November 8, 2016 Daily News

COMPREHENSIVE MECHANISM TO PURCHASE COAL

- **SWISS SINGAPORE OVERSEAS ENTERPRISES (PVT) LTD., TO SUPPLY 50 PERCENT OF COAL**
- **SAME METHOD TO BE ADOPTED IN COMING YEARS**

The government has finalised a comprehensive mechanism to purchase coal for the Lakvijaya Coal Power Plant in Norochcholai, Power and Energy Ministry sources said.

The sources said the government has decided to go ahead with a 'term-contract' to supply coal to the coal power plant.

This will allow the Swiss Singapore Overseas Enterprises (Pvt) Ltd., to supply 50 percent of the required coal under their existing contract - the remaining 50 percent will go to contracts on a spot-tender basis. TO PAGE 06

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"This is not an entirely new practice," Power and Energy Ministry secretary Dr. B.M.S. Batagoda explained.

"That is how we purchased coal in 2015, as well. We needed 2.2 MTs of coal and we purchased 1.1 MT on a term-contract and the rest on a spot-tender basis. As a result of this process, after six years, we achieved highly successful results in coal purchasing, last year." "This year too, the government decided to adopt the same policy. There were some parties who raised concerns that it is not a healthy policy - mainly due to fluctuation of prices," he said.

By purchasing 50 percent of our requirement on a term-contract and the rest on spot-tenders, we can keep coal suppliers on their toes. If the long-term supplier fails to meet our demands, we have the option of purchasing coal on a spot-tender basis.

It strengthens the position of the government," Batagoda said. He added that the Cabinet had also made a decision to proceed with the proposed term contract to supply coal to the Norochcholai power plant. The ministry secretary said the government would adopt the same formula to purchase coal for the power plant in the coming years.