

Norachcholai, The Bishop, and Electricity Prices

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Dr. Tilak Siyambalapitiya (TS), in his article on Norachcholai (Island 1.11.2005), ridicules and insults the Bishop of Chilaw for his continued opposition to the building of a coal plant at Norachcholai. TS is a professional engineer and knows that abusing anyone holding a different view is not acceptable in any forum anywhere. Furthermore he should be aware that in Sri Lanka, even irreverence to any member of the clergy is frowned upon by the people and the media, as is evident from the sustained criticism of a Minister of State for referring to a Buddhist Monk on TV in a disparaging manner. Dr.Tilak Siyambalapitiya should therefore apologize to His Lordship the Bishop, May I in the meantime, as a fellow professional express regrets to His Lordship the Bishop on behalf of myself and the many who hold the same view.

TS has attempted to shift the responsibility for the high prices of electricity on the Bishop. This is far from the truth. Let us examine the validity of this claim.

As far back as 1978 the CEB decided to build a 300 MW coal power station by 1992.

This was because the Mahaweli Consultants and the CEB envisaged that by 1992, the growing demand would make our hydro resources inadequate to meet the base demand.

A coal plant in 1992 would have ensured an adequate and economical supply to the nation for years to come. CEB in fact set up a unit to realize this coal plant.

However during the early eighties, the CEB planners came to the conclusion that the coal plant is not needed by 1992, and the 1989 Master Plan of the CEB indicates that the coal plant will be brought in only by 2007. This was the fatal error committed by the CEB Planners, which was held to the steady increase in electricity prices. Dr. Tilak Siyambalapitiya was holding a very responsible position in the CEB generation planning branch during this period.

The power shortage, and the six months long power cuts in 1996, heralded a serious power crisis in the country. Efforts were made to bridge the power shortages by bringing in large gas turbines run on auto diesel and other diesel plants. The escalating prices of petroleum products resulted in severe financial strain on the CEB and ever increasing prices of electricity consumers. Only at this stage did the Power Authorities take some measures with regard to building up a coal plant.

They selected the Norachcholai site and secured a Japanese Loan in 1996 for further investigation of the site. This site was one of the four investigated and reported upon by the Japanese Consultants in 1993. It should be noted that the Japanese Consultants ranked Norachcholai as the last of four sites and estimated it to cost double that of a good site.

Electrowatt, the Consultants who carried out the detailed study of the Norachcholai site recommended the building of a Jetty in mid ocean 4.2 km away from the shore to unload the coal, and then transport the coal on conveyor belt along a pier 4.2 km long from the jetty to the power plant. This recommendation came under severe criticism by all knowledgeable professionals including the late Mr. Carlo Fernando, CEB's Consultant for coal power development.

The Rambol report quoted by TS has considered the barge option as a better option to the pier but recommended a further study. The Government then appointed a committee comprising Dr. Tilak Siyambalapitiya himself, which studied the whole issue of supplying coal to the power station. They recommended the unloading of coal at Trincomalee and transporting coal to Norachcholai by a special railway line. This may consider as a costly and highly questionable option.

Thus up to date no one is quite certain as to how an adequate and regular supply of coal can be provided to the power station. Should we build such a power station and will it bring the prices down?

It is relevant to point out here

that the cabinet took a firm decision in the year 2000 to abandon the Norachcholai site and directed the CEB to look for another site. CEB has not complied with this directive during the past five years. Even an alternative proposal to develop a 900 MW coal power project in Sri Lanka without any cost to the Sri Lankan Government and offering power at around Rs. 4 per unit from an internationally renowned developer has been discussed but ignored.

I wonder whether "Norachcholai is bouncing back over and over again" or is it being bounced back while sabotaging all other possible alternatives.

After Trincomalee, it is admitted by knowledgeable persons that Mawella in the South coast is the ideal site for a coal power plant. Mawella is considered an excellent site in every aspect - for easy transport of coal, security considerations, etc. TS himself wrote in 1996 that Mawella should be built before Norachcholai. This site was abandoned because of political and public pressure. One has to ask the question why the Mawella site not bounced back over and over again even though a coal plant could be built at this site at half the cost of building one at Norachcholai.

The Bishop of Chilaw has nothing to do with the deferring the commissioning of the coal plant to 2007; he had nothing to do with deploying generating

Plants that use expensive petroleum fuels; he had nothing to do with abandoning the Mawella site; he had nothing to do with opting for Norachcholai.

The worst of the four identified in the West coast by the Japanese Consultants and had nothing to do with ignoring the Cabinet directive to find another for five long years. How can any one in this context blame the Bishop for the prices.

TS also claims that the Bishop's opposition is preventing the authorities from building Norachcholai and bringing down the electricity prices, and implies that soft loans are available for building this plant. The truth of the matter is that the soft loan of US\$300 million the Chinese have

provided is for a number of projects including Norachcholai.

Even the whole sum of Rs. US\$ 300 million is grossly inadequate for building the coal plant at Norachcholai. The Japanese Consultant estimated to cost over US\$ 600 million. Thus even before regularizing the required funding for the project the Bishop is being blamed.

No doubt we need a coal plant. It is really nowhere in sight despite the various statements made by TS and others. Even if the Bishop stops his objection there will be no coal plant built within the next several years. Further, a coal plant built at Norachcholai with the associated high costs and problems of transporting coal will not achieve the objective of generating electricity cheaply. All the vociferous sponsors of this project at Norachcholai will not be there to take responsibility when the country is saddled with a huge loan to repay and a coal plant which is unable to operate for want of coal or operates at very high costs defeating the very purpose for which the coal plant was set up.

Norachcholai built on soft loans will not reduce electricity prices. It is to be hoped that the new President will not send his ministers abroad begging for soft loans for Norachcholai, that instead he will get a reputed private developer, acknowledge to have the know-how and experience to build coal plants together with the financial capacity to raise the required funds to supply us with electricity at the earliest from 600MW State of the Art, clean technology coal plant. The base load is already more than 600MW now.

The developer should give us a unit of electricity below Rs. 5.00 per unit that should be of advantage to the country, as the present cost of thermal generation is almost double that.

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