

INVEST IN SRI LANKA

Renewable Energy Sector



BOARD OF INVESTMENT OF SRI LANKA

Renewable Energy Sector in Sri Lanka

- Nature's Power, Our Future

Why Invest in Sri Lanka's Renewable Energy

Sri Lanka's renewable energy sector is undergoing a major transformation as the country works to reduce its dependence on imported fossil fuels and transition toward a low-carbon, sustainable energy future. With rising energy demands and climate concerns, the government has prioritized the development of clean energy technologies such as solar, wind, biomass, and small-scale hydropower.

Sri Lanka reached a historic milestone in June 2025 when the Ceylon Electricity Board (CEB) achieved 70% electricity generation from renewable sources—the first time since the early 1990s. This accomplishment means the country has met its 2030 renewable energy target ahead of schedule in certain months.

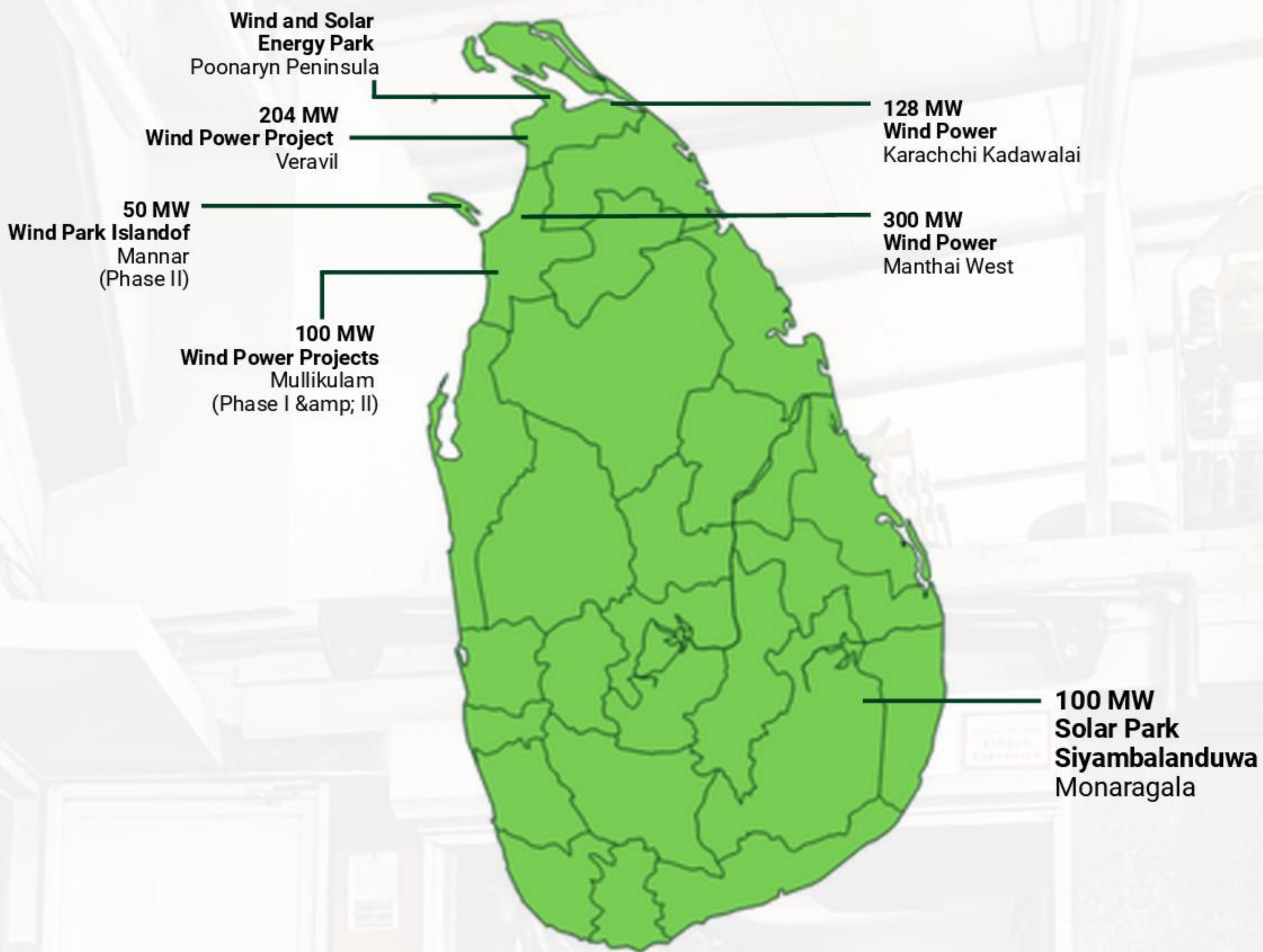
The nation has set ambitious climate goals: 70% renewable electricity generation by 2030 and carbon neutrality by 2050. These targets align with Sustainable Development Goal 7 and Sri Lanka's commitments under the Paris Agreement to reduce greenhouse gas emissions.

This achievement marks a significant advancement in Sri Lanka's clean energy transition and demonstrates the country's commitment to sustainable development and climate action.

Future Targets

- Develop an additional capacity of 3,867MW by 2030
- Target of 4,705MW of solar power, 1,825MW of wind power
- Target 195MW of mini-hydro, and 200MW of biomass power
- Reach 1,000 MW of solar capacity by 2030 using rooftop Solar
- 5,335 MW of new capacity of RE to be added between 2025 and 2034
- 500 MW interconnection between India and Sri Lanka after 2034
- 500 MW interconnection between India and Sri Lanka after 2035

Locations for Renewable Energy parks by the SEA



100 MW Solar Park - Siyambalanduwa, Monaragala

50 MW Wind Park - Island of Mannar (Phase II)

Wind and Solar Energy Park - Poonaryn Peninsula

100 MW Wind Power Projects – Mullikulam (Phase I & II)

204 MW Wind Power Project – Veravil

128 MW Wind Power – Karachchi Kadawalai

300 MW Wind Power – Manthai West



Investment Opportunities

- Solar Power Generation
 - Floating Solar Power Generation
 - Energy Parks
 - Wind Power Generation
- Pump Storage Hydropower
 - Smart batteries
 - Thermal energy storage
 - Hydrogen fuel cells
 - Battery for renewable energy projects
 - Offshore Wind Power Generation



Renewable Energy Potential Considered in Renewable Energy Zones

Sri Lanka has an estimated 13,000 MW of renewable energy potential, with the Northern Zone contributing the largest share (over 5,500 MW) driven by solar and offshore wind. Solar power dominates nationally (around 6,700 MW), followed by offshore wind (4,000 MW), while mini-hydro and biomass provide smaller but important contributions.

- Northern & Southern Zones: Strong in offshore wind and large-scale solar.
- Eastern & North Eastern Zones: High solar potential.
- Central Zone: Strong in mini-hydro and floating solar.
- North Central Zone: Key area for floating solar.

Renewable Energy Zone	Solar (MW)		Wind (MW)		Mini Hydro (MW)	Biomass (MW)	Total Renewable Energy Potential (MW)
	Ground Mounted	Floating	On Shore	Off Shore			
Northern	1,700	10	1,400	2,500	-	15	5,565
North Eastern	1,800	40	10	-	-	25	1,875
North Western	50	-	200	500	-	10	760
North Central	50	620	200	-	-	45	910
Eastern	1,200	30	-	-	-	30	1,260
Southern	400	100	50	1,000	-	60	1,560
Central	-	700	-	-	300	15	1,090
Total	5,200	1,500	1,860	4,000	300	200	13,000

Competitive Advantages

Skilled Labour & Tech-Ready Workforce

- 1,500+ Engineering Graduates from State Universities each year.
- 800+ Tech Graduates annually from UNIVOTEC
- 10,000+ Skilled Workers trained through vocational Institutions
- A supportive ICT Sector enables tech Integration—benefiting smart Buildings, Real Estate Services, and Future-Ready Infrastructure

Benefits to investors

Enhanced Capital Allowance (ECA)

Applicable to new projects and expansion by existing BOI projects.

Total Invesment Made (US\$ Mn)	Enhanced Capital Allowance		Period for Deducting Unrelieved Losses (Years)
	Northen Province	Other than Northern Province	
> 3 and ≤ 100	200%	100%	10
> 100 and ≤ 1000	200%	150%	10
> 1,000	200%	150%	25

Depreciable Assets:

Class 1: computers and data handling equipment together with peripheral devices.

Class 2: buses and minibuses, goods vehicles, construction and earthmoving equipment, heavy general purpose or specialised trucks, trailers and trailer-mounted containers, plant and machinery used in manufacturing.

Class 3: railroad cars, locomotives, and equipment, vessels, barges, tugs, and similar water transportation equipment, aircraft, specialised public utility plant, equipment, and machinery, office furniture, fixtures and equipment, any depreciable asset not included in another class.

Class 4: buildings, structures and similar works of a permanent nature.

Class 5: intangible assets, excluding goodwill.

Exemption of income tax on Employment Income of expatriates during the ECA

During the period covered by the ECA, the employment income of the company’s expatriate employees is entitled to a 0% rate, where:

- The company has incurred more than US\$ 250 Mn on depreciable assets in Sri Lanka, for the period in which that payment is made, out of profits sheltered by ECA allowance, or for 5 years from the commencement of commercial operations, whichever is higher.
- The number of expatriate employees at any time during that period does not exceed twenty.

Exemption from Import Taxes & Levies

Exemption	Customs Duty	VAT	PAL	CESS
Importation of construction related items during project implementation (PI) period	✓	✓	✓	✓
Importation of capital items (plant, machinery, equipment)	✓ During PI Period	✓ During PI Period	During PI (for Inv > US\$ 50 Mn)	During PI (for Inv > US\$ 50 Mn)



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