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Recent protests over the coal power plant in Norochcholai

CEB warns of dark days

Top official sees Norochcholai plant only way out

By Dhanuusha Pathirana

Forecasting a dark picture, the Ceylon Electricity Board has warned that the failure to setup the Norochcholai coal power Plant would not only result in a severe power crisis, but also economic and political instability in the country

"If there is no reliable power, the economy of the country will fail and there will be political chaos in the country. The environment will be affected, people will lose their jobs and the younger generation will lose their future," CEB's General Manager Ranjith Fonseka told The Sunday Times.

He said the current use of thermal power, which is generated by burning diessel, is very expensive especially since the price of diesel keeps fluctuating. "Therefore it is not a feasible option for a country like Sri Lanka," Mr. Fonseka said.

"The CEB is losing Rs. 45-47 million a day since the cost of production is higher than the rate at which we sell. The average consumption of electricity is around 15 million units a day and the CEB has to suffer a loss of three rupees for every unit we sell since the production cost is Rs. 10.50, while the selling rate of a unit is Rs. 7. 70.

The only solution to a low cost method of generating electricity is to use coal as a source of power," Mr. Fonseka said.

Mr. Fonseka said that the demand for electricity was growing at a rate of 8 - 10% a year, which was a big amount. He said it was necessary to cater to this demand otherwise it would decelerate the commercial growth of the country and become an annoyance to the domestic people by way of breakdowns.

"The government is willing to setup the coal power plant with the help of China within the next few months and it would take about four to five years to complete it," he said.

Meanwhile. Co-ordinator of the CEB Trade Union, Ananda Nimalarathne said, if the Norochcholai power plant had been set up in 1999, the CEB would not have been in the present mess and it could have sold a unit of power for about Rs. 4. 50, which would have given them a profit of about Rs. 45 million a day.

He said until 1999, the CEB was a profit-making government organisation. But when the country faced a severe drought the same year, the CEB couldn't cater to the demand for electricity, only with hydro power and it chose thermal power instead of coal which is the cheapest source of power next to water.

"Since the CEB opted to use diesel, which is an expensive method of generating power, it has a debt of about Rs. 89 billion and out of that, Rs. 36 billion are short term debts. The CEB owes Rs. Six billion of that debt, to the Ceylon Petroleum Corporation," Mr. Nimalarathne said.

He said now the CEB would have to increase charges to maintain the service since the Thermal Power stations in Kolonnawa, Ambilipitiya and Puttalam are being used to generate electricity.

Meanwhile trade unions have put forward 15 proposals to the Power and Energy Ministry following talks with Prime Minister Mahinda Rajapakse, Power and Energy Minister, the CEB chairman and General Manager on May 7. The unions had demanded that the Electricity Restructuring Act No. 28 of 2002 be cancelled and instead an Act leading to the strengthening of the Board be set up.

One of their proposals is that excluding the CEO the Board of Directors should comprise representatives from the private sector, the government sector and the trade unions.

The unions further proposed that an internal audit responsible only to the CEB executive committee be established and all auxiliary services needed be supplied by a company given necessary resources through the Act.

They demanded that the new Act should contain stringent laws to enforce maximum punishment against individuals regardless of their designations if found guilty of corruption and bribery.