

Non Conventional Renewable Energy Tariff Announcement

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

Sri Lanka Sustainable Energy Authority (SLSEA) of the Ministry of Power and Energy is pleased to announce the new rates for electricity purchased by the Ceylon Electricity Board (CEB) from Non-conventional Renewable Energy (NCRE) Sources under (SPPAs) signed from today onwards. The tariffs and the SPPA will continue to be standardised and non-negotiable. The tariff 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.

This tariff will remain unchanged until further notice and the tariff review process is initiated strictly on necessity.

The tariff for electricity produced using Non-conventional Renewable Energy (NCRE) sources based on Small Power Purchase Agreements (SPPAs) signed from today onwards 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 Base O&M Rate | Escalable Base Fuel rate | Non-escalable fixed rate | | Escalable Year 16+ Base rate | Royalty to Govt, paid direct by the power purchaser Year 16+ |
|---------------------------------|--------------------------|--------------------------|--------------------------|-----------|------------------------------|--|
| | | | Year 1-8 | Year 9-15 | | |
| Mini-hydro | 1.55 | None | 14.18 | 5.16 | 1.62 | 10% of total tariff |
| Wind | 2.46 | None | 22.53 | 8.19 | 1.62 | 10% of total tariff |
| Biomass (Dendro) | 1.24 (1-15 years) | 7.14 | 8.50 | 3.09 | 1.62 | No royalty |
| | 1.55 (16th year onwards) | | | | | |
| Agricultural & Industrial Waste | 1.24 (1-15 years) | 3.56 | 8.50 | 3.09 | 1.62 | No royalty |
| | 1.55 (16th year onwards) | | | | | |
| Municipal Waste | 3.13 | None | 12.26 | 4.46 | 1.62 | No royalty |
| Waste Heat Recovery | 0.49 | None | 10.15 | 3.69 | 1.62 | No royalty |
| Escalation rate for year 2009 | 8.06% | 5.37% | None | None | 5.37% | |

Note 1: Escalation of O&M rate and fuel rate shall commence from the 1st 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.

Option 2: Flat Tariff

| Technology | All inclusive rate (LKR/kWh) for years 1-20 |
|---------------------------------|---|
| Mini-hydro | 14.58 |
| Wind | 23.07 |
| Biomass (Dendro) | 18.56 |
| Agricultural & Industrial Waste | 13.88 |
| Municipal Waste | 15.31 |
| Waste Heat Recovery | 9.55 |

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

Note 2: Extensions after the 20th 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.

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