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இலங்கைப் பொதுப் பயன்பாடுகள் ஆணைக்குழு  
PUBLIC UTILITIES COMMISSION OF SRI LANKA



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Your No. }

AGM(CS)/CS/18

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Our No. }

PUC/LI/TL/2016/17

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திகதி }  
Date }

April 22, 2016

Eng. M. C. Wickramasekara  
Authorized officer for Licensee: EL/T/09-002  
General Manager  
Ceylon Electricity Board  
3<sup>rd</sup> Floor, No 50,  
Sir Chittampalam A Gardiner Mawatha  
Colombo 02.

**Procurement of Electricity on Short Term Basis**

This refers to your letter dated April 05, 2016 on the above **(Annex I)**.

The Public Utilities Commission of Sri Lanka (the Commission) considered the following documents in considering the request made vide aforesaid letter,

- Minutes of the meeting held on April 11, 2016, regarding Procurement of Electricity on Short Term Basis **(Annex II)**.
- Transmission Licensee's letter dated April 19, 2016 -sent by Additional General Manager-Corporate Strategy, regarding Procurement of Electricity on Short Term Basis **(Annex III)**.
- Report dated March 28, 2016 submitted by the Transmission Licensee to the Cabinet Committee on Economic Management submitted through Transmission Licensee's letter dated April 19, 2016, -sent by Deputy General Manager- Corporate Strategy **(Annex IV)**
- Transmission Licensee's letter dated April 01, 2016, regarding Procurement of Electricity Power from ACE Power Embilipitiya (Pvt) Limited **(Annex V)**.
- Power Purchase Agreement dated April 6, 2016, between the Ceylon Electricity Board and ACE Power Embilipitiya (Pvt) Limited **(Annex VI)**.

The Commission observed that the provisions under section 43 (4) (c) (ii) of the Sri Lanka Electricity Act (SLEA) which is applicable on any procurement of Electricity, has been violated in this particular process of procurement.

- The requested emergency power plants are not provided for in the Least Cost Long Term Generation Expansion Plan.
- Approval of the Commission needs to be obtained prior to submitting such proposal to the Cabinet of Ministers for approval

Further, the Commission has made the following observations with regard to the requested emergency power plants.

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28, ශාන්ත මයිකල් පාර, කොළඹ 03, ශ්‍රී ලංකාව.

06 ஆவது மாடி, இலங்கை வங்கி வர்த்தகக் கோபுரம்,  
28, சென் மைக்கல் வீதி, கொழும்பு 03, இலங்கை.

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- 1) Transmission Licensee's report dated March 28, 2016 submitted to Cabinet Committee on Economic Management justifies the requirement of 55MW of emergency power on the following basis (please refer page no. 7 of the report).

Capacity	Location of generator- Grid Substation	Location in the map of the Transmission System (Annex III of Transmission Licensee's report dated March 28, 2016)
<b>95MW</b>	Embilipitiya, Beliatta, Matara, New Galle, Hambantota	Block 1
<b>40MW</b>	Ukuwela, Kurunegala, Pallekele, Naula, Habarana	Block 2

- 2) In the submissions made to the Commission under letter dated April 19, 2016 the requirement is identified as,

Capacity	Location of generator	Location in the map of the Transmission System
<b>20MW</b>	Hambantota	Block 1
<b>15MW</b>	Galle	Block 1
<b>20MW</b>	Habarana	Block 2

- 3) Ace Power Embilipitiya power station has already been procured by the Transmission Licensee through Power Purchase Agreement (PPA) entered into on April 6, 2016.
- 4) Capacity of the Ace Power Embilipitiya power station as per the PPA and the Cabinet approval received is 100MW (Cabinet Decision dated March 30, 2016).
- 5) Hence, there is a mismatch of information between the report submitted to the Cabinet Committee on Economic Management on which the Cabinet of Ministers has arrived at their decision regarding the purchase of emergency power and, the submissions made to the Commission seeking approval for procurement of the said emergency power as depicted in the table below.

	Southern System (Block 1)	Central System (Block 2)	Total
Report submitted to Cabinet Committee on Economic Management dated 28/03/16	95MW	40MW	135MW
Power Purchase Agreement dated April 6, 2016 and submissions made to the Commission on April 5, 2016 and April 19, 2016	135MW	20MW	155MW
Additional capacity requested by the Ceylon Electricity Board beyond the capacity justified to the Cabinet of Ministers and Cabinet Committee on Economic Management			20MW

- 6) Therefore, Commission is of the view that the Cabinet approval related to procurement of emergency power is not matching with the implementation plan submitted to the Commission by the Transmission Licensee.
- 7) Transmission Licensee's Letter dated April 19, 2016 has ignored the fact that ACE Power Embilipitiya power station (100 MW) is already connected to the grid and the capacity of that power station is greater than the capacity identified for Block 1 in the report dated March 28, 2016.
- 8) The Transmission Licensee's letter dated April 19, 2016 states that 35MW of emergency power over and above ACE Power Embilipitiya power station is required to build up Samanalawewa Reservoir level until next rain season which is expected in early June this year. This contradicts the rationale given in the report dated March 28, 2016 by the Transmission Licensee.
- 9) Both Communications; the letter dated April 19, 2016 and the report dated March 28, 2016 state that Samanalawewa power station will reach Minimum Operating Level (MOL) by May 24, 2016 if no emergency generation is connected. However the report dated March 28 2016 accepts that 95MW in the Block 1 is sufficient to resolve this issue. The Transmission Licensee has ignored the fact that ACE Power Embilipitiya power station (100 MW) is already connected.
- 10) Transmission Licensee's report submitted to the Cabinet Committee on Economic Management dated March 28, 2016 states that 40 MW of emergency power required in the Block 2, whereas the requirement of only 20MW is stated in the letter dated April 19, 2016.
- 11) The Commission also noted that
  - I. There were no power cuts in Block 1 or Block 2 during the two weeks leading to April 11, 2016 (Minutes of the meeting held on April 11, 2016)
  - II. The Ambalangoda- Galle transmission line is not being used to feed Southern Grid and kept idling. (Minutes of the meeting held on April 11, 2016)

- III. Even though Transmission Licensee's letter dated April 05, 2016 states that two 250MVA, 220 / 132 KV transformers are not available, only one 250MVA transformer is out of order. The information provided is inaccurate and misleading.
- IV. Ukuwela power station and Bowatenna power station has been operated for the peak during last two weeks (Daily Generation Summary submitted by System Control, Ceylon Electricity Board)
- 12) Further 380MW capacity has been added to the system, based on water release from Rantambe power station has been already started (Minutes of the meeting held on April 11, 2016).
- 13) Kukule Ganga power station is in operation for the peak during last two weeks and hence, Amabalangoda- Galle transmission line could be operated. (Daily Generation Summary submitted by System Control, Ceylon Electricity Board)
- 14) Energy being available but cannot be delivered due to periodic transmission constraints, cannot be considered as an emergency.

Therefore, on the basis of the above observations, the Commission is of the view that,

- a. The provisions under Section 43 (4) (c )(ii) of the Sri Lanka Electricity Act has been violated.
- b. The Transmission Licensee has not adequately justified the requirement of emergency power.
- c. The submission made to the Commission by the Transmission Licensee on the requirement of emergency power is different to what was made to the Cabinet Committee on Economic Management, on which the Cabinet of Ministers has arrived at their decision.

Hence, the Commission decided not to grant permission for the procurement emergency electricity power (55 MW) as requested vide your letter dated April 5, 2016.

  
Saliya Mathew  
Chairman

CC: Hon. Minister of National Policies and Economic Affairs  
Hon. Minister of Power and Renewable Energy  
Hon. Deputy Minister of Power and Renewable Energy  
Secretary to the Prime Minister  
Secretary, Ministry of National Policies and Economic Affairs  
Secretary, Ministry of Power and Renewable Energy  
Chairman, Ceylon Electricity Board