



# Non Conventional Renewable Energy Tariff Announcement

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

Following the public consultation process started on 23<sup>rd</sup> August 2010 and the Public Hearing held on 20<sup>th</sup> October 2010, 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 25<sup>th</sup> November 2010. The tariffs and the SPPA will continue to be standardised and non-negotiable. 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 25<sup>th</sup> November 2010 and 31<sup>st</sup> December 2011. 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 Lanka Rupees per kilowatt-hour (LKR/kWh).

### Option 1: Three-tier Tariff

This will consist of a fixed rate, operations and maintenance (O&M) rate and a fuel rate.

Technology	Escalable	Escalable	Non-escalable fixed rate		Escalable Year 16+ Base rate	Royalty to Govt, paid direct by the power purchaser Year 16+
	Base O&M Rate	Base Fuel rate	Year 1-8	Year 9-15		
Mini-hydro	1.61	None	12.64	5.16	1.68	10% of total tariff
Mini-hydro - Local	1.65	None	12.92	5.28	1.68	10% of total tariff
Wind	3.03	None	17.78	7.26	1.68	10% of total tariff
Wind - Local	3.11	None	18.28	7.47	1.68	10% of total tariff
Biomass (Dendro)	1.29 (1-15 years)	9.10	7.58	3.10	1.68	No royalty
	1.61 (16 <sup>th</sup> year onwards)					
Biomass (Agricultural & Industrial Waste)	1.29 (1-15 years)	4.55	7.58	3.10	1.68	No royalty
	1.61 (16 <sup>th</sup> year onwards)					
Municipal Waste	4.51	1.75	15.16	6.19	1.68	No royalty
Waste Heat Recovery	0.43	None	7.13	2.65	1.68	No royalty
Escalation rate for year 2010	7.64%	5.09%	None	None	5.09%	

Note 1: Escalation of O&M rate and fuel rate shall commence from the 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 tier 2, 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 firewood.
- Note 5: 'Mini-hydro - Local' and 'Wind - Local' are plants that use locally manufactured turbine equipment

#### **Option 2: Flat Tariff**

Technology	All inclusive rate (LKR/kWh) for years 1-20
Mini-hydro	13.04
Mini-hydro - Local	13.32
Wind	19.43
Wind - Local	19.97
Biomass (Dendro)	20.70
Biomass (Agricultural & Industrial Waste)	14.53
Municipal Waste	22.02
Waste Heat Recovery	6.64

- 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. 20.70 / kWh, for 20 years.

**Chairman**  
**Public Utilities Commission of Sri Lanka**  
 Level 06, BOC Merchant Tower, #28, St. Michael's Road, Colombo 03.  
 Telephone: (011) 2392607/8 Fax: (011) 2392641 E-mail: tariff@pucsl.gov.lk