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CEB to hike tariffs to clear past debts

Govt. to go ahead with coal-fired power plant

By Sumadhu Weerawarne

Minister of Power and Energy Karu Jayasuriya yesterday said that the government had decided to go ahead with the coal-fired power plant, but had yet to decide the location. He said that a 300 MW coal power plant would certainly be built as part of its long term plan, and be ready by 2008. The Japanese government which had initially agreed to fund the coal power project too had been informed of the decision.

The Minister holding his first press conference since the assumption of duties gave a frank appraisal of the power situation. He did not mince his words in explaining that it was bleak. He said that at present while the power requirement was 1400 MW the supply was just 1200 MW. "This is why there were breakdowns, and we are forced to have powercuts," he said. He added that the total available hydro-power was sufficient for just 18 days if power generation depended entirely on hydro power. In effect the total live storage in the reservoirs is just 26 per cent under the required 45 per cent. This is because the current power supply is 40 per cent hydro and 60 per cent other sources.

The Minister added that the shortfall in hydro-power was compounded by the fact that seven generators were non-active as at yesterday with some of them having broken down. Of the seven, two plants at Kelanitissa one with a generation capacity of 115 MW and another with a capacity of 110 MW are non-operational. The General Manager of the Ceylon Electricity Board Wijeratne said that the 115 MW plant would only be ready by February as it was under a 48,000 hour major inspection, while the 110 MW combined cycle plant would be ready "any day".

The Minister laid emphasis on conservation a way out of the current crisis, and added that the CEB would also concentrate on cutting

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down wastage in distribution which is currently at 20 per cent. In addition he said that there were 300,000 unmetered connections which would soon be metered. In an institutional sense the Minister said that there would be professionalism and a de-politicisation of its management.

Commenting on how he would deal with the Rs. 11 billion debt, the Minister said that he would renegotiate the loan to decrease interest rates as a first step. He added that given the difference between the cost (Rs. 10) and sale price (Rs. 4) of a unit, the CEB would have to increase tariffs. "This will be done taking into consideration the low income and industrial sectors," he said. The general sense is that the tariff increase will be on a slab basis.

On the mid term plans the Minister said that 110 MW of a total 165 MW plant would be operational by the end of the year and the remaining 55 MW in June 2002. In addition a 110 MW private sector plant will be operational by October 2002, and two 20 MW plants in Matara and Horana by April and end 2002. Five micro-hydro plants with a total capacity of 100 MW too will be ready by 2002. The Kukule Ganga Project too would be completed by 2005.

On the anticipated projects he said that Kerwalapitiya 300 MW combined cycle project too would be ready by 2005. "This is two years too late but we will look into this," the Minister said. He added that there were plans for five micro-hydro projects with a total 200-300 MW and a further 54 applications for others. He added that 18 other hydro-power plants totalling 24 MW too would be ready by the end of the year. A possible 150 MW plant based on the Uma Oya too is under study

He cited wind power, solar power and timber power as alternate sources to supplement the power supply. He added that the CEB was looking into the last alternative as a very real option.