

CEB and mini hydro

It is indeed gratifying to note that CEB is now encouraging the private sector to undertake the implementation of mini hydro projects. However, the pricing policy on mini hydros and similar indigenous methods of generating electricity needs a complete review.

Upto early 1995, mini hydro activities were not given any encouragement by the system and in fact they were discouraged at every turn. When I assumed duties as the Chairman of CEB in late 1994, one gentleman who had a reputation for innovative activities has spent a considerable amount of money with some assistance from DFCC and had completed a mini hydro project at Dickoya. The owner of this mini hydro project had a relative, who was a powerful high level officer in the Presidential Secretariat of the former government and the same officer was transferred to the present government in a similar capacity. All his efforts to get approvals from the CEB for the mini hydro project at Dickoya were unsuccessful. I must state that the efforts by this officer were genuine and worthy of praise.

At this point of time an appeal was made to the newly constituted Ceylon Electricity Board to accept power generated by the Dickoya mini hydro project. The new Board examined the request and ordered the CEB to accept the power generated through the national grid.

There were some objections by the CEB like the need for protection gear and other requirements, all of which were ordered to be provided either by the supplier or the CEB with the objective of receiving the power within a stipulated date.

Power was at last accepted by the CEB on the due date and an opening ceremony was duly organised. The present Minister of Science and Technology, Batty Weerakoon attended the opening ceremony where I remember saying in my brief speech that this activity is a "Punya Karma" meritorious act where the water that was flowing melancholy into the Indian ocean is converted to tangible assets, thereby possibly giving some light and comfort to those who were dependent on bottle lamps for a little bit of light. I, in fact, said that CEB will give leave and even help to find the money for anyone or group of CEB Engineers to implement mini hydro projects. I wonder whether anybody took up this challenge.

The Dickoya Mini Hydro Project indeed was the watershed in the formulation of a dynamic policy to encourage the private sec-

tor to participate in the development of mini hydro projects in Sri Lanka. The Ministry of Power and Energy approved a series of guide lines which has given birth to this new activity.

In 1996, the CEB was in the process of organising a separate institution similar to the Lanka Transformers where the CEB, some selected Banks along with few prominent business houses owing estates, to identify sites, build and sell or operate mini hydro projects to cover all of the available sites in the Island. The rationale was similar to the developers of land where vacant land is bought, houses built and owners are found through the banking systems. Here was a model where every one was a winner, the owner of the bare land, the building contractors, the house owners the banks and the developers.

This was the identical model that was proposed in order to develop fully the mini hydro potential in the country. The project was formulated on the assumption that the local entrepreneurs who have the necessary funds may not have the technical and other co-ordinating features necessary to commission a project but would be willing to purchase a turn key project. This proposal is still worthwhile examining for implementation.

A novel project that a blue chip company has formulated and forwarded to CEB, I am informed is still awaiting approval. This is a proposal to use the waste energy after burning of charcoals to be converted into power and sold to the CEB. It is my personal opinion that CEB should visit the site, examine and discuss the project with the proponent with the objective of getting it implemented. A positive attitude should be built in all development oriented institutions in the country.

The pricing policy for energy for mini hydro has changed number of times during the past few years. This is one area where the government should appoint a team consisting of:

- A development planner
- An economics
- A private sector participant and
- A CEB Representative headed by the

Secretary to the Ministry of Power, to formulate a development oriented pricing policy.

Among other factors that are to be taken in formulating a pricing policy, the following factors need special consideration.

- Although most of the identified mini hydro projects would have a perennial flow of water there will naturally be variations in the flow during the wet and dry weather seasons. One should take into consideration that when energy from these mini Hydro projects are used the waters in the large reservoirs could be used to a lesser extent. Therefore, the energy from this sub sector should be given credit for its opportunity cost for the saving of water in large reservoirs to be used during the dry periods.

- The mini hydro projects are environment friendly, certainly when compared to fossil fuel oriented power and even in certain instances to large scale hydro electricity schemes. Credit should be given for the environmentally friendly aspects of power from mini hydro projects.

- The capital employed is local and the tariff is not hitched in the dollar. This means that there will be no automatic price escalations with the change upwards of the exchange rates.

- Economic benefits of this activity is wide spread in the country and there is a possibility of organising manufacturing activities in close proximity to mini hydro projects taking advantage of the relatively cheap power when obtained directly from the source.

- This is essentially an indigenous activity as against internationally funded BOT projects and therefore should be given preferential treatment as done in some of the developing countries in order to encourage wide participation.

Though this activity is termed mini hydro, it can be a major development activity distributed in remote parts of the country, specially if innovative development activities could be built around these energy sources.

Les Herath
Ex-Chairman CEB

Opinion