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M.Eng. Mechanical Eng.

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EXECUTIVE SUMMARY

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I have written this report for the requirement of M.ENG. of second year and the research problem being analyzed is Effect of IPP Electrical Energy Tariff to the Economy of Sri Lanka. I have being involved more than ten years in the filed of thermal power generation activities including operation, maintenance, design, construction, testing and commissioning activities in foreign country as well. Further, I carried out Power Purchase Agreement administration on behalf of the power purchaser of four major IPP projects established in Sri Lanka to the value of 225 Million Dollars, since the effective date right up to the commercial operation date. Therefore, I believe that the topic is well in line with my career and look forward to carry out a comprehensive analysis of the topic. I emphasize the fact that this topic generated in my mind because of carrier involvement of the subject for a long time.

The title describes the meaning and understanding of the dilemma if exists and shall try to elaborate repercussion of it and how it would be affected or not affected to the economy of Sri Lanka. For the special study of the 3rd term of the project, I have touched the problem in a different style and I hope to augment and analyze the topic in more details by identifying the factors that are contributed.



In Chapter 1, I elaborated the background of economy of Sri Lanka and highlighting up and downs of various key economic performance indicators in certain occasions since the independence. I believe that the understanding of the economic status of the country is required before touching the subject matter. At the end of Chapter 1 a brief introduction has been done to the power generation situation in the country and immerges of thermal power generation to the system.

The Chapter 2 begins the story Electricity Industry of the country outlining the components contributing to the demand of electricity. It further illustrates the history of capacity augmentation and the exact time line of the introduction of IPP generation to the system and visualizes the future trend in mathematical formula for determination of the values at any potential year.

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I tried to cover the whole Independent Power concept in Chapter 3 and believe that it will be useful to the understanding of various stages of the IPP and elaborated the each stage and agreements in detail.

Chapter 4 is completely devoted to the analysis of all IPP plants established up to date and each plant is considered separately highlighting their own features. Even though this chapter looks like short and much time has been spent to mold out the final effect as a result of involvement of thousands and thousand of data and many months at the computer table.

All the data being used here are factual and I have faced great obstacle while establishing the diesel fuel price for power generation due to the very volatile market price and involvement of many tax components of the final product. The relevant data always presented in Chart format for better visualization and which was more enthusiasms and for instant understanding.

By dividing the Chapters in the above manner, it may be seen that the work has been organized to form a continuous logical manner.



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Finally, I anticipate that the result of this comprehensive analysis would be useful to the accurate decision makers of the country.

Bandula Harischandra

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I will be failing in my duties if I do not acknowledge Dr U Herath and Mr C.P Karunatilake of Central Bank for valuable help given at some occasions when I needed to resolve some queries.

Bandula Harischandra

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