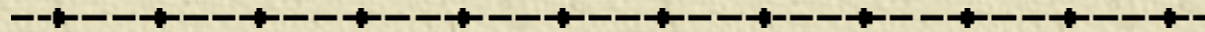
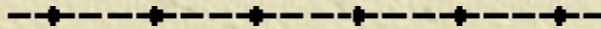




ENERGY SECTOR OF SRI LANKA



Current Status of Electricity, Oil, Gas and Renewable Energy



Electricity Sector

Current Status

Major Resources for Generation

Source	Installed Capacity (MW)	Capacity percentage	Operating percentage
Hydro	1282	50.4	36.8
Thermal	1263	49.6	63.2

Electricity Sector

Cost Constraints

✦ Average generation cost

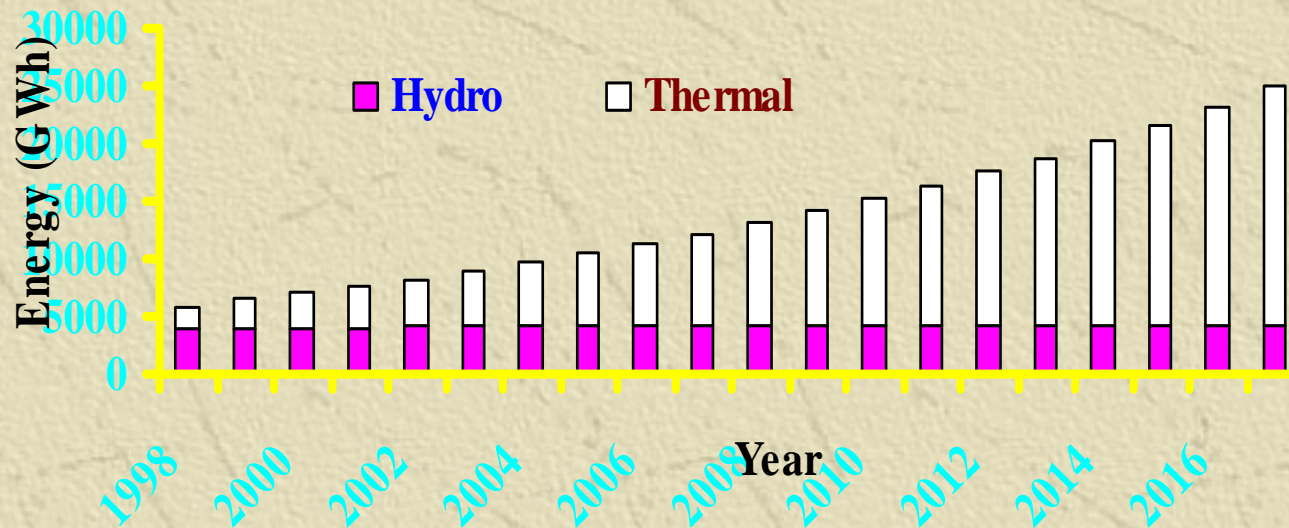
- Using hydro US\$ 0.07/kWh
- Using thermal US\$ 0.11/kWh

✦ Highlights

- Hydro
 - Weather dependant
- Thermal
 - Imported resources
 - High generation cost
 - High dependence on volatility of global oil prices

Electricity Sector

Investment Constraints



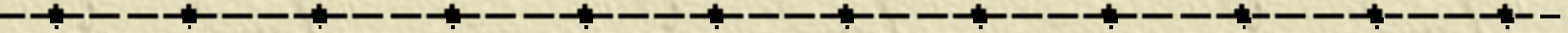
To meet the future needs

Annual capacity increase requirement 150 MW

Annual investment requirement US\$ 150 million

Electricity Sector

Resource Constraints



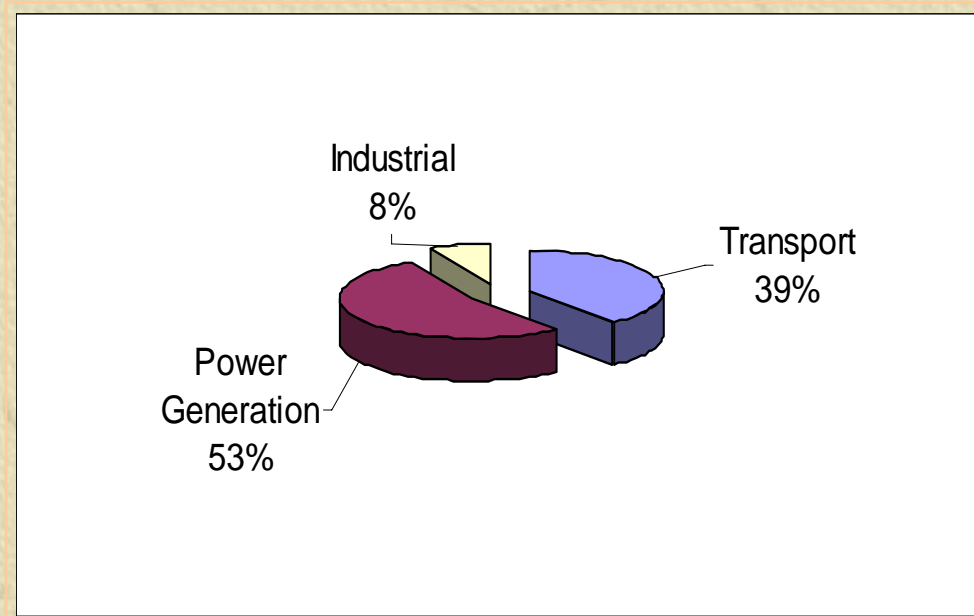
- ✦ Conventional sources employed
 - Hydro and thermal
- ✦ Other conventional sources
 - LNG not available, Nuclear not viable
- ✦ Power plants in the pipeline
 - Coal 300 MW
 - Hydro 150 MW

Issue

- These plants cannot fill the gap arising from the existing trends of annual increase

Oil and Gas

Oil Consumption



Highlight

Power Generation is a major component of country's oil consumption

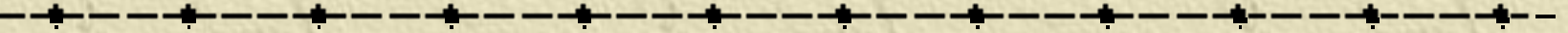
Oil and Gas

Import Expenditure

Year	Expenditure (US\$ million)	Expenditure as a % of earnings
2001	731	14.0
2002	789	15.2
2003	838	15.7
2004	1211	May be around 20% (This creates an economic imbalance)
2005	1265	(This will have severe impact on foreign exchange earnings)
2006	1413	
2007	1562	
2008	1711	

Biomass Energy

The most sustainable renewable energy source
for the country



✦ Expected outcome

Grid electricity – 100MW (within 5 years); to be increased to
300-400 MW in 10 years

Off-grid electricity – to cover up to 15% of the population

Thermal energy – for fuel switching option in industries

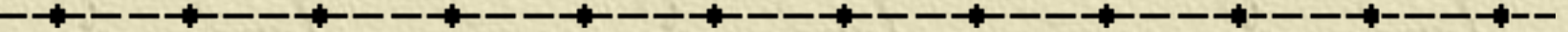
Household cooking – as an alternative for expensive LP Gas

Socio-economic benefits – income for 100,000-200,000 people

Environmental benefits – increase of the country's forest cover

Energy Conservation

Importance of energy conservation



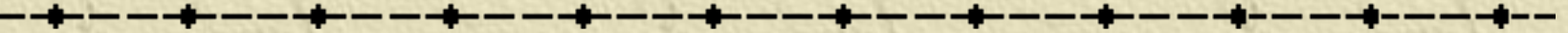
- ✦ End-user benefit
 - Reduction of energy cost in production and services

- ✦ National benefit
 - Reduction of energy generation through reduction of demand

- ✦ Target
 - Annual saving of US\$ 150 million within 10 years' time

Energy Conservation

Plan for present and future



- ✦ Encouragement of investment in energy conservation
- ✦ Provision for credit facilities for investments on energy
- ✦ Loan guarantee mechanism
- ✦ Services through ESCOs
- ✦ Awareness programmes
- ✦ Capacity development
- ✦ Regulatory and policy measures