In Parliament

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Electricity Act to be debated today

By Shakunthala Perera

Parliament will today take up the Electricity Act for debate. The Act seeks to break away the areas of generation, transmission and distribution from the Ceylon Electricity Board, to come under a Regulatory Authority to be appointed.

The Commission, comprising 5 Commissioners appointed by the Power Minister with the assurance of Constitutional Council, will issue licenses to the private sector to generate, transmit and distribute.

The Commission is also expected to ensure that no private partner has two licenses. It would also have the issuance of tariff orders and rules under its capacity.

The Energy Regulator of the Power Sector Reforms Office of the Ministry of Power, Nihal Wickramasuriya said under the proposed framework, the need for transparency will ensure fairness and provide stability to the industry participants.

Among other reforms envisaged through the Act are, tariff and structural restructuring. Under the structural reforms the power sector will be 'unbundled' and will further separate generation and distribution.

"The reforms will seek to break up the power sector monopoly and allow independent and autonomous entities," according to Mr. Wickramasuriya.

He noted the tariff reforms will see the companies recovering their costs, and consumers paying the actual amount. Subsidies will also be made transparent and overseen by the Regulatory Commission.

Under the proposed reforms the separated businesses of the CEB together with LECO will be transferred to successor companies.

These companies will include one generation company, one each of bulk power and transmission, three or more distribution and any other companies the Power Minister considers appropriate.

A Monitoring and Advisory Committee (MAC) will also be established which would recommend the Minister, members to Boards of Directors to the successor companies.

The MAC will comprise of a member each from the Institutions of Accountancy and Engineers, Chamber of Commerce, from consumer groups and the Treasury Secretary.

'The entire sector would depend on contracts, which the private operators will have to meet. Today there is absolutely no contract, so no obligation to respond to any contract', he maintained.

He assured that the reforms envisaged will not result in any moves to privatize' the sector. No job losses will also be experienced he said claiming that 10% of shares will be held by the employees.

'There may be flaws in these reforms, but you can't expect an independent system overnight,' said Mr. Wickramasuriya.