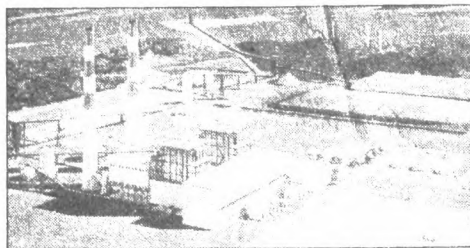


26th Oct 2003 Sunday Observer

Calling for coal-fired power

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HYDRO POWER PROJECT



A further response to article in Sunday Observer of October 12, 2003 titled "Calling for Coal-fired power" by Mr. Ranjith C. Dissanayake, Deputy President, Eksath Sinhale Party.

For the convenience of the readers I highlight his main points which I intend to take up.

The writer Mr. Dissanayake drawing the attention of the Government to embark on coal-fired power generation has chosen to criticize the Upper Kotmale Hydro Power Project in the first part of his article. I categorically state with responsibility that the facts enumerated in his article are baseless and far from the reality.

*** "Upper Kotmale Hydro Power Project is not financially viable"** - This is totally false. The total cost of the project is Rs. 33.5 Billion and the Generation Capacity is expected to be 530 million units of electricity per annum. The money has been obtained from the Government of Japan at concessionary terms of 0.95% interest per annum with ten years grace period. (Capital need not be paid back during this ten years) and during thirty years repayment (from the 11th to 40th years, the capital has to be paid back in equal instalments). Based on these financial terms, a unit of electricity could be produced at Sri Lanka Rupees 0.80 (less than a Rupee) for the first few years of operation and Sri Lanka Rs. 2.79 from the 11th to 40th year of operation.

"The project is technically not feasible. i.e. it will not deliver the expected results" - disgraced.

The project has been studied for well-over 15 years by both local and Japanese experts qualified in Hydrology, Geology, Civil Engineering, Electrical Engineering and Environment. All these studies indicated that the Project is technically sound. The beauty is that this is a run of the river Project. Meaning only a daily regulation pond of 50 acres, surface area is created and the project is capable of producing 530 million of units electricity per year which will only be second in terms of generation to Victoria Power Station having a large storage reservoir. All facts contained in Mr. Dissanayake's article regarding the project not being able to produce electricity half the year etc. is made with lack of proper understanding of the project.

"This Project will adversely disturb the environment" - Any project of this magnitude will cause disturbance to environment. Modern techniques for Environment Impact Assessments enable the developers to correctly assess and predict any adverse environment impacts and take measures to mitigate and/or minimize such impacts. Please be assured that this has been very well done and the environmental mitigation measures have been gazetted by the Ministry of Environment and Natural Resources. The Developer, the CEB will be legally bound to carry out such environmental mitigation measures to minimize the impacts of environment. The CEB considers this as very positive outcome of the consultation process that took place in obtaining the environmental clearance for this project.

"The Water Falls are to be tapped and lost for good" - This is totally false. All water falls from which the water is to be tapped will not be lost. Rather will be maintained with adequate water flow during day time, apart from the flow that will be untapped. These releases of water too have been agreed with the relevant authorities. As a positive outcome of the project it is worth to maintain that especially Devoni water fall, the quantity of water that can be released during the day time, during the day season will be enhanced, as there will be water storage up-stream of water falls which will be released during the day light hours. This will enhance the visual beauty of the water fall during the dry season which coincides with the drought season.

I do not intend to address other inaccuracies regarding the coal-fired power generation except to state that the CEB all along has maintained the position that coal power is the cheapest form of thermal power.

The facts contained in Mr. Dissanayake's article erroneous even with regard to his assumptions on Coal Power though he endeavours to promote Coal Power.

Finally, I would invite Mr. Dissanayake or any other member of the public to contact the undersigned to obtain more information and correct facts about Upper Kotmale Hydro Power Project.