No time frame for coal power still

By Suresh Perera

Notwithstanding billions of rupees being pumped to generate costly alternative sources of energy to meet the country's spiralling electricity requirements, no time frame is still in place for the construction of a coal power plant, considered a project of "urgent national importance", as a great deal of analysis is yet to be done, the Sunday Island learns.

Over-burdened with a Rs. 15 billion overdraft, the Ceylon Electricity Board (CEB) spends a staggering additional Rs. 15 billion per annum to generate 300MW of electricity using diesel and gas as alternative options.

The Energy Supply Committee (ESC) called for 'expressions of interest' for a 300MW coal-fired project on November 29, 2002. Last month an amended media notification was published waiving the original US$ 2 million bid security. The optimum location for the project will also be identified and specified by the ESC.

Confirming that no bidders have so far been short-listed, CEB chairman M. Zubair said last week it will take more time as it's a "huge and complex project for which a great deal of analysis is required".

Admitting that the country urgently needed a coal power plant as a matter of priority and the delay was too costly to bear, Zubair said it was however difficult to tie it down to a specific timeframe as all options have to be examined before the green light is given.

"All this takes time. There is no magic wand which can be waved!"

Asked about allegations of bureaucratic foot dragging on coal power while consumers have to pay through their nose for electricity, the chairman replied, "you and I are logical, but some decision-makers are not".

Questioned about the lowest bid of a committed price of US cents 4 per unit (Rs. 3/80) levelised over a period of 30 years, submitted by the Australian-based giant, Barclay Mowlem Consortium (BMC), Zubair said there are variables to consider and the price factor is not the only guiding principle.

"There are other costs, impacts and differences among the factors to be taken into account", he said.

The ESC has, since 1994, held a series of discussions with BMC on its proposal on a Build, Own and Operate basis, but in what BMC's project co-ordinator and representative Aruna Goonetilleke described as "shocking", the ESC published an amended media notification last month despite a 'solicited proposal' from the consortium.

Denying that BMC's was a 'solicited proposal', Zubair said there were other bidders as well, and the cheapest may not be best.

"It's not like buying a car. This is a huge project involving US$ 500 to 600 million and the funding has to come from various sources. There has to be a consortium and an expert analysis is required", the chairman noted.

Asked whether short-listing the bidders will take another month or two, he replied, "I cannot say when it will be done. There is no time frame, but we are putting our best efforts into it".

Asked why under the amended notification, the ESC has undertaken to conduct the site study despite the CEB's crippling financial burden, Zubair said it cannot be allowed to be handled by the successful bidder as a bloated figure may be forwarded and it may not be done the way it should be done.

"How can a developer place confidence as far as this government authority is concerned after what happened at Mawella, Trincomalee and Norachcholai where the proposed sites had to be abandoned?", Goonetilleke queried.

There is loss of credibility. There are two sites now available in the south, but if the CEB moves in there also that will be the end of developing a coal power plant in Sri Lanka, he claimed.

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