

Modification of the Transmission Licence

(1) Paragraph 1 of PART I is amended as follows

PART I - TERMS OF THE LICENCE

1. GRANT OF THE LICENCE

The Public Utilities Commission of Sri Lanka (hereinafter referred to as the "**Commission**"), in exercise of the powers conferred by Section 13(1)(c)(i)(b) of the Sri Lanka Electricity Act, No. 20 of 2009 as amended by Sri Lanka Electricity (Amendment) Act No. 31 of 2013 (hereinafter referred to as the "**Act**") hereby grants to the **Ceylon Electricity Board** a statutory body established under the Ceylon Electricity Board Act, No. 17 of 1969 (as amended) and having its registered office at No. 50, Sir Chittampalam A. Gardiner Mawatha, Colombo 02 (hereinafter referred to as the "**Licensee**") a license to transmit electricity and to procure and sell electricity in bulk during the period specified in Term 4 (hereinafter referred to as the "license"), subject to the Conditions (hereinafter referred to as the "**Conditions**") set out in Part II.

(2) Conditions 24, 34 and 35 of PART II is amended as follows

PART II - GENERAL CONDITIONS OF THE LICENCE

Condition 24: Connection to the Transmission System - functions of the Commission

1. The Commission shall from time to time determine such terms and conditions on provision of connections to the Transmission System including maximum time period required for providing such new connections for a bulk supply consumer who has made an application for connection to Transmission System, subject to such further conditions as are included in the license relating to such bulk sales.
2. If, after a period which appears to the Commission to be reasonable for the purpose, the Licensee has failed to enter into an agreement with any Electricity Undertaking entitled or claiming to be entitled thereto pursuant to an application in accordance with Condition 21, the Commission shall, on the application of such Electricity Undertaking or the Licensee, settle any terms of the agreement in dispute between the Licensee and the Electricity Undertaking in question in such manner as appears to the Commission to be reasonable.
3. If the Electricity Undertaking wishes to proceed on the basis of the agreement as settled by the Commission, the Licensee shall forthwith enter into and implement such agreement in accordance with its terms.
4. If either party to an agreement for connection to, or Modification of a connection to, the Transmission System entered into pursuant to Condition 21 or this Condition proposes to vary Electricity Transmission & Bulk Supply Licence No: EL/T/09-002 the contractual terms of such agreement in any manner provided for under such agreement, the Commission shall, at the request of the Licensee or the other party to such agreement, settle any dispute relating to such variation in such manner as appears to the Commission to be reasonable.

Condition 34 -Procurement of new Generation plant.

1. The licensee shall, based on the future demand forecast as specified in the Least Cost Long Term Generation Expansion Plan duly approved by the Commission, submit proposals to proceed with the procuring of any new generation plant or for the expansion of the generation capacity of an existing plant, to the Commission for its written approval.

Provided however where on the day preceding the date of the coming into force of this Act :—

(a) an approval of the Cabinet of Ministers had been obtained to develop a new generation plant or to expand the generation capacity of an existing generation plant ; or

(b) a permit had been issued to generate electricity through renewable energy resources by the Sri Lanka Sustainable Energy Authority established by the Sri Lanka Sustainable Energy Authority Act, No. 35 of 2007 under section 18 of that Act, as a consequence of which the development of a new generation plant or the expansion of the generation capacity of an existing generation plant, has become necessary,

the approval obtained or the permit issued shall be referred to the Commission for its approval along with any supporting documents annexed thereto.

2. Upon obtaining the approval of the Commission under subsection (2) of Section 43 of the Act, the Licensee shall in accordance with the conditions of its Transmission License and in compliance with Rules made by the Commission relating to procurement, call for tenders from persons who wish to submit tenders to develop a new Generation Plant or to expand the Generation capacity of an existing Generation Plant, as the case may be, as shall be specified in the notice published in the Gazette,[one of the condition requires to be included in the notice is , that the successful bidder shall be required to fulfill the requirements laid down in section 9 (1) (c)of the Act, to be eligible to apply for a generation license, to generate electricity over and above the generation capacity of 25MW] for the procurement of electrical energy or electricity generating capacity at least cost in compliance with the technical and economical parameters of the licensee. (subsection4 of section 43 of the Act)
3. The aforesaid requirement for submission of tender shall not be applicable to a person (hereinafter referred to as the “Exempted persons”)
(Provisions in subsection 4 to be read with subsection 6 of section 43 of the Act);
 - a) in respect of any new generation Plant or to the expansion of any existing generation Plant, that is being developed by such person, In accordance with the Least Cost Long Term Generation Expansion Plan duly approved by the Commission, which has received the approval of the Cabinet of Ministers on the date preceding the date of the coming into force of the Act (on or before 06.08.2013) and is required to be operated at least cost;
 - b) in respect of any new generation plant or to the expansion of any existing generation plant, that is being developed by such person, on a permit issued by the Sri Lanka Sustainable Energy Authority, established by the Sri Lanka Sustainable Energy

Authority Act No. 35 of 2007 under section 18 of that Act for the generation of electricity using renewable energy sources and required to be operated at the standardized tariff and is governed by a standardized power purchase agreement approved by the Cabinet of Ministers.

- c) in respect of any new generation plant or to the expansion of any existing generation plant, that is being developed by such person In compliance with the Least Cost Long Term Generation Expansion Plan duly approved by the Commission having received the prior approval of the Commission, for which the approval of the Cabinet of Ministers has been received on the basis of :-
 - i. an offer received from foreign sovereign Government to the Government of Sri Lanka for which the approval of the Cabinet of ministers have been obtained; or
 - ii. to meet any emergency situation as determined by the Cabinet of Ministers during a national calamity or a long term forced outage of a major generation plant, where protracted bid inviting process outweigh the potential benefit of procuring emergency capacity required to be provided by any person at least cost.
4. The licensee shall be required to submit following for prior approval of the Commission (in terms of sub sections 5 and 6 of section 43 of the Act);
- a) under paragraph 2 above, [submission of tenders in response to the tender notice published under sub section (4) of section 43 of the Act]

upon the close of tender, the licensee shall be required to get all those tenders (offers) received , be evaluated through a properly constituted Tender Board as per the terms of section 43 (5) of the Act and in accordance with the Rules made by the Commission as prescribed from time to time , recommend to the Commission for its approval, the person who is best capable of;-

- (1) developing the new generation plant or the expansion of the generation capacity of an existing generation plant, as the case may be, as specified in the notice published in the gazette, in compliance with the technical and economical parameters of the transmission licensee.
- (2) selling electrical energy or electricity generating capacity at least cost; and
- (3) meeting the requirements of the Least Cost Long Term Generation Expansion Plan duly approved by the Commission,

with recommendation of the Tender Board accompanied with all relevant documentation and the draft Power Purchase Agreement in which all terms and conditions applicable for such purchase.(one of the condition in the Draft power purchase agreement shall be, that it becomes operative only upon obtaining of generation license from the Commission).

If the electrical energy/capacity is to be procured through a person that generates energy using non-conventional renewable energy resources, Licensee shall be required to submit true copies of provisional approval and energy permit issued by the Sri Lanka Sustainable Energy Authority under sections 17 and 18 of the Sri Lanka Sustainable Energy Authority Act No 35 of 2007, in addition to the aforesaid requirements

b) under paragraph 3 above, for the persons fall under the category of “exempted persons” other than the exempted persons from the submission of tender due to receiving an energy permit issued by the Sri Lanka Sustainable Energy Authority, under section 18 of the Sustainable Energy Authority Act No. 35 of 2007 which is in force (subsection 6 of section 43 of the Act)

i. the Licensee shall be required to invite detailed technical and commercial proposals through a Request for proposal (RFP) (one of the condition requires to be included in the RFP is, that the successful bidder shall be required to fulfill the requirements laid down in section 9(1)(c) of the Act, to be eligible to apply for a generation license, to generate electricity over and above the generation capacity of 25Mw) only from the exempted person and negotiated, in accordance with the Rules of the Commission prescribed from time to time.

ii. the Licensee shall be required to satisfy itself, that the exempted person is capable of developing the new generating plant or the expansion of the generating capacity of the existing plant, as the case may be, in compliance with the technical and economical parameters of the licensee and is capable of selling electrical energy or electricity generating capacity at least cost,

and forward the recommendation of the licensee to the Commission, along with all the relevant report in relation to the evaluation and negotiation and the draft Power Purchase Agreement in which all terms and conditions applicable for such purchase. (one of the condition in the Draft power purchase agreement shall be, that it becomes operative only upon obtaining of generation license from the Commission).

If the electrical energy is to be generated using non-conventional renewable energy resources, Licensee shall be required to submit true copies of provisional approval and energy permit issued by the Sri Lanka Sustainable Energy Authority under sections 17 and 18 of the Sri Lanka Sustainable Energy Authority Act No 35 of 2007 in addition to the aforesaid requirements.

c) under paragraph 3 above, persons fall under the category of “exempted persons” from the submission of tender, due to receiving of energy permits issued by the Sri Lanka Sustainable Energy Authority under section 18 of the Sustainable Energy Authority Act No 35 of 2007, that are in force, for the generation of electrical energy of 10 MW or below the capacity, using non-conventional renewable energy resources (subsection 6 of section 43 of the Act);

the Licensee shall be required to satisfy itself,

(1) that the exempted person is in possession of a valid energy permit issued by the Sri Lanka Sustainable Energy Authority under section 18 of the Sustainable Energy Authority Act No 35 of 2007, for generating electricity capacity of 10 MW or below by using non-conventional renewable energy resources,

(2) that the purchase tariff payable by the licensee shall be in accordance with the "Standardized tariff" calculated based on **"least cost basis -technology specific three-tier Tariff" recommended by the standardized tariff determination committee valid for twelve months period , agreed by the Commission and approved by the Cabinet of Ministers,**

(3) that the exempted person has obtained obtain a Generation License from the Commission,

and forward the recommendation of the licensee to the Commission, along with the draft Standardized Power Purchase Agreement in which all terms and conditions applicable for such purchase and copies of the Provisional approval, energy permit issued by the Sri Lanka Sustainable Energy Authority under sections 17 and 18 of the Sustainable Energy Authority Act No 35 of 2007, and the generation license.

4. In this condition;

"Extension"

means the construction of new plant or apparatus for the production of electricity within or attached to an existing Generation Plant and does not include repowering or upgrading existing Generation Plants, and "Extend" shall be defined accordingly.

"Least Cost Long Term Generation Expansion Plan"

means a plan prepared by the transmission licensee and amended and approved by the Commission on the basis of the submissions made by the licensees and published by the Commission, indicating the future electricity generating capacity requirements determined on the basis of least economic cost and meeting the technical and reliability requirements of the electricity network of Sri Lanka which is duly approved by the Commission and published in the Gazette from time to time;

"Standardized Power Purchase Agreement"

means an agreement entered into by the transmission licensee for the purchase of electrical energy from a power plant generating electricity of 10MW or less than that in

capacity, authorized by a permit issued by the Sri Lanka Sustainable Energy Authority under section 18 of the Sri Lanka Sustainable Energy Authority Act 35 of 2007 using non-conventional renewable energy.

“standardized Tariff”

means the price payable by the transmission licensee to purchase electrical energy from a power plant generating electricity of 10MW or less than that in capacity using non-conventional renewable energy resource, authorized by a permit issued by the Sri Lanka Sustainable Energy Authority, under section 18 of the Sri Lanka Sustainable Energy Authority Act, No 35 of 2007, recommended by the non-conventional renewable energy purchase price determination committee appointed by the Minister by adoption of least cost principle, while taking into consideration the selling prices quoted by bidders through the tendering process adopted during the last twelve months immediately preceding to the determination of such tariff by the said committee, financial viability of the power plants to be installed for power generation using non conventional renewable energy resources and the affordability of the transmission licensee and the consumers, approved by the Cabinet of Ministers, after obtaining the recommendation of the Commission.”

Condition 35: Notices

1. All notices and other communications given or made under this Licence shall be in writing.
2. Any such notice or other communication shall be addressed to the Authorized Officer for the purpose carrying out responsibilities, obligations and duties assigned under this License, as provided in paragraph 3 and, if so addressed, shall be deemed to have been duly given or made as follows:
 - i. if mailed by certified or registered mail, ten (10) Business Days after mailing;
 - ii. if sent for overnight delivery with fee prepaid, six (6) Business Days after delivery to a recognised overnight express carrier.
 - iii. if sent via facsimile, upon dispatch with receipt of confirmation of transmittal, or
 - iv. If sent by personal delivery, upon delivery at the address of the Commission or Licensee. Provided that, if, in accordance with the above provisions, any such notice or other communication would otherwise be deemed to be given or made outside working hours, such notice or other communication shall be deemed to be given or made at the start of the next period of working hours.

3. The relevant addressee, address and facsimile number of the Authorized Officer of Commission and the Authorized Officer of the Licensee are:

Commission

Director General
Public Utilities Commission of Sri Lanka
Level 06, BOC Merchant Tower
#28, St. Michael's Road
Colombo 03.
Tel: (011) 2392607/8
Fax: (011) 2392641

Licensee

Additional General Manager -Transmission
Ceylon Electricity Board
No. 50, Sir Chittampalam A Gardiner Mawatha
Colombo 02.
Tel: (011) 2320953, (011) 2324471-8 Fax: (011) 2323935 4.

The Licensee shall notify the Commission of any change of the address provided in paragraph 3, within fourteen (14) days of such change.