Power projects in the private sector

by Tharuka Dissanaike

In the light of a continuing power shortage and an increasing demand for power, the government is encouraging more and more private sector investment in the field of electricity generation.

The first BOO (Build Own Operate) power agreement with a foreign firm was signed in May between the government of Sri Lanka and KHD of Great Britain. It was for a 40MW diesel plant at Sapugaskanda with KHD agreeing to make an investment of USS 62 million on the plant.

Technically, the first BOO agreement in the power sector was with a local firm (with some foreign collaboration). Hydrotech Lanka Dickoya (Pvt.) Ltd., opened their 1.2 MW hydro power plant in Dickoya in April this year. But the CEB has not yet given grid connection to the project.

There are several other power sector projects, at various stages of consideration by the government, for which private sector participation is expected. One such is the Barge mounted power plant. Tenders for such a plant have already been called and are now being evaluated by the Cabinet Appointed Tender Board (CATB). This barge is for 50-65 MW of power and will be berthed at Negombo or Galle to be connected to grid points. The idea of importing this barge mounted plant was put forward as a quick solution to the power shortage.

Another private sector project expected to commence later this year is a 150 MW combined cycle plant at Kelanitissa. The combined cycle would involve power generated via gas turbine. Already tenders have been called for the plant and are being evaluated at present.

The 300MW coal power plant once abandoned for environmental reasons has been rejuvenated. The Ceylon Electricity Board is now doing another feasibility study to determine the best suited location for the plant.

An official of the CEB said that the BOO projects involved long, drawn out, negotiation periods, to make the project feasible to both the investor and the CEB.

Therefore, it takes time for agreements to be signed and projects to materialize.

Commenting on using unproved technology-wave energy, wind energy, solar energy etc., he said that as a policy, the CEB cannot accept proposals for technologies that have not been proven successful in other countries. He said that in such circumstances the project would not be able to guarantee the CEB of unfailing power supply.

Power generated by small time producers, like mini and micro hydro projects will be bought as and when they are generated. A price agreement would be reached between the CEB and the project.