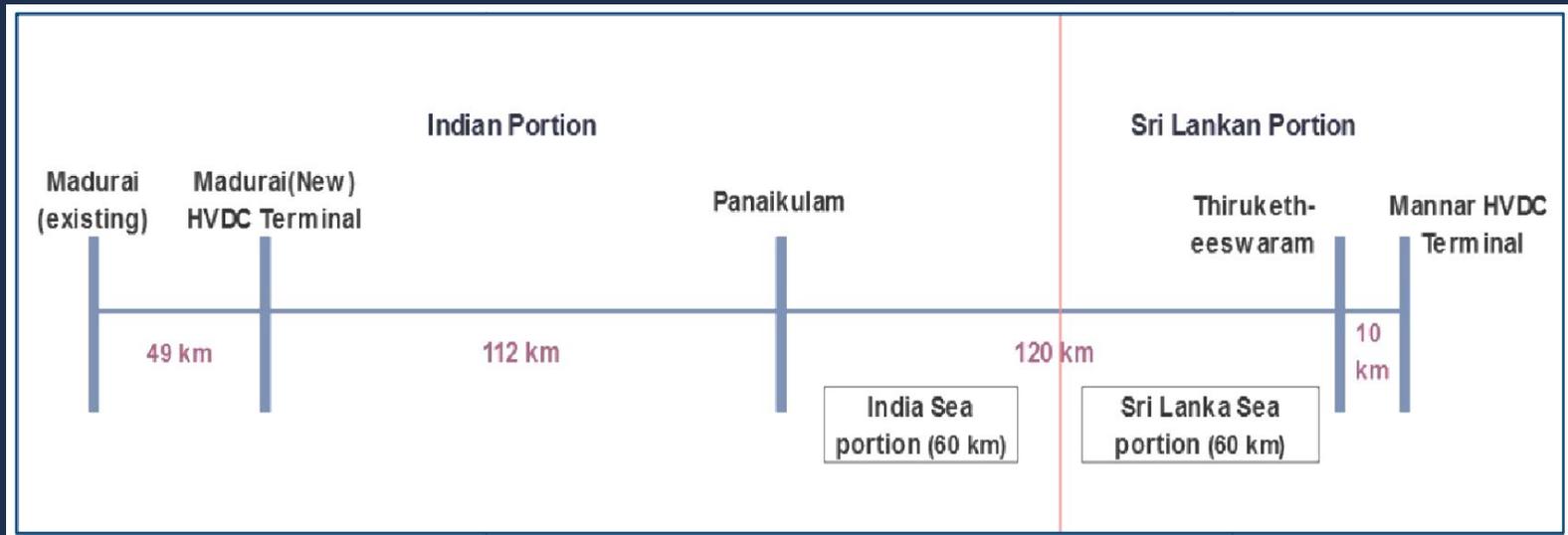
- Exclusive CBET rights to National System Operator *Sec.10*
- Cabinet approval for regional transmission interconnections *Sec. 10(13)*
- National Electricity Advisory Council (Proposed to be Abolished)
- Mandate: unbundling, wholesale electricity markets and open access

# SOUTH ASIA FORUM FOR INFRASTRUCTURE REGULATION (SAFIR) ROADMAP – RELEVANCE TO SRI LANKA

- Common Minimum Regulatory Template for South Asia
- Key Areas: Open access, transmission pricing, deviation settlement
- Sri Lanka: PUCSL CBET Guidelines 2024, Transaction Regulations, Grid Code & Tariff revisions

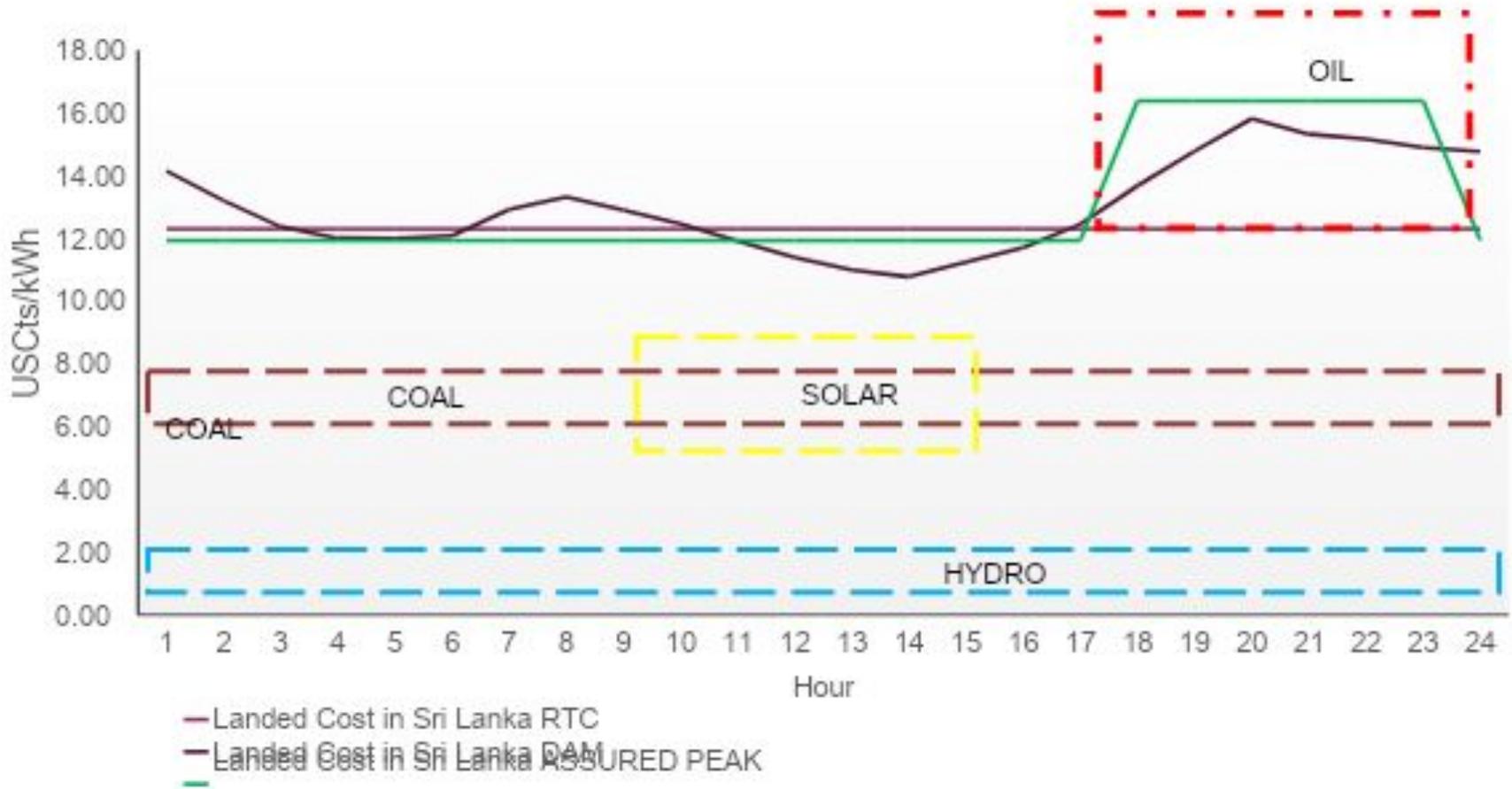
<https://sarepenergy.net/wp-content/uploads/2023/02/4.-Key-Draft-Findings-of-SAFIR-WG-Study-on-Regulatory-Roadmap-Deloitte.pdf>

# STATUS OF INDIA – SRI LANKA GRID INTERCONNECTION



- 500MWx2 - VSC based HVDC can also act as a STATCOM
- 1,225 Million USD (With IDC) 1,095 Million USD ( Without IDC)
- Possible Business models/Finance models are being explored

# UNIT COST COMPARISON



# PROPOSED PUCSL REGULATORY INSTRUMENTS

- CBET Guidelines (2024)
- CBET Transaction Regulations
- Open Access Regulations
- Trading License Regulations
- Grid Code Amendments
- Tariff Methodology Revisions

# ENVISAGED REGULATORY ECOSYSTEM

## Regulation and Rules prepared by PUCSL

**CBET  
Transaction  
Regulation  
based on  
SAFIR  
Template and  
PUCSL  
Framework  
Guidelines**

**Procedure for  
Approval and  
Facilitating  
Import/Export  
(Cross Border  
Electricity  
Trade) Rules**

**Regulations for  
Open Access,  
and if required,  
for Trading  
License**

**Amended  
Tariff  
Methodology**

**Amendments to  
other regulations  
/ guidelines  
relating to  
system operation  
and scheduling**

**Orders to be  
prepared by  
PUCSL later**

*Transmission  
Tariff*

*National  
System  
Operator  
Charges etc.*



## Policy framework set up by Govt. of Sri Lanka

Electricity Policy / other Policy  
directives / guidelines issued by Govt.  
relating to regional market

Policy directions from  
National Electricity  
Advisory Council

Policy directions from  
Minister and Cabinet

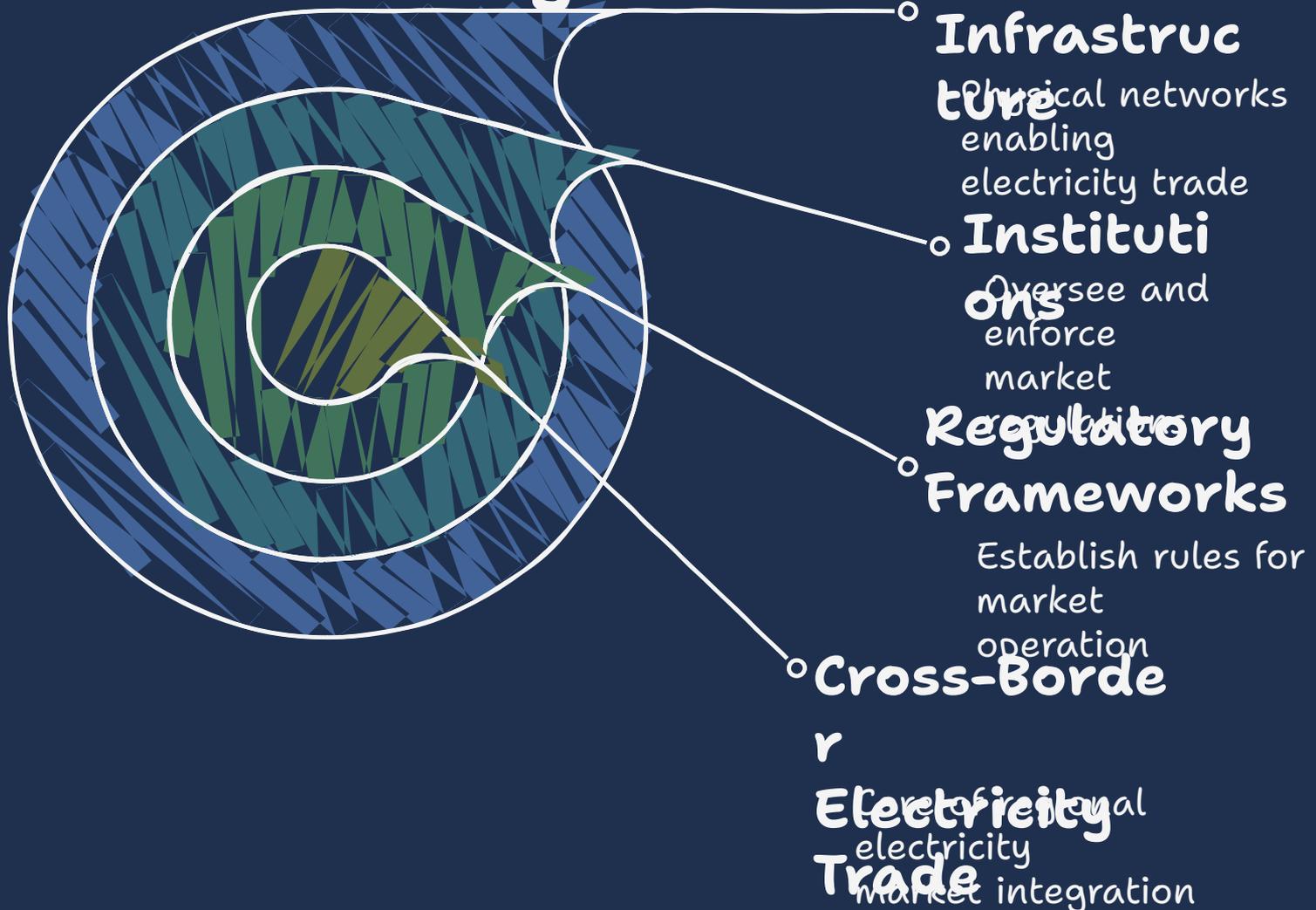
# CAPACITY BUILDING & IMPLEMENTATION PLAN

- PUCSL training on CBET guidelines and licensing
- Regional coordination workshops under SAFIR and South Asia Regional Energy Partnership (SAREP)
- Month 0: Finalize Guidelines, Month 3: Consultations
- Month 6: Notification, Month 12+: First Pilot Trade

## THE WAY FORWARD

- Align with SAFIR's Grid Code and Regulatory Template
- Strengthen domestic regulatory architecture
- Coordinate with MoPE, CEB, NLDC India, SAFIR, SAREP
- Participate in regional power market actively

# Regional Electricity Market Integration





THANK YOU

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Public Utilities Commission of Sri Lanka

