

CONFIDENTIAL

MINISTRY OF POWER & RENEWABLE ENERGY

CABINET MEMORANDUM

Cabinet Memo No. N/10916/11

Ministry Ref. No. PE/PEV/2011/10

Implementation of National Program on Energy Demand Management, Efficient Energy Use and Energy Conservation

01. Background

According to the infrastructure developments carried out in energy sector of Sri Lanka, Electrification level is reaching to 100%. In that context, people's livelihood is getting improved and industry based vocational activities have also been upgraded. In addition to this, it is envisaged that the development programs carried out based on government's policy and demand for energy arising within industrial sector evolution would rapidly get enhanced. When new power stations are constructed in order to fulfill the increasing demand of electricity, two factors are there which should be considered. What is important in these factors is to maintain electricity generation cost at a lower level. It is very important to generate electricity by using environment friendly energy sources. Reducing electricity generation cost would be an essential part for owner of industries to produce their production which is capable to compete in international market. Both environment and cost can be made balanced with power generation through environment friendly energy sources and low cost coal-fired power generation. Power generation cost can be reduced with the application of proper energy demand management by curtailing unnecessary use of energy, and thereby need of electricity locally generated can reduced. Therefore, I am of the view that implementing an Island Wide National Program on Energy Demand Management and Energy Conservation with the collaboration of all citizens and stakeholders would be an important initiative.

Electricity cost in the country can be reduced with the enhancement of energy efficiency. Likewise, cost of the intuitions consuming electricity and consumers can also be reduced with energy efficiency. It has happened to incur a lot of foreign exchanges on annual fuel importation. In certain years, this amount takes 20% in overall import expenses of the country. This reflects about 40% in overall export income. 60% of national power generation depending on imported coal and fuel is the main reason for this. Hence, economic benefits in great amount will flow into national economy through energy demand management. If national economic benefit is reached through energy demand management and efficient use of electricity, all parties should work towards a single objective by incorporating all sectors of the country like society, economy and administration.

02. Description

Ceylon Electricity Board will prepare a Long-term Power Generation Plan and implement a suitable Power Generation Project which accommodates demand for electricity. When this Long-term Power Generation plan is implemented, an increasing demand of electricity within next 20 years of time should be forecast. When demand for electricity is forecast, such matter should be carried out based on existing socio economic and energy factors. However, if a priority is given to such energy demand management through a national

involvement, increasing demand for electricity can be reduced rather than the electricity demand arising in normal phenomena. It is envisaged that an average of 1000 GWh power can be saved within next 05 years of time, with the practices like change of multi-socio economic behavior patterns, and as well an energy demand program on use of efficient energy equipment. As a result, a need of constructing 500 mw power stations within another 05 years of time can be avoided.

Therefore, this Ministry has decided to give priority for energy demand management. Accordingly, Ceylon Electricity Board, Lanka Electricity (Pvt) Company, Sri Lanka Sustainable Energy Authority jointly have decided to implement a program on use of energy efficiency and energy conservation. Energy use in sectors of transportation, agriculture and industry will also be considered with a national energy conservation program. However, this program aims only in use of energy efficiency and energy conservation. At the time of preparation of this program, it has revealed that a broad contribution is needed from government sectors, domestic, commercial and industrial sectors. All government institutions should be made involved in this type of national program. I am of the opinion that this national energy saving goal can be achieved particularly through positively changing attitude of school community by Ministry of Education towards energy use, bringing the concept on energy economy among people through army forces, making awareness on use of energy efficiency and energy conservation through Sri Lanka Chamber of Commerce and other community based organizations.

03. Proposal

3.1 I believe that fullest cooperation, guidance and blessing of His Excellency the President, the Hon. Prime Minister and the Cabinet of Ministers are needed to implement this type of national involvement initiative. Hence, I propose that appointing a President Task Force to implement this national program on use of energy efficiency as a pilot project would be appropriate. I further suggest that the composition of the said President Task Force should include as follows.

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| President | - Minister of Power and Renewable Energy |
| Members | - Minister of Civil Aviation
- Minister of Education
- Minister of Public Administration and Management
- Minister of Provincial Councils and Local Authorities
- Minister of Petroleum and Petroleum Gases
- Minister of Trade and Commerce
- State Minister of National Policy and Economic Affairs
- Deputy Minister of Power and Renewable Energy |
| Convener | - Secretary, Ministry of Power and Renewable Energy |

The above said President Task Force will make required policies and provide guidelines for the program on energy economy and energy conservation which is being implemented all over the Island.

3.2 I would like to bring a proposal to appoint a National Committee for Implementation of this national program at a national level under the guidance of the said Task Force. The composition of the said National Committee should include the following.

- President - Minister of Power and Renewable Energy
- Members
- A representative of the Secretary to the Ministry of Power and Renewable Energy
 - A Staff Grade Officer of the Presidential Secretariat who is appointed by His Excellency the President
 - A Senior Staff Grade Officer of the Office of the Hon. Prime Minister who is appointed by him
 - A Senior Staff Grade Officer who is appointed by the Secretary to the Ministry of Finance
 - A Senior Staff Grade Officer who is appointed by the Secretary to the Ministry of Education
 - A Senior Staff Grade Officer who is appointed by the Secretary to the Ministry of Public Administration and Management
 - A Senior Staff Grade Officer who is appointed by the Secretary to the Ministry of Provincial Councils and Local Governments
 - A Senior Staff Grade Officer who is appointed by the Secretary to the State Ministry of National Policies and Economic Affairs
 - Chairman, Ceylon Electricity Board
 - Chairman, Lanka Electricity (Pvt) Company
 - Chairman, Sri Lanka Sustainable Energy Authority
 - General Manager, Ceylon Electricity Board
 - General Manager, Lanka Electricity (Pvt) Company
 - Director General, Sri Lanka Sustainable Energy Authority
- Convener - Director, (Development), Ministry of Power and Renewable Energy

My Deputy Minister and the Secretary to my Ministry have to be personally made involved in this initiative for a proper coordination between the said Task Force and the National Committee.

3.3 I further proposed that the progress of this program be reported semester-wise to the Cabinet of Ministers.

04. Approval

As mentioned above, the approval of the Cabinet of Ministers is sought for the proposals of 3.1, 3.2 and 3.3 in order to implement this National Program on Energy Demand Management and Use of Energy Efficiency.

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