



## Non Conventional Renewable Energy Tariff Announcement

### Purchase of electricity to the National Grid under Standardized Power Purchase Agreements (SPPA)

Following the public consultation process that ended on 28<sup>th</sup> August 2012, the Public Utilities Commission of Sri Lanka (PUCSL) is pleased to announce the rates for electricity purchased by the Transmission Licensee; Ceylon Electricity Board (CEB) from Non-Conventional Renewable Energy (NCRE) sources for SPPAs signed on or after 1<sup>st</sup> January 2012. The tariffs and the SPPA will continue to be standardized. The tariffs will be cost-based and technology-specific, and the developers have the option of selecting either a three-tier tariff or a flat tariff. The SPPAs will continue to be applicable to projects with a rated generating capacity up to 10 MW, and will be valid for a period of 20 years and extendable by mutual consent.

These tariffs will apply to new SPPAs signed between 1<sup>st</sup> January 2012 and 31<sup>st</sup> December 2013. Tariffs for electricity produced using Non-Conventional Renewable Energy (NCRE) sources based on Standardized Power Purchase Agreements (SPPAs) would be as follows:

All prices are in Sri Lankan Rupees per Kilowatt-hour (LKR/kWh).

#### Option 1: Three-tier Tariff

This will consist of a fixed rate, escalable Operations and Maintenance (O&M) rate and escalable fuel rate.

Technology / Source	Escalable Base O&M rate (year 1-20)	Escalable Base Fuel rate (year 1-20)	Fixed Rate			Royalty to Govt, paid direct by the utility (% of total Tariff) Year 16-20
			Year 1-8	Year 9-15	Year 16-20	
Mini-hydro	1.93	None	16.81	6.38	5.80	10%
Mini-hydro-local	1.98	None	17.27	6.55	5.95	10%
Wind	1.30	None	22.63	8.58	7.80	10%
Wind-local	1.34	None	23.29	8.83	8.03	10%
Biomass (Dendro)	1.50 (1-15 years) 1.88 (16-20 years)	12.25	9.80	3.72	3.38	None
Biomass (Agricultural & Industrial Waste)	1.50 (1-15 years) 1.88 (16-20 years)	6.13	9.80	3.72	3.38	None
Municipal Solid Waste	5.31	1.75	19.80	7.51	6.83	None
Waste Heat	0.52	None	10.19	3.86	3.51	None
Escalation rate for year 2012	6.14%	3.37%	None			

- Note 1: Escalation of O & M rate and fuel rate shall commence from 1<sup>st</sup> day of the month of January immediately after the commercial operation date.
- Note 2: the applicable escalation rate for each subsequent year shall be the rate announced for that particular year.
- Note 3: to compensate for the higher tariffs in tier 1, developers will be required to deliver in tier2, an average amount of energy at least equal to that delivered in tier 1. This obligation will be stipulated in the agreement, with corresponding penalties for non-delivery in tier 2.
- Note 4: Biomass (Dendro) means sustainably grown wood.
- Note 5: 'Mini-hydro – Local' and 'Wind – Local' are plant that use locally manufactured turbine equipment

**Option 2: Flat Tariff**

<b>Technology</b>	<b>All inclusive rate (LKR/kWh) for year 1-20</b>
Mini-hydro	16.70
Mini-hydro-local	17.15
Wind	20.62
Wind-local	21.22
Biomass (Dendro)	25.09
Biomass (Agricultural & Industrial Waste)	17.71
Municipal Solid Waste	26.10
Waste Heat	9.19

Note 1: The flat tariff will not be escalated for any reason over the entire 20 year period.

Note 2: extensions after the 20<sup>th</sup> year will be at the same rate as for an option 1 project.

The selection between options 1 and 2 would be at the discretion of the developer, at the time of signing the SPPA. Any other renewable energy technology (electricity produced based on SPPA) that does not have a declared tariff would be offered a flat tariff of Rs. 25.09/ kWh, for 20 years.

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