



ශ්‍රී ලංකා මහජන උපයෝගීතා කොමිෂන් සභාව
இலங்கைப் பொதுப் பயன்பாடுகள் ஆணைக்குழு
PUBLIC UTILITIES COMMISSION OF SRI LANKA



ඔබේ අංකය }
உமது இல. }
Your No. }

Eng. S. D. W. Gunawardana

Authorized officer for Licensees: EL/T/09-002

General Manager

Ceylon Electricity Board

3rd Floor, No 50

Sir Chittampalam A Gardiner Mawatha

Colombo 02.

අපේ අංකය }
எமது இல. }
Our No. }

PUC/LIC/RA /23/03

දිනය }
திகதி }
Date }

Mar 30, 2019

Dear Sir,

Approval under Section 43 (2) of the Sri Lanka Electricity Act for procurement of 100MW of Power Plants

This refers to your letters ref. GM/542 dated 06th February & 25th March, 2019, on procurement of 100MW of Supplementary Power Plants.

Context

1. Possible power shortages in 2019 were forecasted and the same had been communicated to the General Manager of Ceylon Electricity Board (CEB), via letter dated 31st March, 2016 (Annex 1), in order to take relevant remedial action immediately by implementing major power plants, renewable power plants and demand side management measures.
2. Failure to initiate necessary action by the Transmission Licensee was further briefed to the Cabinet Committee on Economic Management (CCEM), via letter ref. PUC/LI/MoNPEA/2016/59 dated 18th November, 2016 (Annex 2).
3. Envisaged power crisis due to non- implementation of Long Term Generation Plan was also communicated to the General Manager of CEB, via letter ref. PUC/LI/TL/2018/04 dated 27th February 2018 (Annex 3).
4. CEB has also failed to implement the decision of Cabinet of Ministers dated 3rd October 2018 on the utilization of Standby Generators owned by Government entities initiated by the Ministry of National Policies and Economic Affairs based on the advices of the Commission, as a further remedial action to the forecasted power shortages in 2019.

Consequently, it is noted that, the current power shortage is a result of non-implementation of power plants by the Transmission Licensee, neglecting/ avoiding to take the actions required under Section 24 (1) (c) of the Sri Lanka Electricity Act and disregarding the continuous communications/ directions on the same by the Commission, Secretary to the Ministry of Power, Energy & Business Development and the Cabinet of Ministers.

06 වන මහල, ලංකා බැංකු වෙළඳ කුඹ්භ,
28, ශාන්ත මයිකල් පාර, කොළඹ 03.

06 ஆவது மாடி, இலங்கை வங்கி வர்த்தகக் கோபுரம்,
28, சென் மைக்கல் வீதி, கொழும்பு 03.

Level 06, BOC Merchant Tower,
28, St. Michael's Road, Colombo 03, Sri Lanka.

Tel : +94 11 2392607/8

Fax : +94 11 2392641

E-mail : info@pucls.gov.lk

Web : www.pucsl.gov.lk

සභාපති }
தலைவர் }
Chairman }

+94 11 2392604

අධ්‍යක්ෂ ජනරාල් }
பணிப்பாளர் நாயகம் }
Director General }

+94 11 2392606

Observations

1. The Commission observed that the Transmission Licensee has invited for tenders on procurement of 100MW of Supplementary Power Plants, without obtaining the prior approval of the Commission, in terms of the provisions of Section 43 of the Sri Lanka Electricity Act. Hence, the requirement of compliance with the provisions of Section 43 is emphasized on future procurements.
2. The Commission further noted that the Cabinet of Ministers at the meeting ref. CP/DEC/19 dated 06th March, 2019, has decided not to pursue the said procurement.
3. The Transmission Licensee has not submitted the generation reports and transmission studies to the Commission required vide the Commissions' letter ref. PUC/LIC/RA/23/04 dated 13th March, 2019, to justify the said procurement.
4. During the past few years the Transmission Licensee was in the practice of procuring electricity on short term basis. This practice is an unnecessary burden to the consumers as the cost of electricity procured on short term is comparatively high. The Commission has published a report on Financial Impact of Delay in Implementation of Power Plants, dated 10th November, 2017, sent vide our letter ref. PUC/LI/AP17/02-18 dated 15th November 2017.

Approval

Considering your request indicating the possible risks on supplying electricity due to the delays in implementation of power plants required as per the Least Cost Long Term Generation Expansion Plan (LCLTGEP) 2018-37 and inconvenience caused to the public due to rotational load shedding that is currently being carried out throughout the island, the approval of the Commission is granted to proceed with the procurement of 100MW of Supplementary Power Plants, requested vide the said letters ref. GM/542 dated 06th February & 25th March, 2019, in terms of Section 43 (2) of the Sri Lanka Electricity Act and Rule No. 04 of the Electricity Procurement Rules.

The Transmission Licensee is thus required to submit the draft Power Purchase Agreement and the Recommendations of the Transmission Licensee, along with the generation reports and transmission studies as required under the said letter ref. PUC/LIC/RA/23/04 dated 13th March, 2019, to justify the above procurement, in order to grant the approval of the Commission for the Power Purchase Agreement under Section 43 (7) of the Sri Lanka Electricity Act.

The Transmission Licensee is required to make all possible efforts to implement the power plants as per the LCLTGEP 2018-37 in compliance with the provisions of the Sri Lanka Electricity Act. The Transmission Licensee may communicate any issues in implementation of the power plants to the Commission.


Saliya Mathew
Chairman