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மின்வலு மற்றும் மீள்புத்தாக்க சக்தி அமைச்சு

MINISTRY OF POWER & RENEWABLE ENERGY

අංක 72, ආනන්ද කුමාරස්වාමි මාවත, කොළඹ 07.

இல. 72, ஆனந்த குமாரசுவாமி மாவத்தை, கொழும்பு 07.

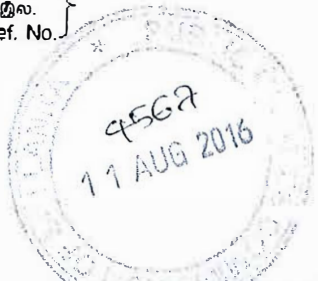
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දිනය } 11.08.2016
திகதி }
Date }



Chairman
Public Utilities Commission of Sri Lanka

GOVERNMENT POLICY ON FUEL DIVERSITY AND PREFERRED FUEL FOR ELECTRICITY GENERATION AS PER SECTION 5 (2)(B) OF SRI LANKA ELECTRICITY ACT AND SECTION 30 OF PUBLIC UTILITIES COMMISSION OF SRI LANKA ACT.

The policies in relation to power sector development has been significantly shifted towards the development of more renewable energy, indigenous fuel sources and clean energy to meet growing energy demand in the country. The election manifesto of "A Compassionate Maithri Governance a Stable Country" of HE the President and the "New Country by 60 months Panchawida Kriyawaliya" of Hon. Prime Minister clearly explained the power sector policies of Sri Lanka under the new Government. The Ministry of Power & Renewable Energy synthesized the power sector policy guideline and action plan, based on the above Government policy direction in "Sri Lanka Energy Sector Development Plan for a knowledge - based Economy 2015 - 2025".

These policy documents present the Government policy guidelines on the fuel diversity & preferred fuel for electricity generation in Sri Lanka.

The Ministry of Power and Renewable Energy is in the process of developing new energy policy for Sri Lanka with the participation of all key stakeholders. This new energy policy will be released in few months.

In the meantime, Ceylon Electricity Board has prepared and submitted to the Public Utilities Commission of Sri Lanka its Long Term Generation Plan (LTGP) 2015 - 2034 on 17th December 2015. During last 10 months period this plan has been subjected to public consultations and various stakeholder meetings have been held to discuss the issues of this draft plan.

At these Stakeholder Meetings it has been revealed that 2015 - 2034 LTGP has not adequately incorporated the following new policy direction of the Government.

1. Demand Side Management (DSM)
2. Renewable Energy absorption
3. Local and indigenous fuel source development
4. Promotion of clean energy in the power sector
5. Environment and Social cost consideration

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Based on the comments of this Stakeholder meetings this Ministry advised to the CEB to develop a comprehensive LTGP for 2017 - 2036 period, and revised LTGP for the period of 2015 - 2034 and submit to the PUCSL for approval.

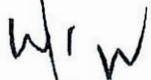
In order to prepare for 2017 - 2036 LTGP comprehensively incorporating the Government power sector policy, this Ministry and CEB initiated a comprehensive power sector study and preparation of power sector Master plan with the support of JICA funding. The Government also requested the World Bank to review critically the draft LTGP for the period of 2015 -2034.

The Committee of Economic Management has appointed an expert committee under the chairmanship of Prof. Sirimal Abeyratne to study fuel options for power generation, particularly to study the suitability of LNG and coal as fuel options for Sri Lanka. These studies are expected to recommend the best fuel option for Sri Lankan power sector, in line with the above Government policy direction. This Ministry advised the Ceylon Electricity Board to prepare its 2017 - 2036 LTGP based on the outcomes of these studies.

As you clearly stated in your letters dated 4th July 2016, 31st March 2016, we have to take actions immediately to avoid power shortages in 2018 which has arisen as a result of delaying Sampoor coal power plant. Now the Government has decided not to have a Coal power plant at Sampoor. Therefore the draft LTGP for the period of 2015 - 2034 has to be revised accordingly. The power demand forecast also changed recently due to the change of economic development trends. In view of that, this Ministry advised the Ceylon Electricity Board to revise the draft LTGP for the period of 2015 - 2034 which has been already submitted to you on 17th December 2015 with revised power development proposals to address power shortage, which could be occurred in 2018, till a comprehensive LTGP for the period of 2017 - 2036 is submitted incorporating Government policy and the best fuel option for Sri Lanka based on the above study recommendations.

Accordingly CEB will submit a comprehensive LTGP for the period of 2017-2036 with clear policy guidelines on the fuel diversity and preferred fuel option for power generation including LNG, coal, Renewables, Nuclear, Demand Side Management etc.

Therefore for the period of 2015 - 2034 LTGP fuel diversity and preferred fuel option for the power generation are coal, LNG, solar, wind, hydro and bio-mass. Oil based power plants shall not be considered as candidate plants after 2018. Demand side management shall be the priority of power sector and environmental and social cost should be included in the power sector policy financial analysis.


Dr. B.M.S. Batagoda

Secretary

Ministry of Power & Renewable Energy

Copies:-

1. Hon. Minister of Power & Renewable Energy
2. Hon. Dy. Minister of Power & Renewable Energy
3. Secretary to the Prime Minister
4. Secretary to the Treasury
5. Secretary to the National Policies & Economic Affairs
6. Chairman, Ceylon Electricity Board
7. General Manager, Ceylon Electricity Board
8. Mr. R. Paskaralingam, Advisor to the Economic Management Committee
9. Mr. Charitha Ratwatte, Advisor to the Economic Management Committee