



Current Status of Entry of IPP into the Sri Lanka Power Sector

Plants in Operation/Committed

Plant	Capacity MW	MGEA GWh
Asia Power	51	330
Lakdhanavi	22.5	156
Colombo Power	60	420
Ace Power Matara	20	167
Ace Power Horana *	20	167
AES Kelanitissa *	163	Not defined

Plants in Operation/Committed

Plant	Capacity MW	MGEA GWh	P.P. Rates US \$/KWh	
			Capacity	Energy
Asia Power	51	330		
Lakdhanavi	22.5	156		
Colombo Power	60	420		
Ace Matara	20	167		
Ace Horana	20	167		
AES Kelanitissa	163	1225		
Alstom Power	20	160		
Total	356.5			

CEB's first solicitation of IPPs

- Invitation of Expression of Interests (EOI) from prospective developers for power plant - 1992
- Proposal by KHD- UK – 1992
- Acceptance of Proposal & Issue of LOI
- Negotiation of Project Documents
- Signing of Project Agreements – Dec 1996
- Commissioning of the Plant - June 1998

Unsolicited Proposal by Lanka Transformers

- Acceptance of the Proposal – 1996
- Negotiation of the Project Agreements
- Signing of Project Agreements – Dec 1996
- Commissioning of the Plant – Nov 1997

Requests for Proposals for a Barge Mounted Power Plant – Dec 1994

- Evaluation of Commercial & Technical Proposals
- Evaluation of Financial Proposals
 - Selection of 2 Parties for further negotiations
 - Initial Negotiation of Project Agreements
- Issue of new Draft Agreements to both parties
- Second Stage Financial Proposals
- Issue of LOI – May 1997- & Final Negotiations
- Signing of Project Agreements – Feb 1999
- Commissioning of the Plant – July 2000

Requests for Proposals for Combined Cycle Power Plant – Oct 1995

- Evaluation of Commercial & Technical Proposals
- Evaluation of Financial Proposals
- Issue of LOI
- Negotiation of Project Agreements
 - GOSL agrees to provide counter guarantee for a PRG to be provided by ADB
- Signing of Project Agreements – June 2000
- Scheduled Completion
 - Open Cycle Operation – June 2002
 - Combined Cycle Operation – May 2003

Requests for Proposals for Medium Term Power Plants – July 1997

- Evaluation of Commercial & Technical Proposals
- Evaluation of Financial Proposals
- Issue of LOI – Aug 1999
- Negotiation of Project Documents
- Signing of Project Documents – Aug 2000
- Commercial Operation
 - Matara Plant – March 2002
 - Horana (Relocated from Anuradhapura) – Dec 2002

New Projects

- Medium Term Power Plants - 200 MW
 - Requests for Proposals - April 2002
 - Commercial & Technical Evaluation in Progress
 - Scheduled Commercial Operation – Dec 2003
- Kerawalapitiya Combined Cycle Power Plant – 300 MW
 - Pre-Qualification - June 2002
 - Scheduled Commercial Operation – Jan 2005

Structure of the RFP Documents

- Instructions to Project Proponents
- Proposal Letters & Forms
- Model Power Purchase Agreement
- Model Fuel Supply Agreement
- Model Implementation Agreement

Instructions to Project Proponents

- General Information
- Detailed Instructions for Bidding
 - Structure of the Project
 - Bidding Procedure
 - Technical & Commercial Data
 - Financial Data
 - Securities
- Government Incentives

Instructions to Project Proponents

- Technical Descriptions & Performance Specifications
 - Proven Technology
 - Technical Information
 - Interconnection
 - Fuel & Lube Oil
- Environmental Considerations
 - Environmental Requirements
 - Control of Emissions
 - Archaeological Requirements

Instructions to Project Proponents

- Qualifications of the Project Proponents
- Evaluation Criteria
 - Outline of Evaluation Procedure
 - First Stage Evaluation: Responsiveness
 - Second Stage Evaluation: Commercial & Technical Evaluation
 - Third Stage Evaluation: Financial Evaluation

Project Agreements

- Power Purchase Agreement (PPA)
- Fuel Supply Agreement (FSA)
- Implementation Agreement (IA)

Risks Assumed by GOSL / CEB / CPC

- Political Force Majeure Risks
- Exchange Rate Variation Risks
- Fuel Price Variation Risks
- Change in Law Risks

Tariff Structure

- Capacity Charge
 - Repayment of Debt and Return to Equity
(non escalable)
 - Fixed O&M
(escalable)
- Energy Charge
 - Variable O&M
(escalable)
 - Fuel Cost
(Pass through)

Type of Contracts

- Energy Based Contracts
 - Minimum Guaranteed Energy Amount (MGEA)
- Availability Based Contract
 - Plant Availability Guarantee

Guarantees By CEB

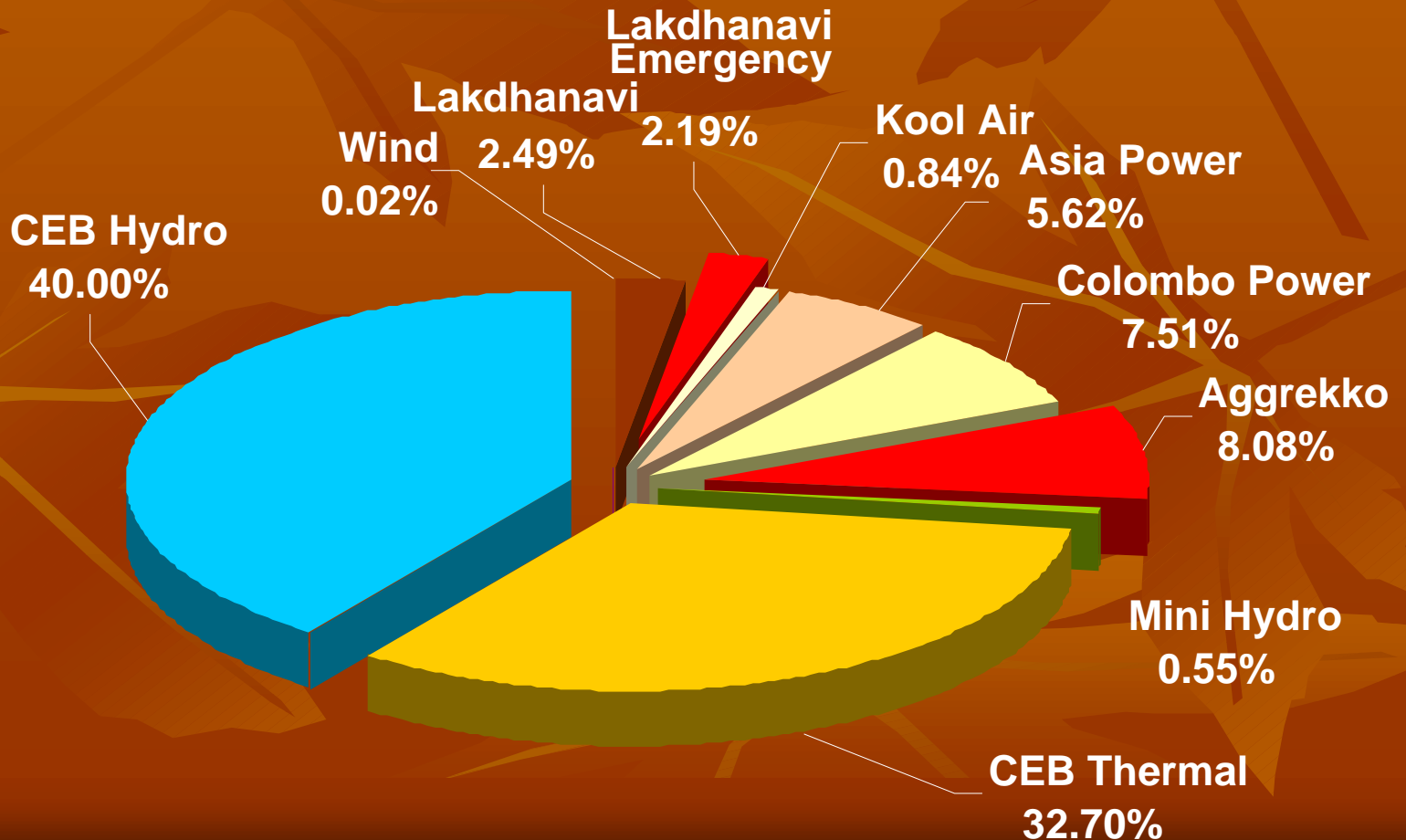
- Payment of Capacity Charge up to MGEA for Energy Based Contracts & for availability in availability based contracts
- Guarantee of Payment for Political Force Majeure Situations
- Guarantee of Payment for Fuel Supply Curtailments
- Compensation Guarantees under Changes in Law Situations
- Buyout under Termination due to non default by the Company

Guarantees By GOSL

- Guarantee of Payment Obligations of the CEB

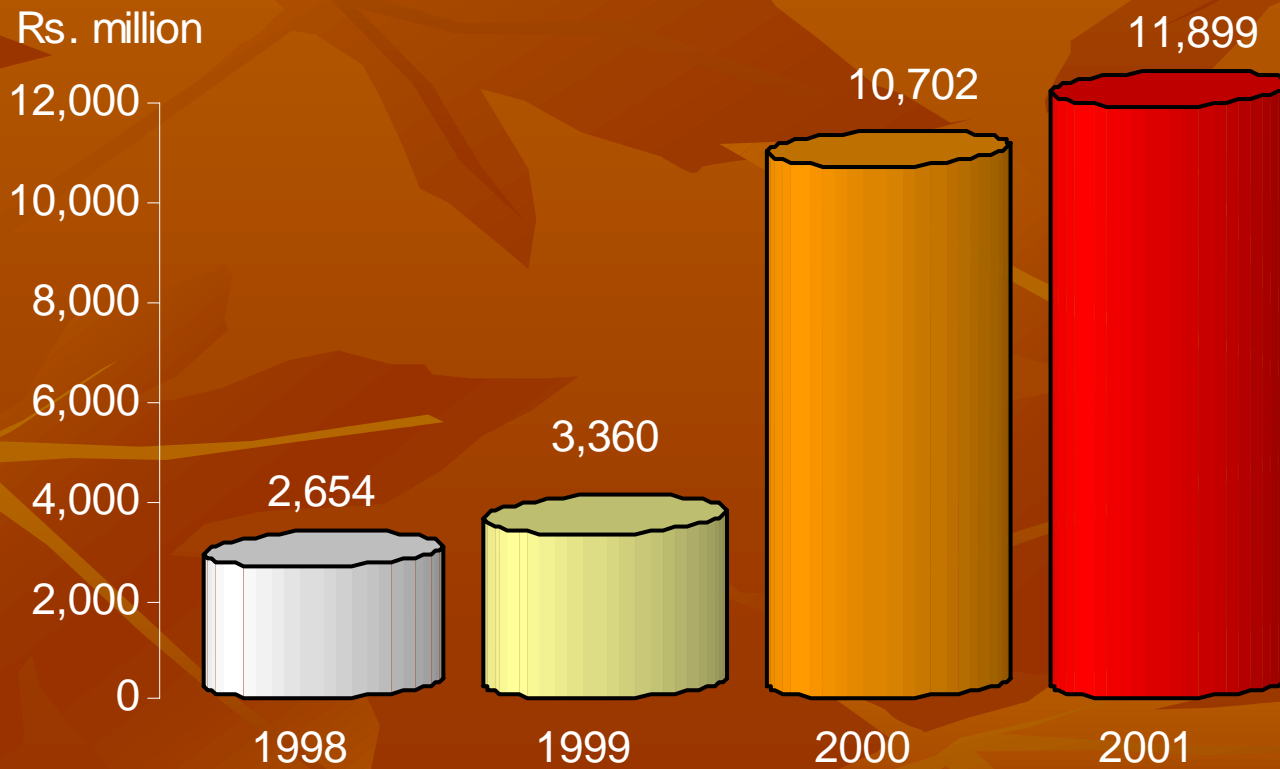
Total Installed capacity = 1838 MW
Hydro = 1137 MW
Thermal = 453 MW
Wind = 3 MW
IPP = 186 MW

Energy Generation February 2001



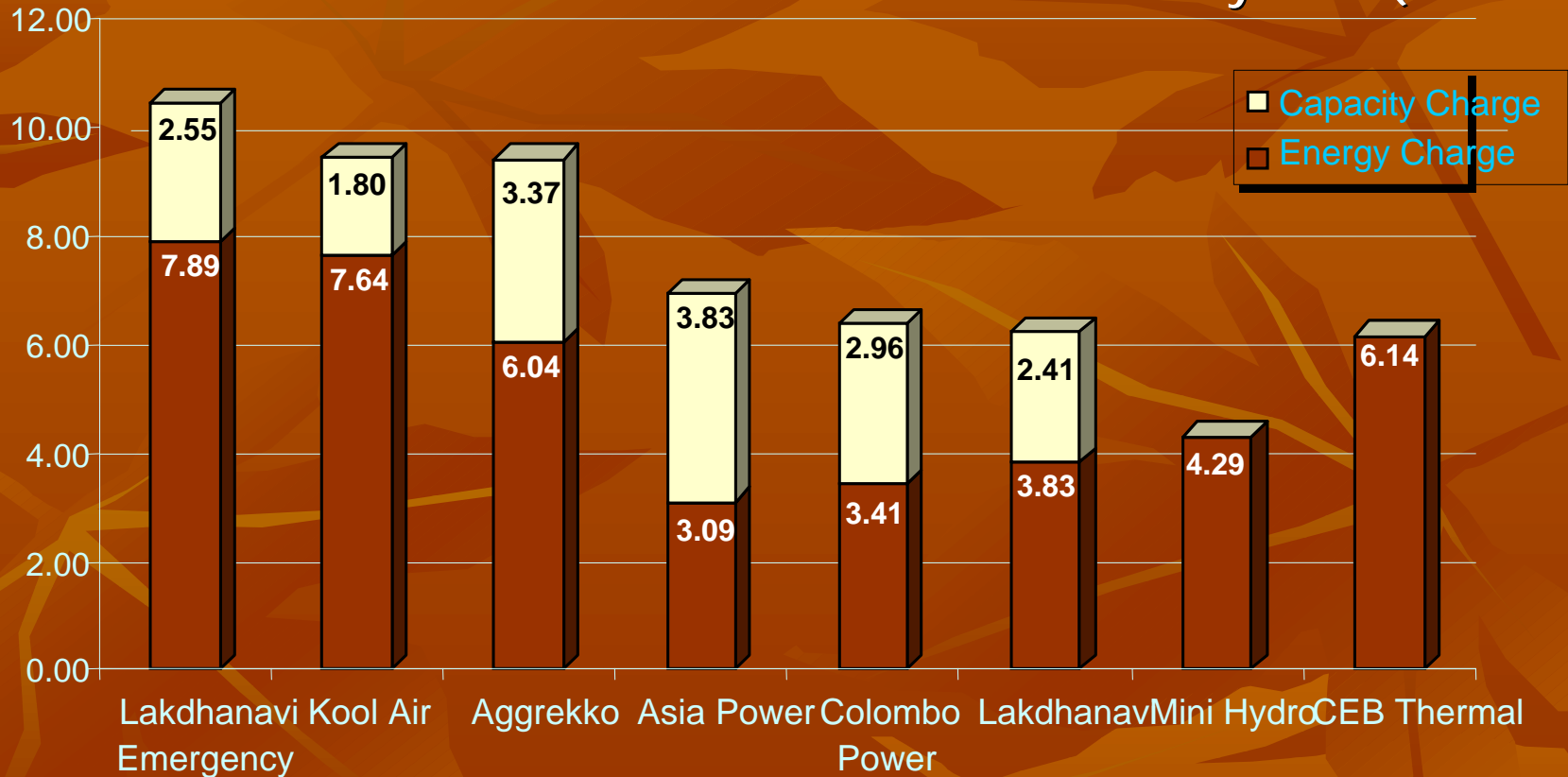


CEB's Oil Expenditure



Power Purchase Rates

February 2001 (Rs/kWh)



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END