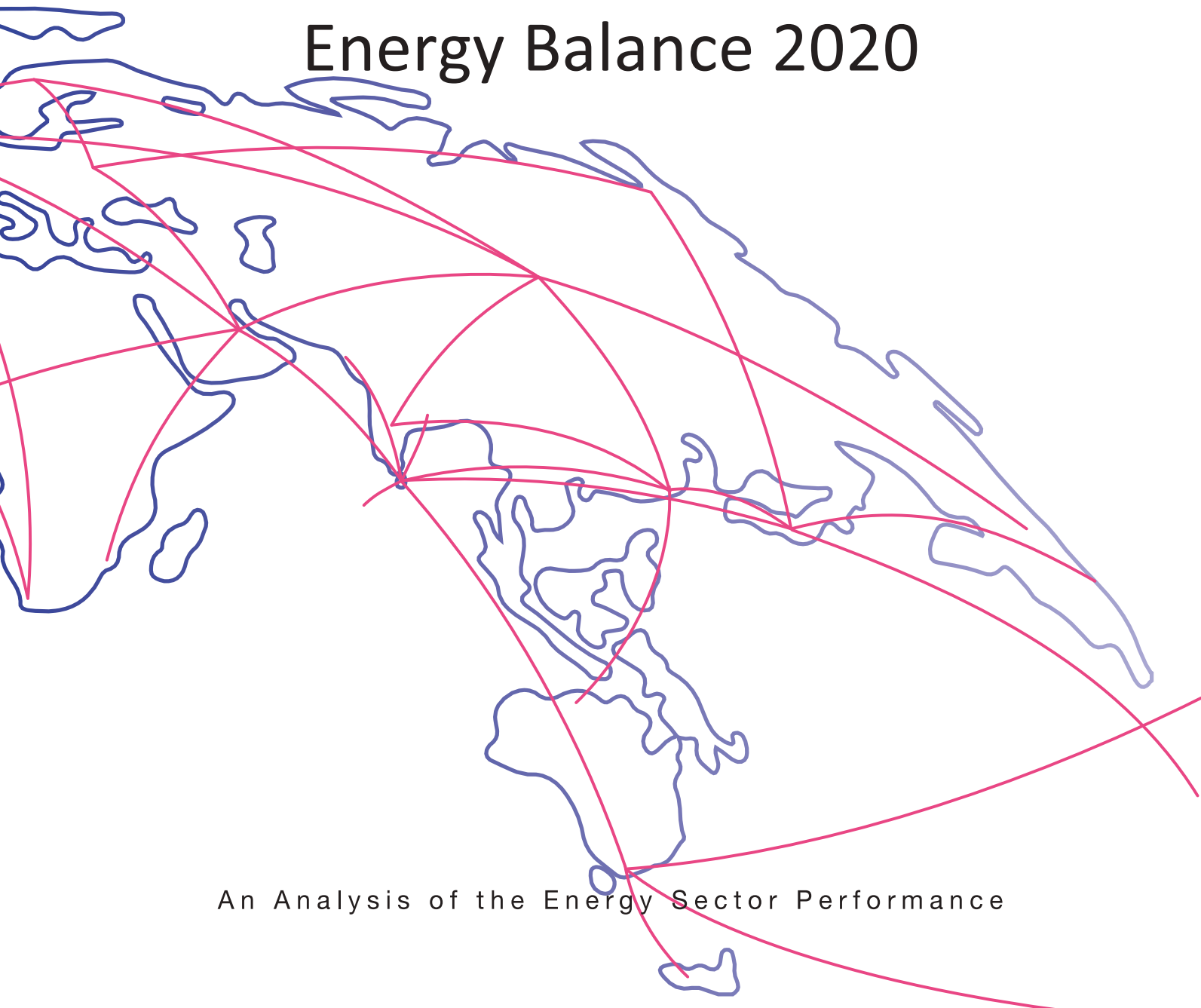
Sri Lanka
Energy Balance 2020



An Analysis of the Energy Sector Performance

Sri Lanka

Energy Balance 2020

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Sri Lanka Sustainable Energy Authority
No. 72, Ananda Coomaraswamy Mawatha, Colombo 07, Sri Lanka.

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It is often said that we live in a well-connected world, and the world has shrunken to the size of a village, earning it the reference the 'global village'. It is far easier to think that this shrinkage is due to the *connections* enabled by the advent of telecommunication technologies. However, *connections* – the theme of the Sri Lanka Energy Balance 2020 has a deeper meaning. It refers to the very many *connections* we have made in between markets, economies, countries and societies.

It does not end there. *Connections* we have made in the transport sector has enabled a product made in a far-flung corner of the planet to be made available in any place where a user for that product is willing to pay for it. We, the dominant species of the planet have started to roam in large volumes, using extensive logistical infrastructure created by the civilisation. However, such *connections* have also allowed a devastating virus COVID – 19 to travel across the planet and wreak havoc on the human civilisation.

The travel restrictions immediately affected the global transport industry and caused a sudden and deep depression in the transport energy demand, which was followed by a similar dip in the electricity demand, triggered by the now dysfunctional industry and commerce.

The power of *connections* did not end there. The health sector chaos *connected* very quickly with the labour supply, starting a whirlpool of economic turmoil, which then escalated to a global crisis of unthinkable proportions. The energy sector too was not spared, where the whirlpool quickly triggered a price shockwave across energy markets, leading to negative commodity prices.

Our cover picture is a graphical depiction of the *connected* planet, which is capable of transporting large volumes of goods or transmitting a dreaded pandemic from one city to another city, using the extensive *connections* made possible by our own civilisation.

Executive Summary

The year 2020 will be recorded as a significant year in terms of the considerable loss of demand for energy commodities. The COVID – 19 pandemic adversely affected many sectors, including the energy sector. The pandemic had repercussions on the demand for fossil fuels, which resulted in the collapse of fossil fuel prices leaving the global petroleum industry in a difficult position. Further, the prolonged lockdowns resulted in a substantial decrease in petroleum fuel imports, which resulted in a 24.4% demand contraction compared with 2019. The country spent 24.9% of all non-petroleum export earnings on fossil fuel imports in 2020, which caused a reduction in the fuel import bill from USD 4,133 million in 2019 to USD 2,778 million in 2020, allowing the Sri Lankan petroleum industry a breathing space. With the change of the Government in late 2019, the pricing formula for petroleum products was discontinued, resulting in a change of the product pricing strategy, which in turn lead to a resumption of adding a bigger burden to the petroleum retail sector. Although the National Energy Policy and Strategies of Sri Lanka was tabled in the Parliament in late 2019, it was not adopted as planned owing to the curtailed operations which prevailed over the most part of 2020.

New renewable energy development continued with the awardees of the competitive bidding process for two rounds of solar and wind development programmes across the country. The solar industry passed an important milestone, where eighteen 1 MW power plants started commercial operations in 2020, raising the total ground mounted solar capacity to 75.36 MW. Further, two wind power plants and a single waste to energy power plant was also added to the grid in 2020. The progress of the 100 MW wind power project in Mannar suffered in early 2020 due to the pandemic but recovered quickly to allow CEB to energise a few turbines using the available grid infrastructure.

Petroleum remained as the largest energy supply source in the country (40%), followed by biomass (34%). With the development of the last three hydropower projects in the country, focus on the large scale development of wind and solar resources intensified in 2020. Full exploitation of these resources is delayed, in view of the severe constraints imposed by the demand profile of the country. Studies are presently underway to establish the availability of offshore petroleum resources. Coal accounts for 14% in the energy supply portfolio, while hydro power accounts for 8% and new renewable energy accounts for 4%. The total amount of electricity generated during 2020 was 16,711.3 GWh out of which 64% was from thermal plants. The NRE generation was 10% in 2020. The contribution from micro power producers (solar rooftop systems) was 3%, while the three schemes, net-metering, net plus and net accounting generated approximately 495.6 GWh of electrical energy in 2020.

The CEB reported a poor financial performance with a negative (5.7)% return on assets for the fifth consecutive year. The LECO however, recorded a positive 7.5% return on assets. The electricity tariff revised on September 16 and November 15, 2014 remained unchanged throughout 2020.

The petroleum distribution continued with two parties; CPC and Lanka Indian Oil Company (LIOC) operating a widespread distribution network around the country. With the negative commodity prices reported in other markets, many discussions started on the potential of the tank farms in Trincomalee to store petroleum fuels if the farm is revamped and made operational.

The largest share of energy use in 2020 was used by the household, commercial and other sectors, accounting for a share of 38.4% of the country's total energy demand. Transport sector share of energy use, which was mainly met through liquid petroleum, accounted for a share of 32.1%. The share of the industrial use was 29.5%. The end use shares, which were approximately equal at one thirds of the total changed to these new shares due to the prolonged lockdowns which kept families at home and businesses closed.

The average crude oil price (Brent) declined by 32.3% to USD 43.35 per barrel in 2020, compared with the average price of USD 64.04 per barrel recorded in 2019. Although the COVID – 19 pandemic caused global crude oil prices to reach an unprecedent low level in March 2020, a rapid recovery of prices was observed towards the end of the year.

The Grid Emission Factors calculated for 2020 gives the Simple Operating Margin as 0.7084 kg-CO_2/kWh, the Build Margin as 0.7940 kg-CO_2/kWh and the Combined Margin as 0.7512 kg-CO_2/kWh. The Average Emission Factor for 2020 was estimated to be 0.5294 kg-CO_2/kWh.

Key Energy Statistics

Primary Energy (PJ)	2019	2020
Biomass	169.0	172.0
Petroleum	223.8	202.2
Coal	58.7	70.5
Major hydro	38.2	39.5
New Renewable Energy	19.9	21.2
Total	**509.6**	**505.4**

Imports (kt)	2019	2020
Crude Oil	**1,842.7**	**1,666.8**
Finished Products	**4,099.4**	**3,294.1**
LPG	430.0	437.0
Gasoline	1,159.9	1,057.0
Avtur	397.3	101.1
Auto Diesel	1,587.3	1,192.0
Fuel Oil	504.0	487.0
Avgas	-	0.1
Bitumen	3.0	0.0
Mineral Gas Oil	17.9	19.9
Coal	**2,388.6**	**2,543.6**

Refined Products (kt)	2019	2020
Crude Input	1,864.8	1,752.4
Naphtha	162.0	157.0
Petrol	185.9	164.4
Avtur	259.0	157.3
Kerosene	38.3	109.2
Diesel	624.5	537.6
Furnace Oil	483.2	465.4
Solvents	1.7	0.9
Total Output	**3,619.4**	**3,344.1**

Grid Capacity (MW)	2019	2020
Major Hydro	1,398.9	1,382.9
Thermal Power	2,198.0	2,098.0
CEB Wind (Mannar Project)	-	31.1
New Renewable Energy	625.5	666.8
Micro Power Producers (µPP)	283.8	353.6
Total	**4,506.2**	**4,532.3**

Gross Generation (GWh)	2019	2020
Major Hydro	3,800.9	3,929.4
Thermal (Oil)	5,067.4	4,306.4
Thermal (Coal)	5,916.9	6,364.9
CEB Wind (Mannar Project)	-	7.7
New Renewable Energy	1,579.3	1,607.2
Micro Power Producers (µPP)	397.8	495.6
Total	**16,762.3**	**16,711.3**

Average electricity price (LKR/kWh)	17.0	17.2
Net oil imports as % of non petroleum exports	31.6	24.9

Total Demand (PJ)	2019	2020
Biomass	165.8	169.3
Petroleum	174.3	154.8
Coal	2.3	2.1
Electricity	53.2	52.0
Total	**395.6**	**378.2**

Demand by Sector (PJ)	2019	2020
Industry	111.7	111.7
Transport	139.3	121.3
Household & Commercial	144.6	145.3
Total	**395.6**	**378.2**

Industry Demand (PJ)	2019	2020
Biomass	83.1	85.9
Petroleum	9.3	7.6
Coal	2.3	2.1
Electricity	17.0	16.0
Total	**111.7**	**111.7**

Transport Demand (PJ)	2019	2020
Petroleum	139.3	121.3
Total	**139.3**	**121.3**

HH, Comm, Other (PJ)	2019	2020
Biomass	82.7	83.4
Petroleum	25.7	25.9
Electricity	36.2	36.0
Total	**144.6**	**145.3**

Electricity Demand (GWh)	2019	2020
Domestic	5,523.7	5,880.4
Religious	99.9	93.6
Industrial	4,709.4	4,451.5
Commercial	4,305.1	3,893.1
Streetlighting	131.4	131.2
Agriculture	0.05	-
Total	**14,769.6**	**14,449.9**

Grid Emission Factors (kg-CO_2/kWh)	2019	2020
Operating Margin	0.7084	0.7084
Build Margin	0.8364	0.7940
Combined Margin	0.7724	0.7512

Average Emission Factor	2019	2020
(kg-CO_2/kWh)	0.5401	0.5294

GDP at 1982 factor cost prices (million LKR)	540,042	345,627
Commercial Energy Intensity (TJ/LKR million)	0.43	0.60
Electricity Sold (kWh/person)	677.4	659.2
Petroleum Sold (kg/person)	228.8	198.3

Acknowledgement

Sri Lanka Sustainable Energy Authority wishes to express its sincere thanks to the following institutions for their valuable cooperation in the compilation of the “Sri Lanka Energy Balance 2020” and the Analysis of Energy Sector Performance.

Ministry of Power and Renewable Energy

Ministry of Petroleum Resources Development

Ceylon Electricity Board

Lanka Electricity Company (Pvt) Ltd.

Ceylon Petroleum Corporation

Petroleum Resources Development Secretariat

Sri Lanka Railways

Department of Motor Traffic

Department of Census and Statistics

Central Bank of Sri Lanka

State Timber Corporation

All institutions, which responded positively to our request to provide relevant data

Sri Lanka Energy Balance 2020 was compiled by the
Sri Lanka Sustainable Energy Authority

List of Abbreviations

C&F	Cost and Freight
CEB	Ceylon Electricity Board
CHP	Combined Heat and Power
CPC	Ceylon Petroleum Corporation
DG	Distributed Generation
ECF	Energy Conservation Fund
ESCO	Energy Service Company
FOB	Free On Board
GCal	Giga calorie
GDP	Gross Domestic Product
GEF	Grid Emission Factor
GWh	Giga Watt hour
IPP	Independent Power Producer
kCal	kilo calorie
kg	kilo gram
kJ	kilo Joule
kVA	kilo Volt Ampere
LA	Local Authority
LECO	Lanka Electricity Company
LIOC	Lanka Indian Oil Company
LKR	Sri Lankan Rupees
LNG	Liquid Natural Gas
LPG	Liquid Petroleum Gas
µPP	Micro Power Producer
MT	Metric Tonnes
MW	Mega Watt
NERD Centre	National Engineering Research and Development Centre
NRE	New Renewable Energy
NREL	National Renewable Energy Laboratory of United States
PJ	Peta Joule
RDA	Road Development Authority
RERED Project	Renewable Energy for Rural Economic Development Project
SEA	Sri Lanka Sustainable Energy Authority
SCADA	Supervisory control and data acquisition
SLSI	Sri Lanka Standards Institute
SPP	Small Power Producer
SPPA	Standardised Power Purchase Agreement
toe	Tonnes of Oil Equivalent
ToU	Time of Use
TJ	Tera Joule
VET	Vehicle Emissions Testing

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1 Introduction to the Energy Sector

1.1 Highlights of 2020

2020 was a remarkable year for the energy sector as it was for all other sectors, due to the pandemic conditions which prevailed. Repercussions of the reduced demand resulted in the collapse of fossil fuel prices leaving the petroleum industry at relative ease. In Sri Lanka, the prolonged lockdowns resulted in a substantial decrease of petroleum fuel imports a 24.4% demand contraction from the 4,099.4 tonnes in 2019 to 3,294.1 tonnes in 2020.

In 2020, the international crude oil (Brent) prices were significantly volatile, where the prices declined sharply at the beginning of the year, owing to geopolitical tension, subsequently declining sharply with the spread of the COVID-19 pandemic. The average Brent price declined by 32.3% to USD 43.35 per barrel in 2020 compared to the average Brent price of USD 64.04 per barrel recorded in 2019.

Sri Lanka spent 24.9% of all non-petroleum export earnings on fossil fuel imports in 2020. This value has declined from 31.6% in 2019, causing a reduction of the fuel import bill from USD 4,133 million to USD 2,778 million in 2020. With the change of government in late 2019, the pricing formula for petroleum products ceased to operate, resulting in a change of product pricing strategy, leading to the resumption of adding burden to the petroleum retail sector. The comprehensive energy policy which was tabled in the Parliament on October 23, 2019 remained without being implemented, as the COVID-19 pandemic engulfed the country.

The air borne gravity and magnetic data acquisition programme was not conducted as planned due to the COVID-19 related travel restrictions. A joint study programme conducted by Total / Equinor for blocks JS-05 and JS-06 concluded in September 2020, resulted in finding that ultra-deep water oil and gas potential identified in those blocks to be less commercially attractive for development. The PRDS played a key role in formulating a National Policy on Natural Gas, leading to the publication of same in October, 2020 paving the way for a clearer path for exploration of indigenous oil and gas resources.

The new renewable energy development continued with the announcement of competitive bidding for two rounds of solar and wind development programmes around the country. Eighteen 1 MW power plants started commercial operations in 2020, bringing the total ground mounted capacity in operation to 75.36 MW. Although the small power development is hampered due to a legal issue, year 2020 saw the commissioning of four hydropower plants, two wind power plants and a single waste to energy power plant adding 4.90 MW, 20 MW and 10 MW capacity to the national grid, respectively. Progress of the 100 MW wind power project in Mannar suffered in early 2020 due to the pandemic but recovered quickly to allow CEB to energise a few turbines using available grid infrastructure.

1.2 Sector Governance and Organisations

1.2.1 Energy Sector Governance

The two Ministries, the Ministry of Power, Energy and Business Development and the Ministry of Petroleum Resource Development continued to govern the energy sector. Biomass sector continued to operate independently and informally, with very little interaction with the energy sector governing structure.

In addition to the involvement of the government, private organisations and the general public are also stakeholders of the energy sector. Public Utilities Commission of Sri Lanka (PUCSL) is responsible for regulatory oversight of sector operations, presently with powers to monitor and regulate the electricity industry operations.

1.2.2 Public Sector Institutions

Ministry of Power and Energy

The Ministry of Power and Energy of Sri Lanka is responsible for the power sector and sustainable energy.

The Ministry of Power and Energy is the main body responsible for the management of the power sector. The Ministry comprises several divisions, discharging its functions in planning, and in the supervision of sub-sectoral state institutions. From time to time, the subject of Energy has been combined with others such as Irrigation and Lands, in the establishment of the Ministry. The following state-owned energy institutions presently operate under the supervision of Ministry of Power and Energy.

Sri Lanka Sustainable Energy Authority (SEA)

The Sri Lanka Sustainable Energy Authority (SEA) established in 2007 by enacting the Sri Lanka Sustainable Energy Authority Act No. 35 of 2007, comes under the purview of the Ministry of Power, Energy and Business Development. The SEA continued to consolidate gains realised in the sustainable energy sector, in both renewable energy and energy efficiency spheres in 2019. With the strong commitment of the Government, towards sustainable energy, the SEA undertook to develop two major thrusts on developing renewable energy and increasing energy efficiency.

Ceylon Electricity Board (CEB)

Established in 1969, the CEB is empowered to generate, transmit, distribute and supply electricity in the country. The Electricity Act of 2009 caused CEB's businesses of (i) generation, (ii) transmission and bulk supply operations and (iii) distribution and supply to be separately licensed. In 2020, CEB generated 71% of electrical energy supplied through the national grid, while the balance was generated by private power plants.

The entire 220 kV, 132 kV and 33 kV network is owned and operated by the CEB. CEB directly serves about 92% of gird connected electricity consumers in the country. It operated 3,160 km of transmission lines and 186,634 km of distribution lines at the end of 2020, serving a total of 6,636,266 customers.

Lanka Electricity Company (Pvt) Ltd (LECO)

The LECO is an institution established in 1983 to distribute electricity in areas previously served by Local Authorities (Municipal Councils etc.). LECO receives electricity from CEB at 11 kV and distributes in LECO franchise areas. LECO serves about 8% of the electricity customers in the country. LECO's franchise area steadily expanded from 1983 to 1990, and the company implemented a major rehabilitation program in the newly acquired distribution networks, which has reduced losses substantially. It served 66,729 customers by end-2020, through distribution lines with a total length of 4,245 km. The length of the distribution line in 2019 was 4,391 km, however, this was inadvertently reported as 4,823 km in 2019 by mistake. The correct value is 4,391 km.

Ministry of Petroleum and Petroleum Resources Development

The following Departments and Statutory Institutions are presently operational under the supervision of the Ministry of Petroleum and Petroleum Resources Development.

- Ceylon Petroleum Corporation
- Ceylon Petroleum Storage Terminal Ltd.
- Petroleum Resources Development Secretariat

While the role of Ceylon Petroleum Corporation is quite significant in the present context, the other three institutions perform facilitating roles to the petroleum supply and exploration ventures recently initiated by the government.

Ceylon Petroleum Corporation (CPC)

Established in 1961, CPC imports, refines and distributes petroleum products in the country. CPC owns and operates the only refinery in Sri Lanka, with a daily throughput of 50,000 barrels. The demand for petroleum products has significantly increased, with the sale of all petroleum products for all sectors recording an increase from 4,335.7 kt in 2019 to 4,747.6 kt in 2020.

Lanka Coal Company (LCoC)

With the commissioning of the first coal plant in Puttalam in 2011, a new company was established under the Ministry of Power and Energy to streamline the supply of coal required for the plant. This new organisation continues supplying coal to the 900 MW power plant, with a supply of 2,349.3 kt in 2020.

Ceylon Petroleum Storage Terminals Limited (CPSTL)

With the liberalisation of the petroleum industry in 2002 and the entry of Lanka Indian Oil Company, a necessity was felt to share storage infrastructure among downstream vendors. At the time there was an expectation of a third player entering the downstream petroleum business. A company was incorporated with equal share holdings of CPC, LIOC and the Treasury. CPSTL is now managing a major part of storage, pipeline and distribution facilities including two major terminals in Kollonnwa and Muthurajawela.

Petroleum Resources Development Secretariat (PRDS)

This Secretariat was established in 2003 to manage the petroleum exploitation activities of the country. PRDS has successfully attracted oil exploring company to explore the Petroleum resources in the Mannar offshore region. This Secretariat was assigned to the Ministry of Petroleum Resources Development on 2015 September 21 after the upstream development activities were placed within the purview of this Ministry. Plans are underway to elevate this secretariat to a fully fledged authority.

1.2.3 Private Sector Organisations

There are numerous private sector organisations participating in the supply, distribution and sale of electricity, petroleum and biomass. The private sector organisations in the electricity sector include Independent Power Producers (IPPs) supplying electricity to the CEB for resale and Small Power Producers (SPPs) producing power using renewable technologies. *Annex 1* provides a list of all IPPs and SPPs operational by end 2020. With the launch of the national solar programme "Sooryabala Sangramaya" in 2016, there is a significant increase in the Renewable Energy Service Providers (RESCos) in the country.

In the petroleum sector, in addition to the CPC, several private companies distribute and sell petroleum products, lubricants and LP gas. Details of these companies are given in *Annex 1*.

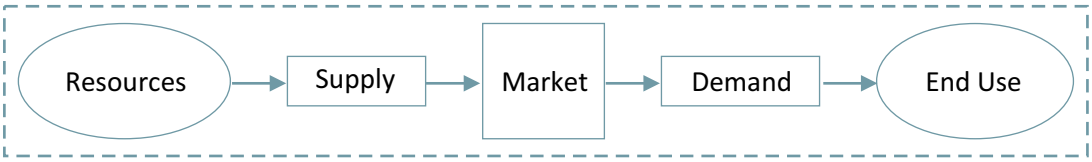
Stages in Energy Flow

Energy used in a country is found in different forms at different stages of its flow from the raw form found in nature to the actual end use form. Broadly, these stages can be categorised as;

- Energy Resources
- Energy Supply including conversion/production and distribution
- Energy Demand
- End Use

Energy sector is the combination of all the above stages of different energy forms which are interrelated, as illustrated below.

Energy Sector Composition



The above flow diagram explains that, owing to various end uses of energy, a demand exists in the market, which is fulfilled by the energy supply using the available resources. This follows the basic demand supply economic model valid for any scarce resource.

Energy Resources

A natural resource is considered an energy resource, if it can be converted to a usable form of energy. There are numerous forms of energy sources in the world and different countries use different resources, primarily selected on economic principles. However, environmental and political reasons also influence the selection of a country's energy portfolio.

Availability, either locally or globally, is not necessarily the only factor considered for using a particular resource as an energy supply source. More importantly, the use must be economical compared with other available sources. Hence, the technology available for converting the resource to a more usable form is important in the selection of an energy resource for energy supply. Change of technology and availability of resource over time can change the economics of using the resource for energy supply. Therefore, the resources used by a country for energy requirements also change with time.

Indigenous Resources

Attributed to geo-climatic settings, Sri Lanka is blessed with several types of renewable energy resources. Some of them are widely used and developed to supply the energy requirements of the country. Others have the potential for development when the technologies become mature and economically feasible for use. Following are the main renewable resources available in Sri Lanka.

- Biomass
- Hydro Power
- Solar
- Wind

In addition to the above indigenous renewable resources, the availability of petroleum within Sri Lankan territory is being investigated.

Global Resources

In the international market, many forms of energy sources are available for Sri Lanka to import and use for its energy needs. However, up to now, Sri Lanka has been largely using only petroleum fuels for this purpose. Increasing petroleum prices have prompted Sri Lanka to examine the feasibility of using other sources such as coal and Liquefied Natural Gas (LNG) to replace liquid petroleum in certain applications. Following are the most common energy sources globally available for energy supply on a commercial scale.

- Petroleum
- Coal
- Natural Gas
- Nuclear Energy

More recently, new energy supply technologies such as biofuels and energy carriers such as hydrogen and electricity storage have emerged as alternatives to the above conventional technologies and transfer options. However, use of these technologies for energy supply purposes is still limited in Sri Lanka.

Energy Supply

To understand the status of the energy sector of a country, what is more important is not the availability of different energy resources, but the extent of use of these resources. As explained earlier, mere availability of a resource within a country does not enable its utilisation. Therefore, it is more important to analyse the resources which are actually being used to meet the energy demand of the country. Following are the four main energy supply forms in Sri Lanka.

- Biomass
- Petroleum
- Coal
- Electricity

Energy supply is essentially the conversion of energy resources from one form to a more usable form. However, this conversion can vary from producing electricity from the potential energy in a hydro reservoir to refining crude oil into gasoline or diesel.

Transmission/Distribution

For each energy supply source, there must be a distribution mechanism through which it can be served to the points of end use. From the production or storage facilities of the energy supply system, the distribution system transports energy to the end user.

The biomass distribution network is quite simple, and in the case of most users, a formal network does not exist. The major use of biomass is in households, where the source and the point of use, both are within the same home garden. Even in industrial use, distribution is a one-to-one arrangement, which links the source to the user through a direct biomass transport. More recently, with large scale conversion of industrial thermal energy for petroleum fuels, to biomass, the emergence of a supplier is witnessed. Then suppliers are essentially middlemen, who felicitate the market by connecting the resource owners with uses.

In the case of petroleum, distribution is from the petroleum storage facilities up to end user points such as vehicles, power plants and industries, channelled through regional storage facilities and filling stations.

For electricity, distribution starts from the generating station (power plant) and ends at consumer points such as households and industries. The high voltage transmission network, medium voltage regional networks and low voltage local distribution networks are collectively considered as the energy distribution system of electricity. With the introduction of net-metering scheme in the country in 2010, some customers have installed small scale generators at the end-use point, changing this traditional supply architecture. With the broadening of on-site solar PV rooftop scheme in 2016, these micro power producers are becoming a formidable supply source as per the trends observed during the period up to end 2020.

Demand

For the energy sector, demand drives the market. Demand arises owing to energy needs of households, industries, commercial buildings, etc. According to the needs of the user, the supply of energy has to take different forms. For example, the energy demand for cooking is in the form of biomass in rural areas, while it is in the form of either LP gas or electricity in urban areas. Therefore, not only the quantity of energy, even the quality and the form it is delivered, is determined by the demand.

In this report, the demand is categorised in terms of end-use sectors and is not based on the actual usage or the application of energy at appliance level.

2 Energy Resources

2.1 Indigenous Energy Resources

2.1.1 Biomass

The Household Survey on the Usage of Electrical Equipment carried out in 2019, in collaboration with the Department of Census and Statistics, reveals that nearly half of the population depends on biomass to suffice the needs in domestic cooking energy. Although large quantities of firewood and other biomass resources are used for cooking in rural households, lesser quantities are used in the urban households.

Even though a large portion of energy needs of the rural population is fulfilled by firewood, there are possibilities to further increase the use of biomass for energy in the country, especially for thermal energy supply in the industrial sector. Furnace oil prices have been maintained without subsidies since 2012, and continue to be expensive at LKR 80.00 per litre, even after a downward revision at the beginning of 2015. Therefore, the business case for large industrial thermal plants to be operational on biomass continued in 2020, further consolidating the supply chains. With no sign of new fuel wood plantations, the biomass supply chain of industrial thermal plants continued to grow.

2.1.2 Hydro

Hydro power is a key energy source used for electricity generation in Sri Lanka. A large share of the major hydro potential has already been developed and delivers valuable low cost electricity to the country. Currently, hydro power stations are operated to supply both peaking and base electricity generation requirements. A substantial number of small hydro power plants which operate under the Standardised Power Purchase Agreement (SPPA) and many more are expected to join the fleet during the next few years. The momentum gained by the small hydropower industry from the streamlined approval process was somehow lost due to legal impediments to approve new projects. Figure 2.2 indicates SPP hydro cumulative capacities by district.

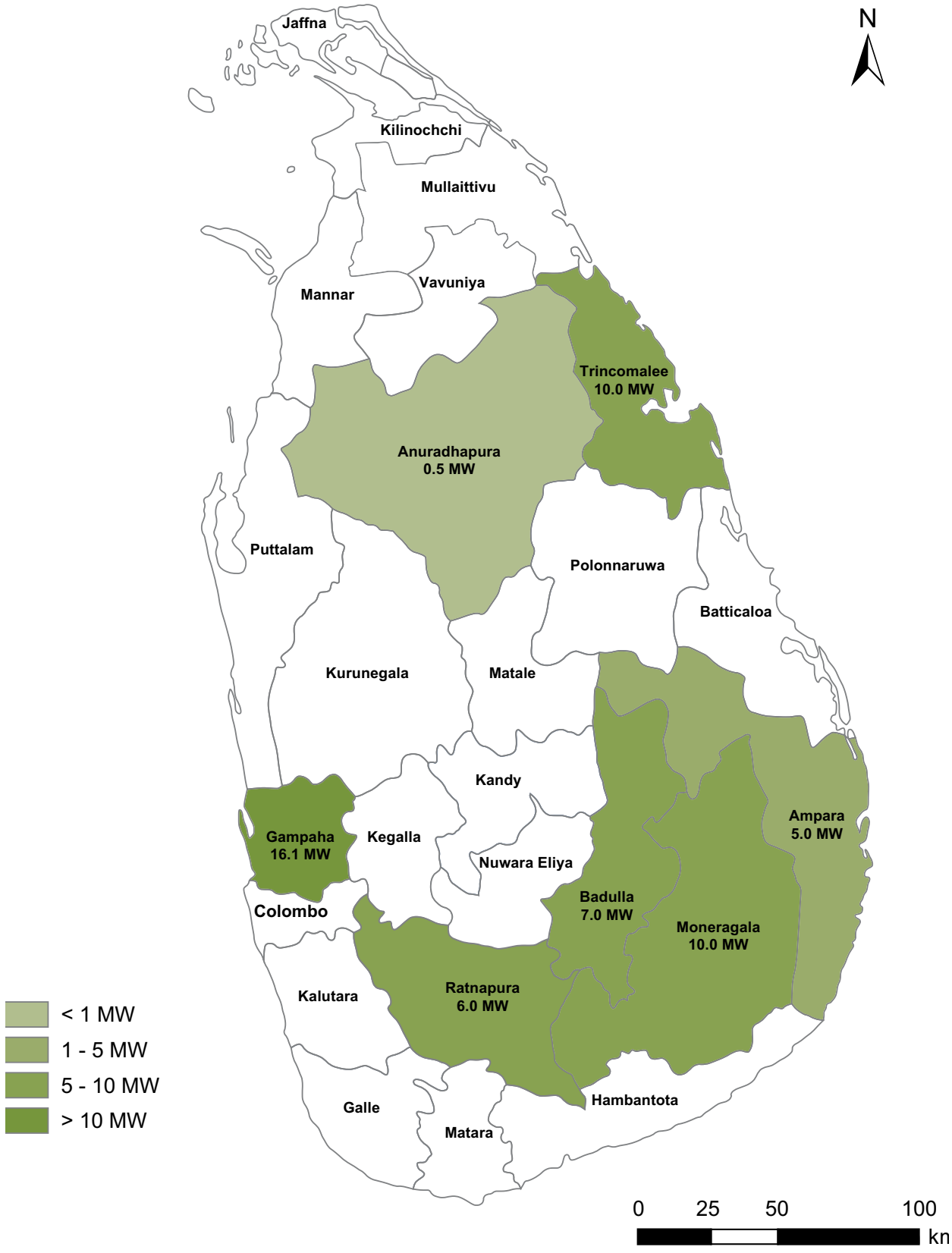


Figure 2.1 – Cumulative Capacity Additions of Biomass (2020)

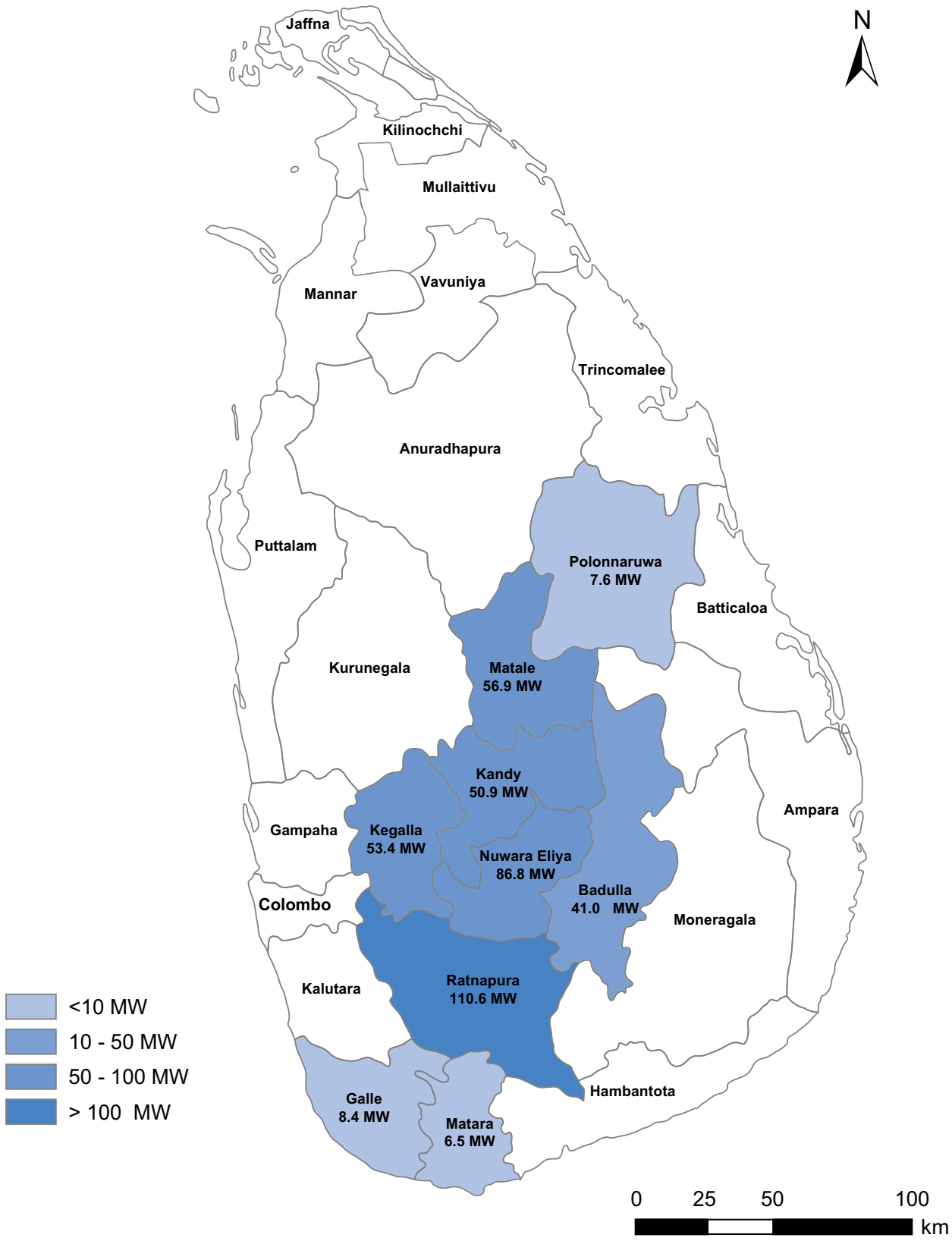


Figure 2.2 – Cumulative Capacity Additions of SPP Hydro (2020)

2.1.3 Solar

The two pilot projects operated by SEA realised annual plant factors of 15.95% for the 737 kW plant and 10.31% for the 500 kW plant, in 2020 The lower than expected plant factors resulted from the failure of some key components in the power plant. In the commercial development sphere, 18 solar power plants resulting from the competitive bidding process commenced commercial operations in 2020. The capacity additions produced impressive results yielding an aggregate plant factor of 20.13%. 57.36 MW capacity available at the beginning of the year increased to 75.36 MW at the end of 2020. The capacity additions, energy yields and monthly plant factors are given in Figure 2.3 below.

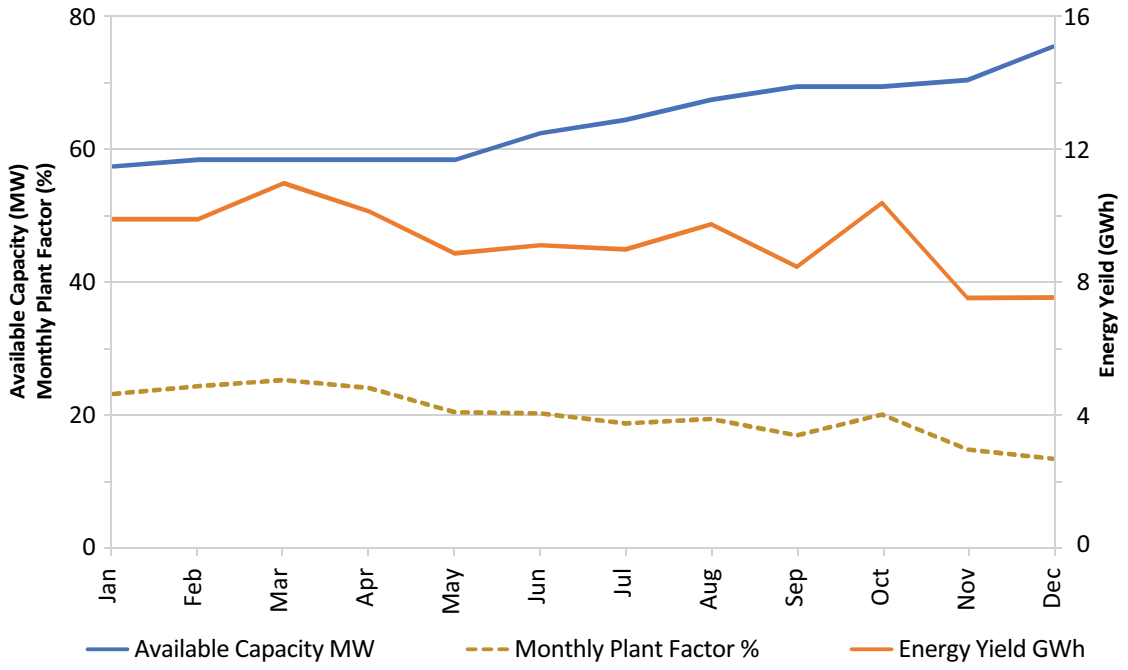


Figure 2.3 – Solar Power Generation

The installation of solar rooftop PV systems gathered momentum, and by end 2020, a total of 23,161 systems were in operation, with a total capacity of 284 MW generating 398 GWh. Generation statistics were estimated based on average energy yields expected in a Typical Meteorological Year (TMY), and will be derated by an end of lifecycle derating of 15% based on each project's age from 2021 to increase the accuracy of the estimate.

Figure 2.3 shows the SPP cumulative solar capacities by district.

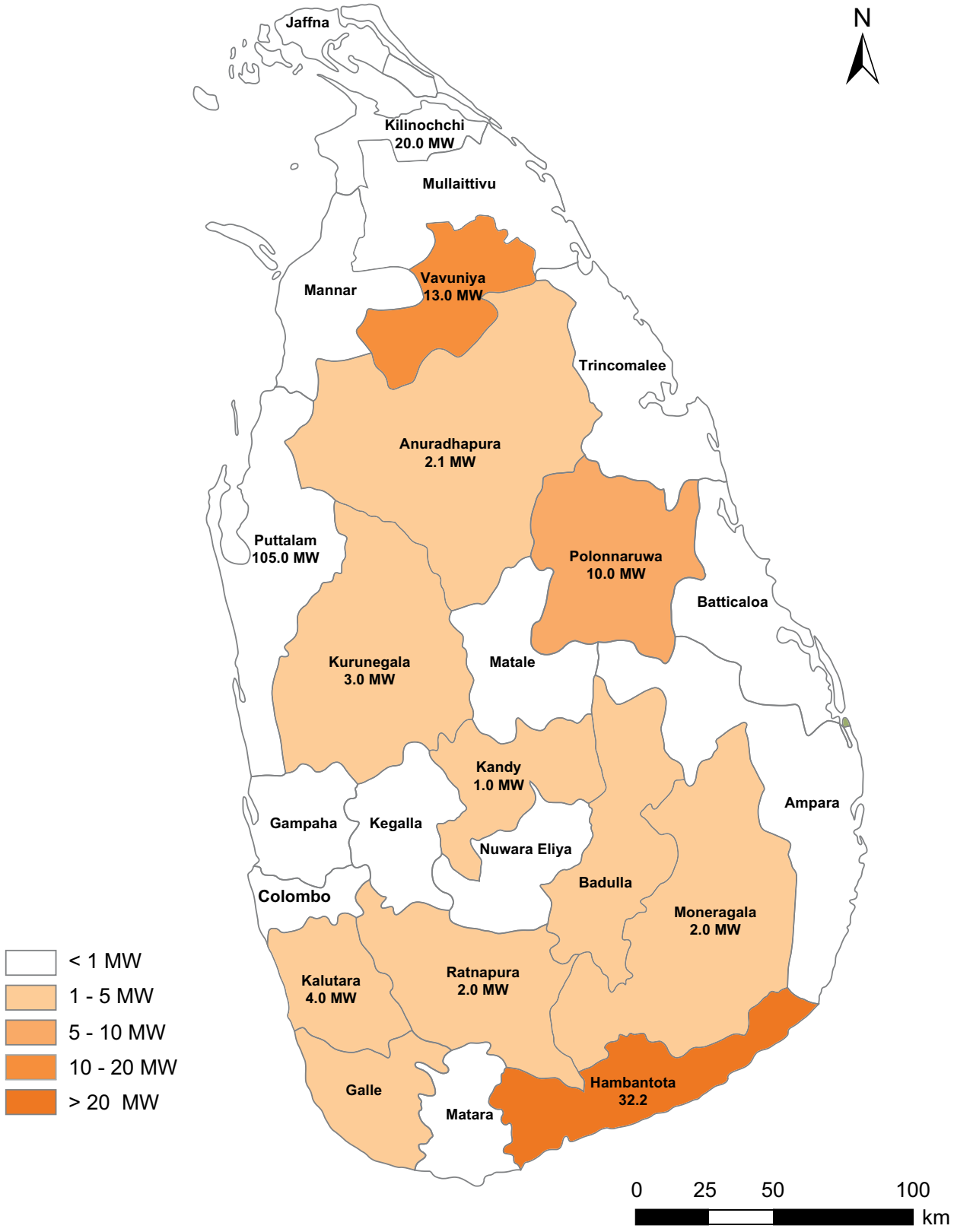


Figure 2.4 – Cumulative SPP Solar Capacity Additions (2020)

2.1.4 Wind

The ADB funded 100 MW Mannar Wind Project proceeded with construction activities leading to a partial commissioning in 2020, with severe impediments from the countrywide lockdowns which prevailed. This project is expected to be fully commissioned in 2021.

The capacity of 128.45 MW increased to 148.45 MW in the middle of 2020 with the commissioning of the first two plants which was established through a competitive bidding process. However, a transformer failure in the Puttalam area caused a loss of capacity to reduce the total available capacity to 123.65 MW later in the year. Discounting these non-operating power plants, the operating plants produced modest results yielding an aggregate plant factor of 28.31% in 2020. The energy yields and monthly plant factors are given in figure 2.5 below.

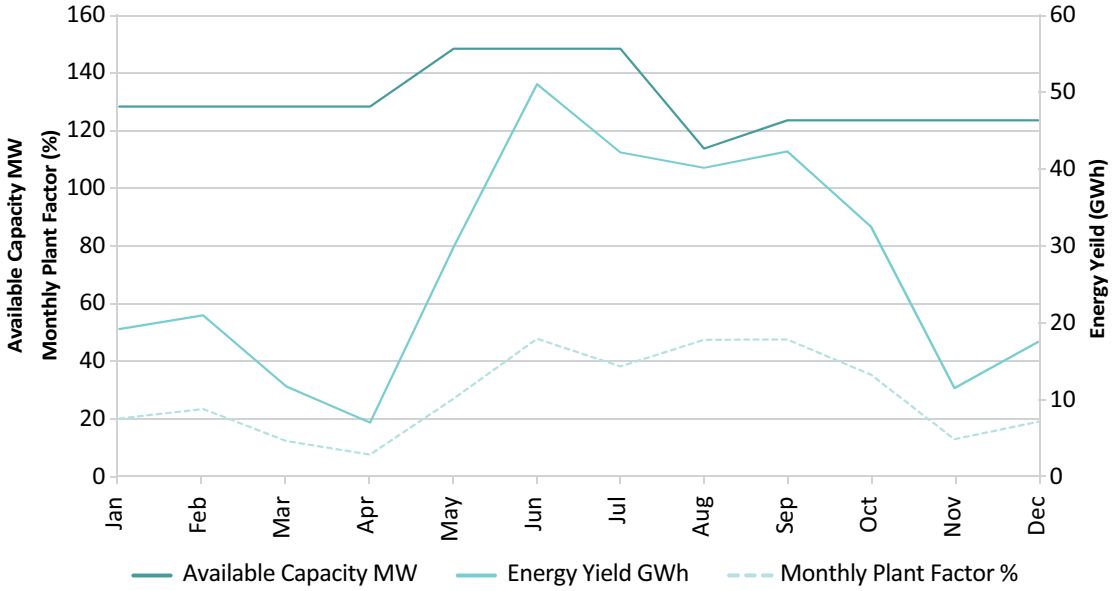


Figure 2.5 – Wind Power Generation

2.1.5 Oil/Gas Exploration

The Petroleum Resources Development Secretariat (PRDS), the regulatory authority for offshore hydrocarbon exploration, continued its activities related to offshore hydrocarbon exploration, development and production work in a limited way in 2020 due to the pandemic. The multi-client Air Borne Gravity and Magnetic data acquisition programme covering offshore Mannar and Cauvery basins was not conducted in 2020 as planned due to the travel restrictions of COVID 19 pandemic situation. It is likely that the study will be resumed in early 2021. The Joint Study program conducted by TOTAL and Equinor covering the blocks JS-05 and JS-06 concluded in September 2020 revealed that the ultra-deep water oil and gas potential identified within these blocks was not quite viable for immediate commercialisation.

The PRDS provided support and assistance to the line ministry to finalise the National Policy on Natural Gas (NPNG). The approved policy has been published in the gazzette in October 2020. This remarkable achievement will enable Government of Sri Lanka to attract potential natural gas related foreign/local investments across all sectors including upstream development.

In addition, PRDS continued with other engagements including the formulation of a new Petroleum Resources Act and the tasks related to the elevation of the PRDS to a fully-fledged Authority.

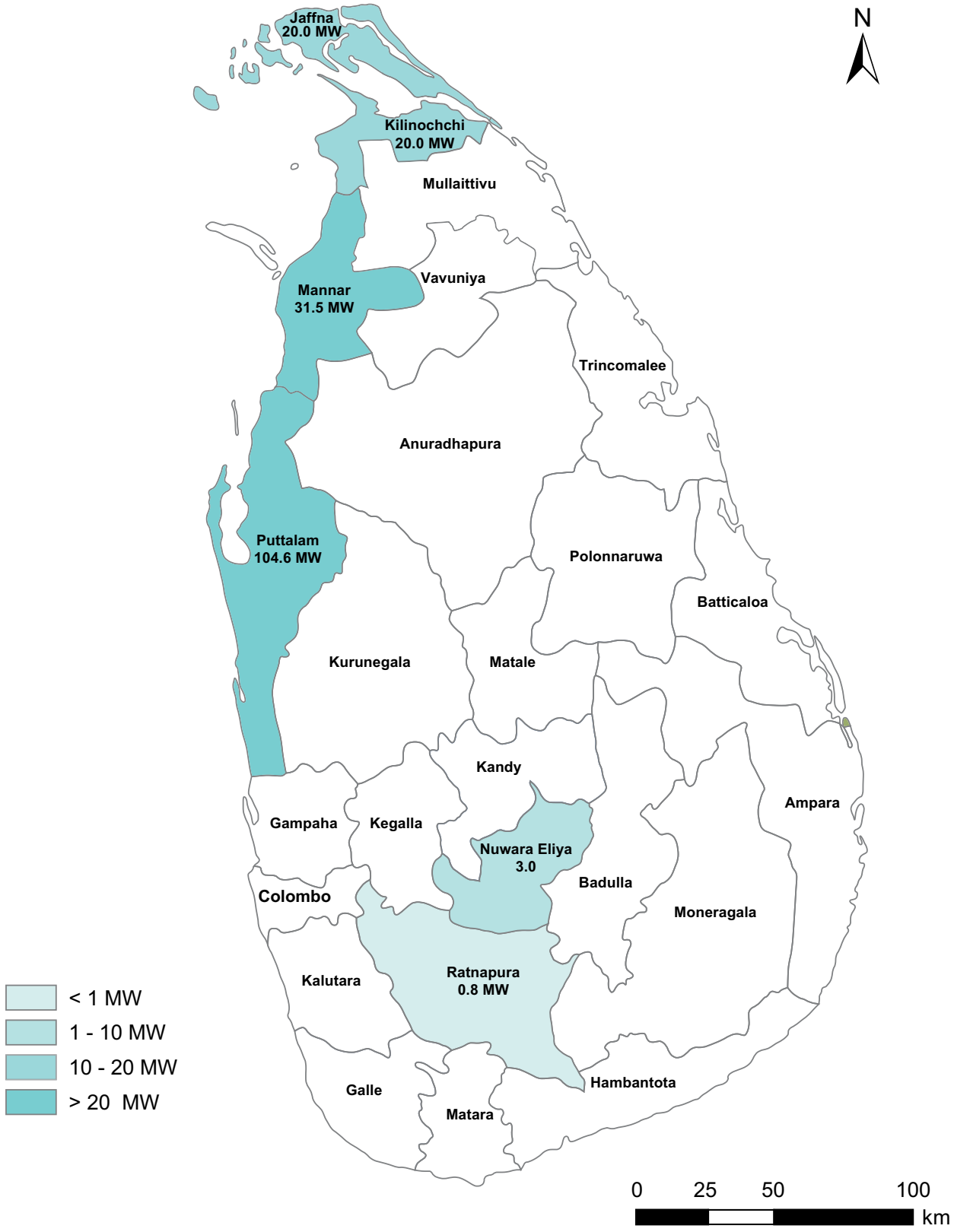


Figure 2.6 – Cumulative Capacity Additions of Wind (2020)

2.1.6 Indigenous Resources in Sri Lanka

Table 2.1 - Indigenous Primary Sources of Energy in Sri Lanka

Indigenous Energy Source	Typical User Groups	Typical Applications	Scale of Use by End 2020
Biomass	Household	Cooking	Widespread
	Commercial	Hotels, Bakeries	Widespread
	Industry	Tea drying, Brick and tile	Widespread
		Steam generation	Growing
	Private power plant	For sale to utility	13 power plants
		Own consumption	Several villages and factories
Hydro Power	Electricity utility owned large multipurpose systems	For retail to customers	Major power plants
	Commercial grid-connected	For sale to utility	206 power plants
	Village-level off-grid electricity	Household use	A few plants operating in the grid-connected mode, however, many now in disuse
	Industrial off-grid electricity	Tea industry	A few power plants
	Industrial mechanical drives	Tea Industry	Negligible, one or two remaining
Solar Power	Solar photovoltaic	Rooftop systems	28,849 installations
		Household lighting	No longer reported in large numbers.
	Grid connected PV	For sale to utility	32 power plants
	Solar Thermal	Hot water systems in commercial and domestic sectors	Widespread
	Informal use	Household and agricultural use	Widespread
Wind Power	Grid Connected Wind	For retail to customers	17 power plants
	Off-grid power plants	For residential use	A few dozens, most in disuse
	Water pumping	Agriculture	A few dozens, one or two in operation

2.2 Global Energy Resources

As explained previously, petroleum, coal, natural gas and nuclear energy are the four main energy sources used in other countries. However, in Sri Lanka, petroleum and coal are imported in large scale to the country as a source of energy while the use of other sources is still being at lower levels. The use of refined petroleum products and coal is described in Table 2.2.

Table 2.2 – Use of Global Energy Resources in Sri Lanka

Imported Energy Source	Typical User Groups	Typical Applications	Scale of use at Present
Crude Oil and refined products including LPG	Household	Lighting, cooking	Widespread
	Commercial	Hotels, bakeries	Widespread
	Industry	Furnaces, kilns, boilers	Widespread
	Power generation	Combined cycle, gas turbine, diesel engines, steam turbines	A number of thermal power plants
	Transport	Rail, road, air and sea	Widespread
Coal	Railways	Rail	Negligible
	Industry	Kilns	Cement industry and foundries
		Boiler	Two or more
	Power Generation	Boiler	3 units of 300 MW (900 MW)

3 Energy Supply

Energy needs of the country are fulfilled either directly by primary energy sources such as biomass and coal, or by secondary sources such as electricity produced using petroleum, biomass, hydro power and refined petroleum products.

3.1 Supply from Primary Energy Sources

3.1.1 Evolution of Energy Supply

The primary energy supply of Sri Lanka consists of biomass, petroleum, coal, major hydro and new renewable energy. Table 3.1 summarises the contribution of supply energy forms by source.

Table 3.1 – Primary Energy Supply by Source

PJ	2010	2015	2017	2018	2019	2020
Biomass	180.5	174.6	165.3	165.5	169.0	172.0
Petroleum	181.2	186.1	214.7	215.4	223.8	202.2
Coal	2.5	51.9	56.9	55.0	58.7	70.5
Major hydro	50.1	49.3	30.9	51.9	38.2	39.5
New Renewable Energy	7.5	15.3	16.2	19.9	19.9	21.2
Total	**421.9**	**477.2**	**483.9**	**507.7**	**509.6**	**505.4**
%						
Biomass	42.8	36.6	34.2	32.6	33.2	34.0
Petroleum	43.0	39.0	44.4	42.4	43.9	40.0
Coal	0.6	10.9	11.8	10.8	11.5	14.0
Major hydro	11.9	10.3	6.4	10.2	7.5	7.8
New Renewable Energy	1.8	3.2	3.3	3.9	3.9	4.2

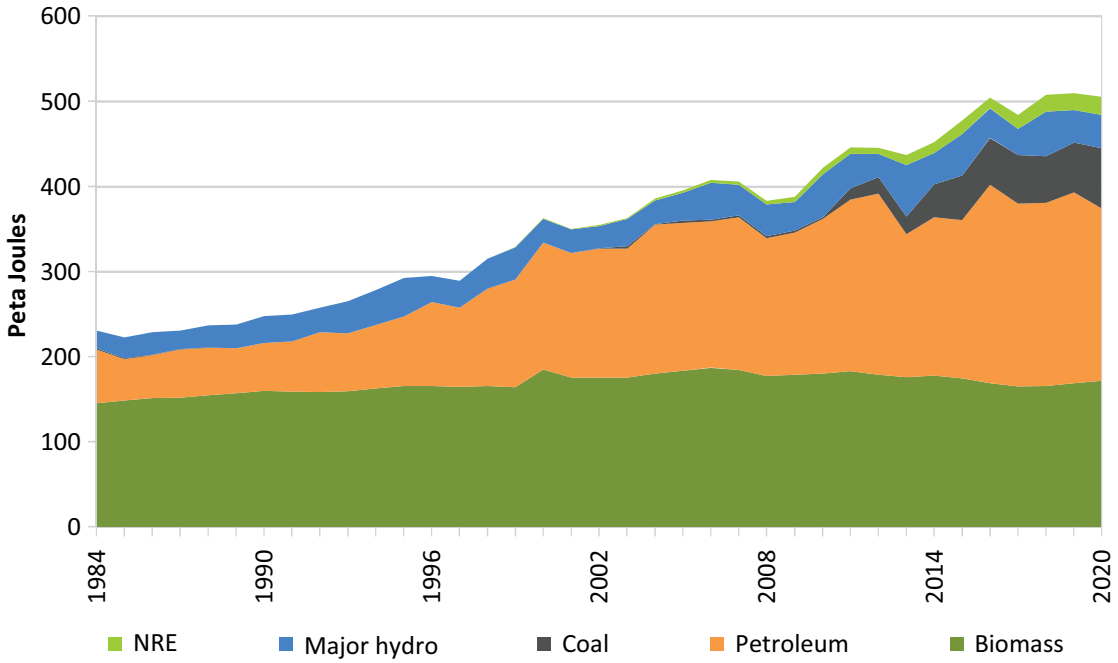


Figure 3.1 – Evolution of Energy Supply Forms

In early years (1970's, at which the earliest comprehensive energy accounts are available), the primary energy supply was dominated by biomass and petroleum. By end 2020, the share of biomass in the primary energy supply has gradually declined upto 34.0%, whilst the share of petroleum has gradually increased upto 40.0%, over the years. The contribution of NRE has and major hydro increased marginally, owing to climatic conditions experienced in 2020.

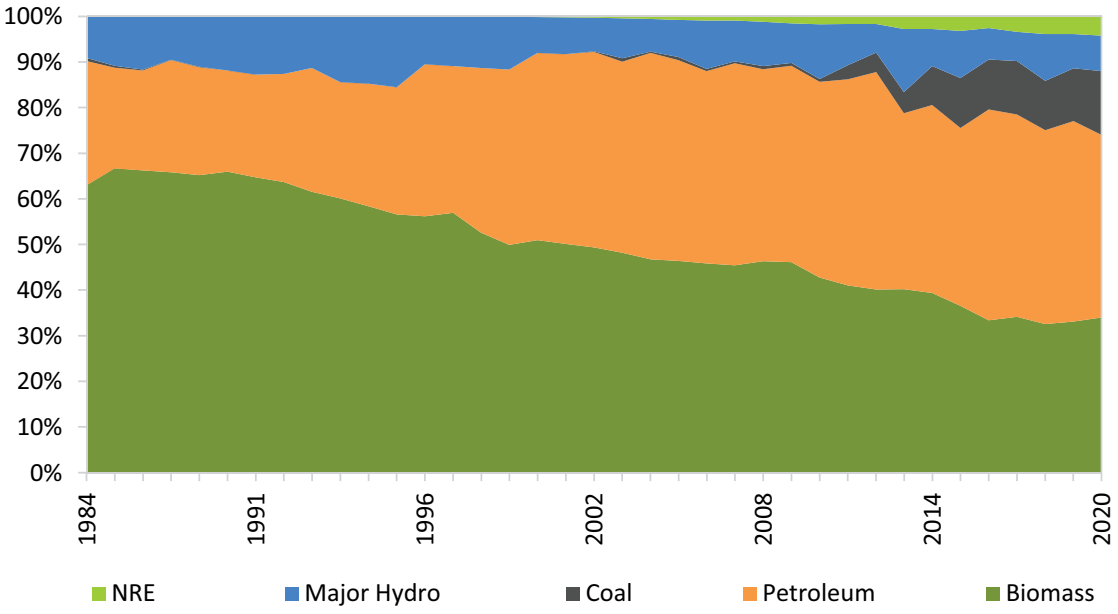


Figure 3.2 – Percentage Share of Primary Energy Supply

Biomass is the most widely available cooking fuel used by nearly half of the population in the domestic sector for cooking purposes. Due to the abundant availability, only a limited portion of the total biomass use is channelled through a commodity market and hence the value of the energy sourced by biomass is not properly accounted. However, this situation is fast changing with many industries switching fuel to reduce the cost of thermal energy. There is a growing demand from the users to regularise the biomass market by way of introducing quality traceability and sustainability assurance schemes. However, the growing industrial demand sans an appreciable expansion of the supply sector is already causing shortages, eroding the economic gains enjoyed by the industrial users immediately after conversion. The biomass industry can look forward to a better future only if the regulatory instruments now available for adoption in Sri Lanka are fully implemented to ensure a sustainable supply.

Sources of Production of Biomass

Biomass comes in different forms. Following are the most common forms of biomass available in Sri Lanka.

- Fuel wood (unprocessed logs)
- Fuel wood (processed chips)
- Municipal Waste
- Industrial Waste
- Agricultural Waste

General biomass conversions are given in Table 3.2

Table 3.2 – Biomass Conversions

Primary Source	Conversions
Firewood (natural yield, home gardens, dedicated woodlots)	Thermal energy for boilers to generate steam for industry uses and electricity generation and combustible gases to drive Internal Combustion engines for electricity generation
Coconut Shell	Charcoal, activated carbon; mostly for export as a non-energy product
Bagasse	Thermal energy to generate steam for boiler-turbine units used for electricity generation
Wood	Charcoal; mostly for the hotels and household markets
Municipal waste	A single 10 MW capacity plant in operation

3.1.2 Energy Supply from Petroleum

As a country with no proven indigenous petroleum resources yet, Sri Lanka totally depends on petroleum imports, both in the form of crude oil and as finished products. Table 3.3 summarises the imported petroleum products.

Table 3.3 – Importation of Petroleum Products

kt	2010	2015	2017	2018	2019	2020
Crude Oil Import	**1,819.4**	**1,676.8**	**1,499.4**	**1,763.0**	**1,842.7**	**1,666.8**
Product Imports	**2,495.8**	**2,995.3**	**4,139.9**	**4,085.7**	**4,099.4**	**3,294.1**
LPG	137.1	277.0	387.0	413.0	430.0	437.0
Gasoline	451.8	899.0	1,097.4	1,128.5	1,159.9	1,057.0
Avtur	222.8	270.8	282.2	461.0	397.3	101.1
Auto Diesel	1,199.2	1,288.8	1,763.2	1,482.6	1,587.3	1,192.0
Fuel Oil	423.0	203.3	581.2	553.3	504.0	487.0
Avgas	0.3	0.1	0.2	0.1	-	0.1
Bitumen	44.7	32.2	19.7	28.2	3.0	-
Mineral Gas Oil	16.9	24.1	9.0	19.0	17.9	19.9

Both the importation of crude oil and finished products have decreased in 2020 compared to 2019. The importation of crude oil had decreased by 10.6%, whereas the importation of finished products had decreased by 24.4% in 2020.

3.1.3 Energy Supply from Coal

The demand for coal increased in 2020 as the primary demand for coal is from the power generation sector (Figure 3.3 and Table 3.4).

Table 3.4 – Importation of Coal

kt	2010	2015	2017	2018	2019	2020
Coal Imports	108.1	1,881.5	2,527.0	2,166.0	2,388.6	2,543.6

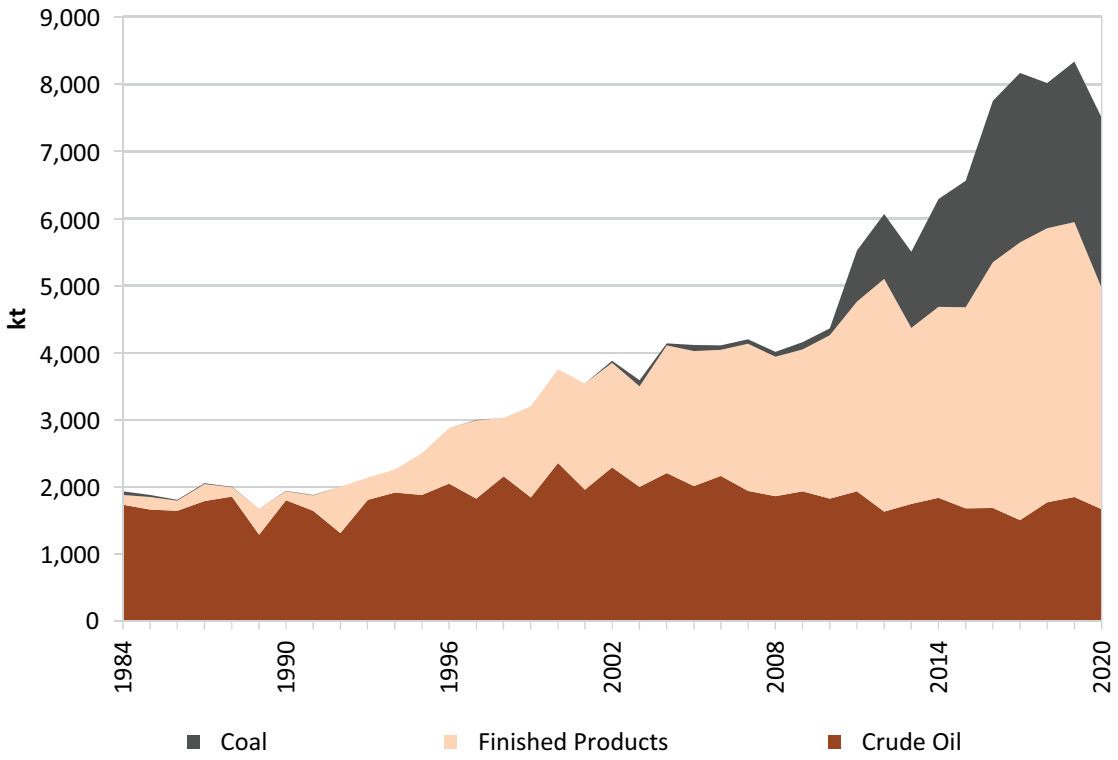


Figure 3.3 – Importation of Petroleum Products

3.1.4 Supply from Major Hydro

The topography of the country provides an excellent opportunity to harness the energy stored in river water which flows from the central hills of the country to the Indian Ocean surrounding the island. The contribution of hydro as an energy supply source is always through its secondary form, which is electricity. Having an early start in the hydro electricity generation, Sri Lanka has nearly exhausted the hydro power potential in its river systems. With the commissioning of the remaining four projects under construction the era of major hydropower development will come to an end. Most of the construction activities of the 35 MW Broadlands hydropower project were completed in 2020 and two more projects neared completion in 2020, and it is expected that the Uma Oya project in the Badulla district will add 122 MW by 2021. Procurement work related to the Moragolla hydropower plant of the Mahaweli river system got expedited in 2020 and it is expected that this project will progress and yield 30.2 MW capacity by 2023.

3.1.5 Supply from New Renewable Energy

The New Renewable Energy (NRE) is seen in many forms such as small hydro, solar, wind and biomass power plants. By end 2020, eighteen new solar power plants were commissioned. Apart from the large scale orthodox use of solar energy in drying and crop processing, large scale deployment of solar hot water systems are seen in new home construction. Also, the interest in solar roof top systems is seen to be increasing at a rapid rate. By end 2020, tthere were 299 service providers actively engaged in this trade.

The wind development by the private sector which added 148.5 MW of capacity to the national grid, delivered 342.5 GWh of energy during 2020.

The contribution of major hydro and NRE to the primary energy supply is depicted in Table in Table 3.1, Figures 3.1 and 3.2 above.

3.2 Petroleum Refinery Operations

3.2.1 Refinery Product Output

The country's petroleum product requirements are met partly by direct import of finished products and partly by processing imported crude oil. The only refinery in Sri Lanka, located in Sapugaskanda, converts imported crude oil to refined products to supply approximately half of the petroleum demand of the country. The refinery produces its output at a rate of 2.3 million tonnes per year (50,000 bbl/stream day) and the refinery process flow is illustrated in Figure 3.4.

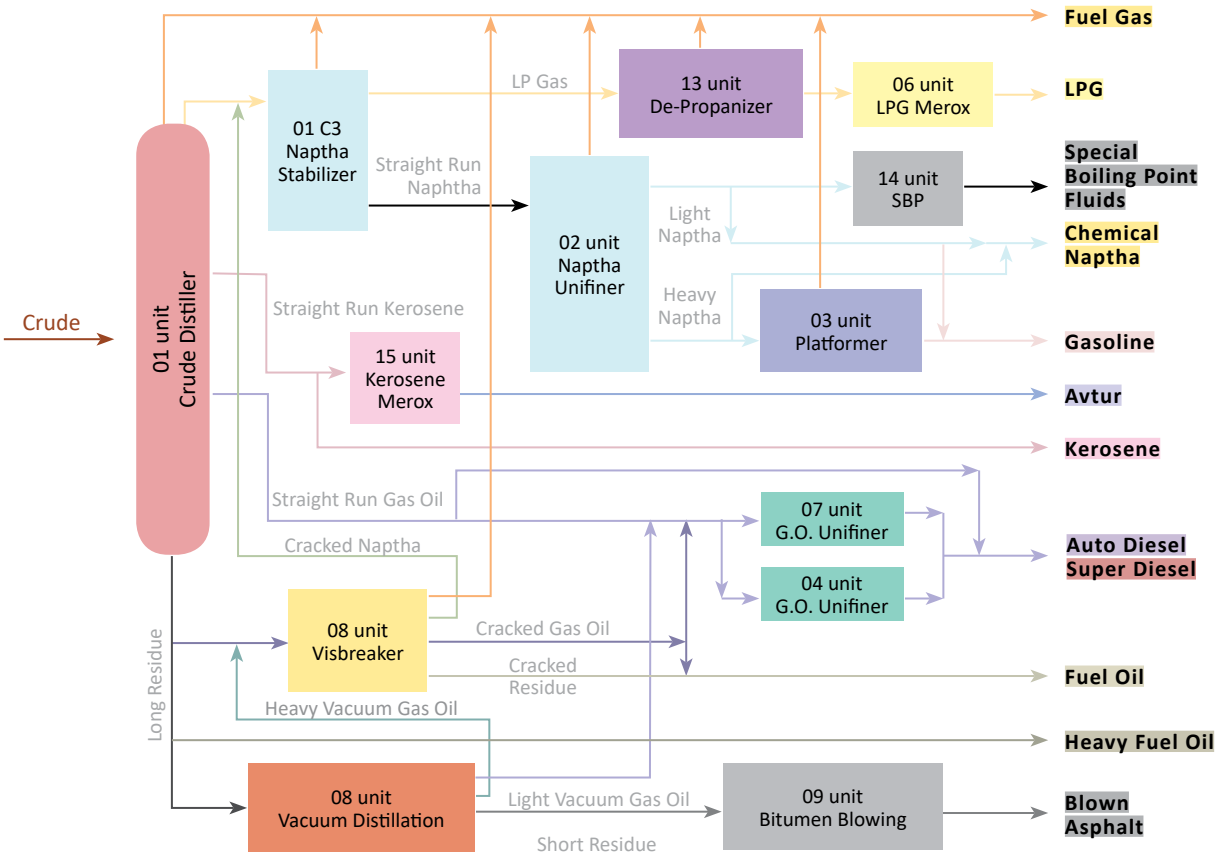


Figure 3.4 – Sapugaskanda Refinery Process Flow Diagram

Only Murban Crude oil was processed in the Sapugaskanda refinery in 2020. Details of crude refined are given in Table 3 5. The CPC had to look for new sources of crude, owing to the on-going embargo which prevented any Iranian Light crude from reaching the refinery. This affected the throughput and process efficiency of the refinery.

Table 3.5 - Types of Crude Oil Refined at Sapugaskanda Refinery

kt	2010	2015	2017	2018	2019	2020
Arabian light	134.61	-	-	-	-	-
Iranian light	1,618.10	-	-	-	-	-
Miri Light	-	-	-	-	-	-
Upper zakum	-	-	-	-	-	-
Oman Crude	-	304.30	-	-	-	-
Dubai Crude	-	-	-	-	-	-
Murban Crude	-	1,387.77	1,404.23	1,570.25	1,861.30	1,752.36
DAS	-	-	95.17	-	-	
Saharan Blend Crude	-	-	-	93.14	3.52	
Total	**1,752.72**	**1,692.07**	**1,499.40**	**1,663.39**	**1,864.82**	**1,752.36**

The refinery maximum throughput is far less than the country requirement for petroleum products. Besides, its production slate differs from the mix of product demand. Although the refinery is operated at maximum design capacity to meet the demand for middle distillates, petrol, kerosene, Jet A-1 and diesel are still in deficit with a need for supplementary imports. All petroleum products had to be imported to supplement refinery production in 2020. Details of refinery output are given in Table 3.6 and Figure 3.5.

Table 3.6 - Refined Products from the Refinery

kt	2010	2015	2017	2018	2019	2020
Crude Input	**1,752.72**	**1,692.07**	**1,646.04**	**1,675.34**	**1,864.82**	**1,752.36**
LPG	22.93	9.65	19.42	22.08	26.99	25.25
Chemical Naphtha	84.29	136.56	141.69	140.66	162.02	156.95
Naphtha Total	**84.29**	**136.56**	**141.69**	**140.66**	**162.02**	**156.95**
Super Petrol	-	-	-	-	-	-
Regular Petrol	157.97	154.24	164.56	165.43	185.92	164.42
Petrol Total	**157.97**	**154.24**	**164.56**	**165.43**	**185.92**	**164.42**
Avtur	126.41	154.57	236.36	237.27	258.99	157.28
Kerosene	92.78	75.23	59.78	35.20	38.35	109.17
Auto Diesel	441.55	516.65	506.05	567.58	624.46	537.65
Super Diesel	-	-	-	-	-	-
Diesel Total	**441.55**	**516.65**	**506.05**	**567.58**	**624.46**	**537.65**
Furnace Oil 500'	-	-	-	-	-	-
Furnace Oil 800'	47.92	336.28	430.81	424.39	303.43	465.42
Furnace Oil 1000'	-	-	-	-	-	-
Furnace Oil 1500'	396.03	204.85	-	-	179.81	-
Furnace Oil 3500'	241.93	11.37	-	-	-	-
Furnace Oil Total	**685.88**	**552.50**	**430.81**	**424.39**	**483.24**	**465.42**
S.B.P.	2.73	1.51	0.62	1.56	1.66	0.90
Solvents Total	**2.73**	**1.51**	**0.62**	**1.56**	**1.66**	**0.90**
Bitumen	34.94	-	-	-	-	-
Total Output	**1,649.47**	**1,600.91**	**1,559.28**	**1,594.17**	**1,781.62**	**1,630.59**
Crude Input	1,753	1,692	1,646	1,675	1,865	1,752
Own Use and Losses (kt)	101	92	101	98	102	86
Own Use & loss as Percentage of Input	5.8%	5.5%	6.2%	5.8%	5.5%	4.9%

In 2020, the total refinery output decreased to 1,630.59 kt from 1,781.62 kt in 2019.

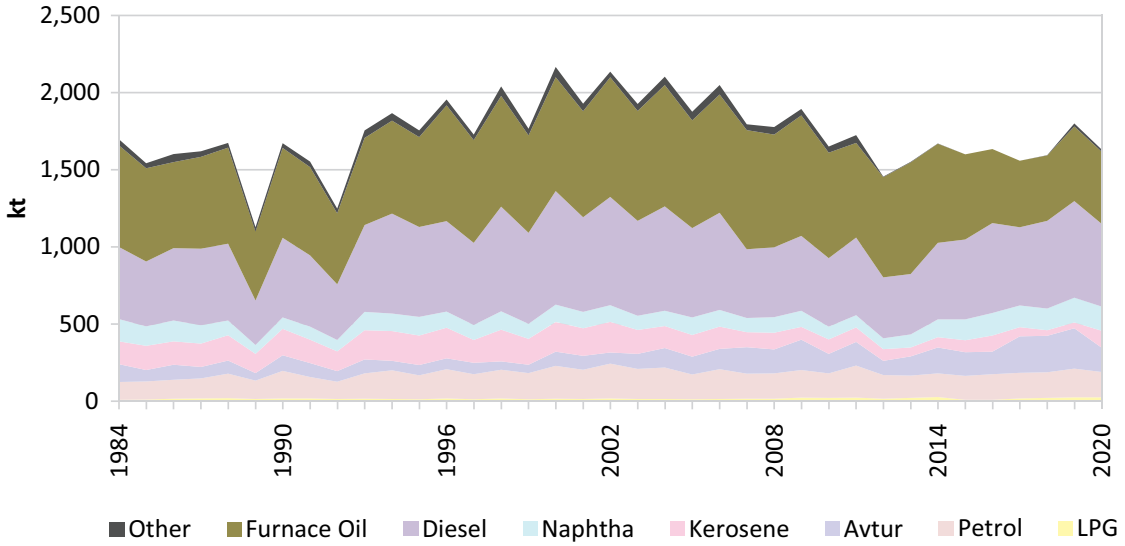


Figure 3.5 - Refined Product Output

3.2.2 Export of Surplus Products

Surplus production of the refinery is exported by the CPC, but the exported quantities are not significant in comparison with the imports. Table 3.7 summarises re-exported products, where naphtha and bitumen were re-exported in 2020.

Table 3.7- Surplus Exports of Petroleum Products

kt	2010	2015	2017	2018	2019	2020
Naphtha	26.69	22.39	-	65.00	-	164.65
Fuel Oil	-	184.56	-	26.00	-	-
Bitumen	-	-	-	-	-	10.50
Total re-exported	**26.69**	**206.95**	**-**	**91.00**	**-**	**175.15**

4 Energy Conversion

4.1 Grid Electricity Generation

As far as the supply from secondary energy sources is concerned, conversion of primary energy in the form of hydro potential or petroleum to electricity is the most prominent. However, the conversion of petroleum fuel to steam which is used as an energy source in industries for their thermal application can also be considered a secondary form of energy. Though widely used, the quantum of steam generated, the quality and the end use is not recorded properly, which causes the discussion on supply from secondary energy sources to be limited to electricity.

Electricity generation in the country which was broadly divided into two parts based on whether they are connected to the national grid or whether they run isolated. Sri Lanka has a national grid, which now covers the whole country. It is very unlikely that further development of the off-grid sector will take place in the near term. However, the scope for the off-grid sector remains open in areas where grid electricity cannot be provided, such as the few inhabited islands.

Grid connected generation comprises of the following genre.

(i) CEB hydro power plants

(ii) CEB non-conventional power plants (only wind power at present)

(iii) CEB thermal power plants (oil fired and coal powered)

(iv) Independent Power Producers (IPPs) (presently oil-fired thermal power plants)

(v) Small Power Producers (SPPs) (presently mini hydro, one CHP plant, one solar power plant, wind power plants and biomass based power plants, all embedded in the distribution network)

(vi) Emergency Power Plants

(vii) Micro power producers (µPP), small scale power generators connected at the customer location, through one of the three schemes on offer.

Due to the significance of the grid supply compared with the diminishing role of off-grid supply, most of the analyses presented in the report will be for grid connected electricity supply.

4.1.1 Grid Connected Power Plants

As explained above, the electricity supply in Sri Lanka flows through the national grid and a brief description of the national grid is given in this section. Off-grid electricity generation is described in the next section.

Both CEB and private power producers generate electricity and supply to the national grid. All the large-scale hydro power plants in the country are owned by the CEB. Oil-fired thermal power plants and the coal power plant as well are owned by CEB. In addition to its own power plants, CEB as the single buyer of electricity, purchases electricity to the national grid from private Independent Power Producers (IPPs) who have entered into contracts with the CEB. All large IPPs are oil fired, while the mechanism to

purchase electricity from renewable based power plants has enabled many Small Power Producers (SPPs) to generate and sell hydro power to the national grid. With the increase of electricity demand and delays in construction of CEB's own power plants, the contribution from private power plants has increased significantly in the recent years.

Different Categories of Power Plants in the National Grid

CEB Power Plants

As the sole operator of the Sri Lankan power system, until 1997, the CEB owned and operated almost all the power plants in the national grid.

Independent Power Producers

Starting from 1997, many IPPs entered the electricity market, supplying electricity to the national grid. IPPs operate by entering into long term agreements with CEB. These contracts are individually executed under different terms and conditions. By 2020, five IPPs were in operation.

Small Power Producers

The number of small power producers increased rapidly over the period, under the enabling environment created by the Government, and implemented by the SEA through its facilitation of the project development through the newly introduced transparent resource allocation process. These power plants are operated by private sector investors and the installed capacity is limited to 10 MW since the plants are non dispatchable. Attractive tariffs offered through the cost-based, technology-specific tariff scheme, a policy intervention of the Ministry of Power and Renewable Energy and the flow of commercial financing provided by commercial banks contributed to the development of the industry.

However, the great strides made by the industry caused several issues, which in turn re-affected the industry. Most of the small hydropower developers were cautioned by activists opposing these projects on environmental and social grounds. This caused the environmental approval processes to become stricter, resulting in considerable delays. These delays affected the projects as most other time-restricted approvals realised by them expired before gaining the environmental approval. Lobbying against renewable energy projects escalated to legal action in 2018, causing more delays in project approval cycle.

On the regulatory front, suspension of purchase of electricity from producers at pre-determined feed-in-tariffs by CEB continued. Accordingly, no Standardised Power Purchase Agreements were signed in 2020 for pre-determined tariffs. However, the CEB carried on with the projects developed from the tendering process and executed 23 PPAs adding 41 MW of capacity to the national grid. The Government is making strenuous efforts to resolve these issues and it is expected that a new regulatory mechanism will be designed and operated in the near future.

Emergency Power Producers

These are power plants connected to the national grid on temporary basis to avoid electrical energy shortages for brief periods, especially during prolonged droughts. Sometimes, these generators are connected to bridge the capacity deficits resulting from dwindled hydropower resources.

Net-metered Projects or micro power producers (µPP)

The net-metering scheme, which was introduced in 2010 continued to serve the solar PV rooftop industry with large scale implementation across the country. However, it failed to encourage other renewable energy projects as envisaged. By end 2020, 28,849 systems were connected to the national grid, adding 354 MW of capacity.

Rooftop Solar PV Proramme under the theme 'Sooryabala Sangramaya' launched in 2016 progressed as expected. In this scheme, excess energy exported to the grid can either be carried forward (as originally done in the net-metering scheme) or encashed (this scheme is identified as net-accounting), at a tariff of LKR 22.00 per kWh during the first seven years and LKR 15.50 per kWh during the remaining thirteen years. The programme attempts to encourage institutional users through a third scheme, known as the micro power producers scheme, where all generation is exported through a separate export meter without making any change to the electricity users metering method.

With the significant reduction of cost of solar PV components, the service providers have quickly moved to tap large industrial customers who own large buildings with good roofs for solar PV systems. The scheme received a significant boost with the launch of a concessionary loan of USD 50 million granted by the Asian Development Bank, which was fully utilised by the end of 2020.

Table 4.1 summarises the total grid connected capacity by type of power plant

Table 4.1 - Total Installed Capacity

MW	**2010**	**2015**	**2017**	**2018**	**2019**	**2020**
Major Hydro	1,207.45	1,376.95	1,391.35	1,398.85	1,398.85	1,382.85
Thermal Power Producers (CEB+IPP+Hired)	1,389.50	1,128.00	2,046.00	2,046.00	2,198.00	2,098.00
CEB Wind	3.00	3.00	3.00	3.00	-	31.05
New Renewable Energy	217.63	451.98	559.54	581.43	628.03	679.25
Micro Power Producers	-	27.71	93.72	153.50	283.84	353.61
Total Installed Capacity	**2,817.58**	**2,987.64**	**4,093.62**	**4,182.78**	**4,508.72**	**4,544.76**
%						
Major Hydro	42.9	46.1	34.0	33.3	30.9	30.5
Thermal Power Producers (CEB+IPP+Hired)	49.3	37.8	50.0	48.7	48.5	46.3
CEB Wind	0.1	0.1	0.1	0.1	-	0.7
New Renewable Energy	7.7	15.1	13.7	14.4	14.4	14.7
Micro Power Producers	-	0.9	2.3	3.7	6.3	7.8

Figure 4.1 depicts the total installed capacities serving the grid by type of power plant.

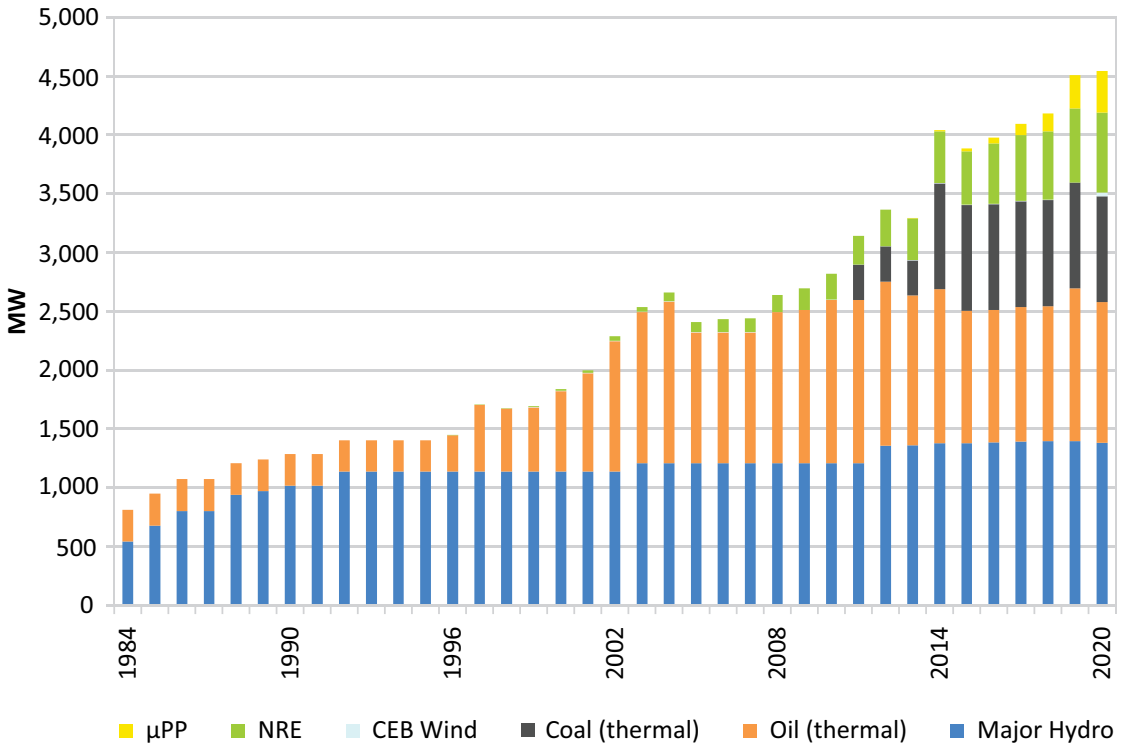


Figure 4.1 - Total Installed Capacity by Type of Power Plant

In the early stages, major hydro played a dominant role in power generation and continued until about 1996. Once the economically feasible major hydro schemes reached their saturation, the share of thermal plants in power generation increased. At present, 64% of power generation is from thermal power.

4.1.1.1 Major Hydro

Sri Lanka has two main hydro power complexes; namely Laxapana and Mahaweli, each consisting of several power plants. Laxapana complex is based on Kelani River while Mahaweli complex is based on Mahaweli River. Other than these major schemes, there are two independent large scale hydro power stations, namely Samanalawewa and Kukule Ganga while small scale power plants such as Inginiyagala and Uda Walawa are also generating hydropower using their respective reservoir storages. For administrative purposes, these smaller hydropower plants are grouped together as a single complex identified by the CEB as the 'Other Hydro' Complex, although these plants are located in different river systems.

Table 4.2 provides a list of major hydro power plants and their corresponding water storage capacities.

Table 4.2 - Storage Capacities and Generation of Major Hydro Power Stations

Name of Hydro Power Station	Plant Capacity (MW)	Name of the Reservoir	Reservoir Live Storage (million m^3)	Generation in 2020 (GWh)	Share in Generation (%)
Laxapana Complex					
Wimalasurendra	50	Castlereigh Reservoir	44.8	102.2	2.6
Canyon	60	Maussakelle Reservoir	123.4	145.1	3.7
Laxapana	53.8	Norton Pond	0.4	276.9	7.0
Samanala	75	Laxapana Pond	0.4	418.6	10.7
New Laxapana	100	Canyon Pond	1.2	504.5	12.8
Mahaweli Complex					
Kotmale	201	Kotmale Reservoir	172.6	399.9	10.2
Nilambe	3.2	-	-	8.2	0.2
Ukuwela	40	Polgolla Barrage	-	180.1	4.6
Bowatenna	40	Bowatenna Reservoir	49.9	55.2	1.4
Victoria	210	Victoria Reservoir	721.2	507.1	12.9
Randenigala	122.6	Randenigala Reservoir	875	267.2	6.8
Rantembe	49	Rantembe Pond	21	128.5	3.3
Upper Kotmale	150	Upper Kotmale	0.8	352.2	9.0
Other Hydro Complex					
Inginiyagala	11.25	Inginiyagala Reservoir	-	30.4	0.8
Uda Walawa	6	Uda Walawa	-	8.7	0.2
Samanalawewa	120	Samanalawewa Reservoir	278	245.8	6.3
Kukule Ganga	70	-	-	298.5	7.6
Total	**1,362**	**-**	-	**3,929.4**	**100.0**

By the end of 2020, a total of seventeen hydro power plants were in operation under the ownership of CEB.

4.1.1.2 Thermal Power

There are six oil-fired thermal power plants and three coal-fired plants that operate under the CEB, whereas four IPPs operate in private capacity.

Table 4.3 summarises thermal power generation in 2020.

Table 4.3 - Installed Capacities and Generation of Thermal Power Plants

Name of Power Station	Technology Type	Fuel Type	Capacity (MW)	Gross Generation (GWh)	Share in Generation (%)
CEB					
Kelanitissa Power Station	Gas Turbine (stg 2)	Auti Diesel	115	97.7	0.9
Kelanitissa Power Station	Gas Turbine (stg 3)	Auto Diesel	80	36.2	0.3
Sapugaskanda Power Station	Diesel Engine	Auto Diesel	80	7.8	0.1
		HSFO 380 cst (FO 3500)		334.1	3.2
Sapugaskanda Power Station Extension	Diesel Engine	Auto Diesel	80	7.6	0.1
		HSFO 380 cst (FO 3500)		425.8	4.0
Kelanitissa Power Station	Combined Cycle	Auto Diesel	165	-	-
		Naphtha		-	-
Uthuru Janani	Diesel Engine	HSFO 180 cst (FO 1500)	24	111.5	1.1
Barge Mounted Power Plant	Diesel Engine	HSFO 180 cst (FO 1500)	60	413.5	3.9
Emergency Power	Diesel Engine	Auto Diesel	50	78.2	0.7
Puttalam Coal Power Station	Steam	Auto Diesel	900	6.0	0.1
		Coal		6,358.9	60.0
IPP					
Asia Power	Diesel Engine	HSFO 380 cst (FO 3500)	51	169.8	1.6
Ace Power Matara	Diesel Engine	HSFO 180 cst (FO 1500)	20	89.7	0.8
AES - Kelanitissa	Combined Cycle	Auto Diesel	163	441.9	4.2
Ace Power Embilipitiya	Diesel Engine	HSFO 180 cst (FO 1500)	100	497.4	4.7
Yugadhanavi-Kerawalapitiya	Combined Cycle	LSFO 180 cst	270	1,514.5	12.5
Total			**2,046**	**10,590.7**	**100.0**

The oil-fired CEB power plants generated 1,434.2 GWh, while the coal-fired power plant generated 6,364.9 GWh. The contribution of the coal power plant to generation is 60.1%. The five IPPs generated 2,713.3 GWh in total.

4.1.1.3 CEB Wind Power

After the decommissioning of the Hambantota pilot grid connected wind power plant in 2019, the CEB managed to energise nine turbines of the Mannar wind power project using available grid infrastructure in 2020. It is expected that the plant, once fully commissioned will generate a substantial share of clean energy from year 2021.

4.1.1.4 New Renewable Energy

New Renewable Energy power plants are operated by private sector investors and the installed capacity is limited to 10 MW since the plants are non-dispatchable. At present, the number and variety of SPPs have increased by several folds, and is scattered countrywide. Table 4.4 summarises the installed capacities and generation of SPPs contributing to the NRE industry.

Table 4.4 - Installed Capacities and Generation of NRE Power Plants by end 2020

Type of Power Station	Number of Plants	Total Installed Capacity (MW)	Generation in 2020 (GWh)	Share in Generation (%)
Hydro	206	402.9	1,046.9	65.1
Combined heat and power	1	10.0	2.1	0.1
Biomass	13	40.1	97.7	6.1
Solar	32	75.4	118.0	7.3
Wind	17	148.5	342.5	21.3
Total	**269**	**676.8**	**1,607.2**	**100.0**

EFour SPP hydro plants, eighteen solar plants and two wind power plants were commissioned in 2020, with installed capacities of 4.90 MW, 18 MW and 20 MW, respectively. There were no capacity additions in biomass power plants in 2020. Figure 4.2 depicts the cumulative capacity additions and number of SPPs up to end 2020.

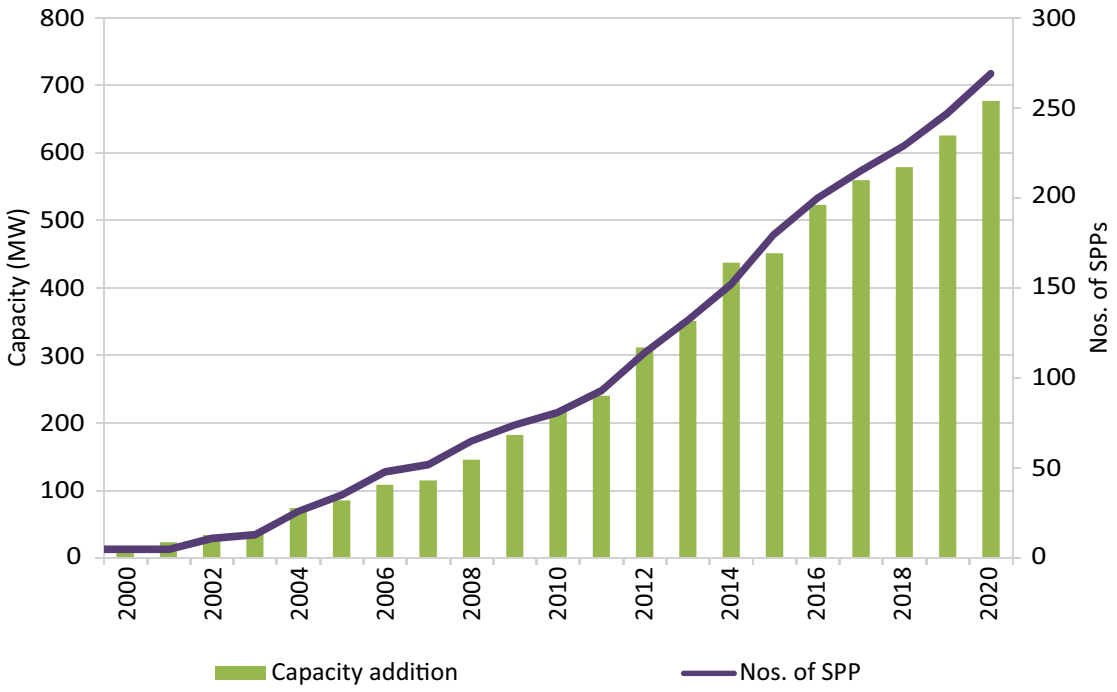


Figure 4.2 - Cumulative Capacity Additions and Number of SPPs

4.1.1.5 Micro Power Producers

By end 2020, 354 MW of µPP were in operation, generating approximately 496 GWh.

Table 4.5 - Cumulative Capacities and Generation of Net-metered Projects

Type of Net-metered Project	Number of Projects	Cumulative Capacity (MW)	Generation in 2020 (GWh)
Solar	28,849	354	495.6

4.1.2 Gross Generation of Grid Connected Power Plants

The total generation from major hydro plants, thermal plants, new renewable energy plants and net-metered project in 2020 was 16,711.3 GWh. Compared with the gross generation of 2019, which was 16,762.3 GWh, the generation in 2020 decreased marginally as indicated in Table 4.6.

Table 4.6 - Gross Generation to the CEB Grid

GWh	2010	2015	2017	2018	2019	2020
Major Hydro	4,988.5	4,904.4	3,075.2	5,168.7	3,800.9	3,929.4
Thermal (Oil)	5,063.3	2,343.5	5,212.6	3,760.9	5,067.4	4,306.4
Thermal (Coal)	-	4,457.2	5,120.6	5,309.4	5,916.9	6,364.9
CEB Wind	3.0	1.1	2.2	1.3	-	7.7
New Renewable Energy	728.5	1,466.0	1,462.2	1,742.4	1,579.3	1,607.2
Micro Power Producers	-	38.8	129.7	215.1	397.8	495.6
Gross Generation to CEB Grid	**10,783.2**	**13,211.1**	**15,002.5**	**16,197.8**	**16,762.3**	**16,711.3**
Year-on-year growth rate	8.2%	2.9%	4.3%	7.9%	3.9%	-0.9%

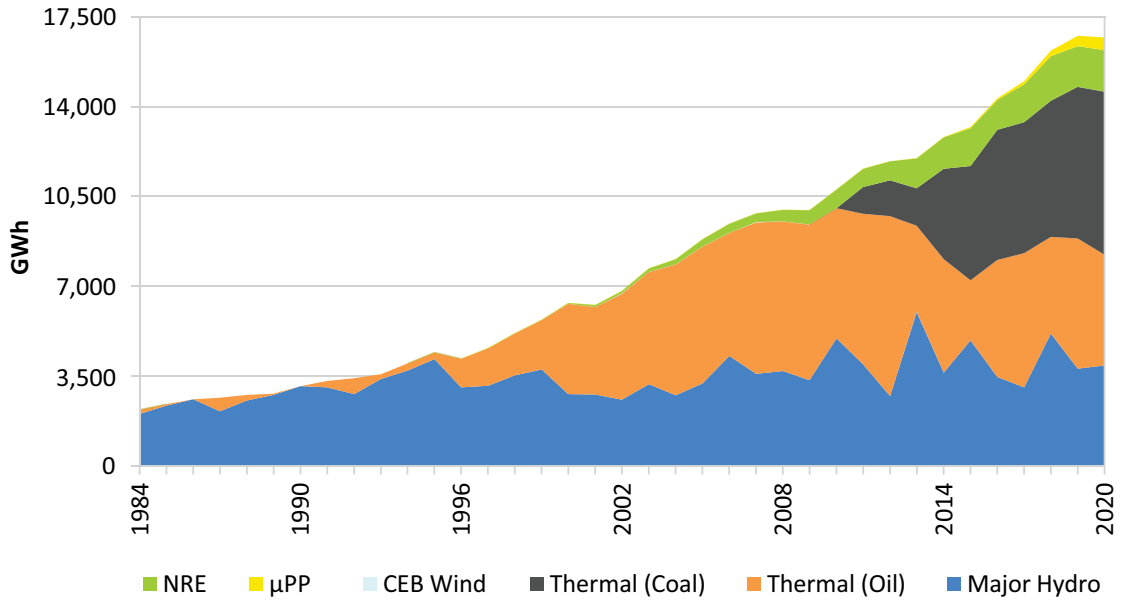


Figure 4.3 - Gross Generation to CEB Grid

In early stages, the energy mix included only major hydro plants and oil-fired thermal plants. The generation mix started diversifying from 1996 and the trend continues to date. At present however, the thermal share is dominant and it would continue to remain with the entry of coal power plants as base load generators.

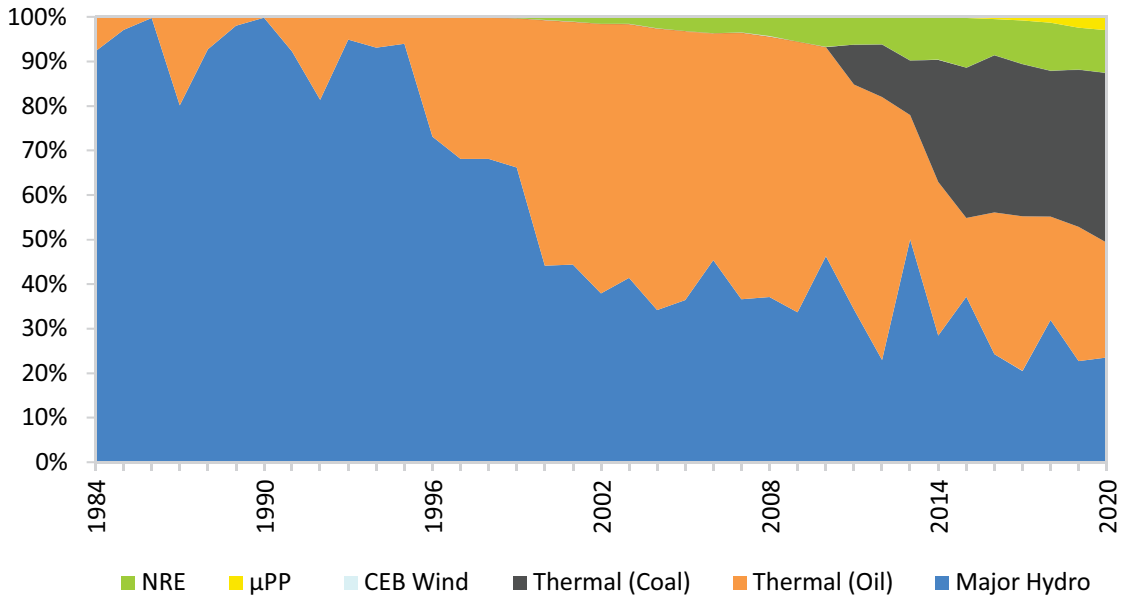


Figure 4.4 - Evolution of Generation Mix: 1982 to 2020

The NRE industry, which commenced in 1996 has progressed expeditiously, increasing in capacity each year. Figure 4.5 depicts the growth of the industry since inception to date.

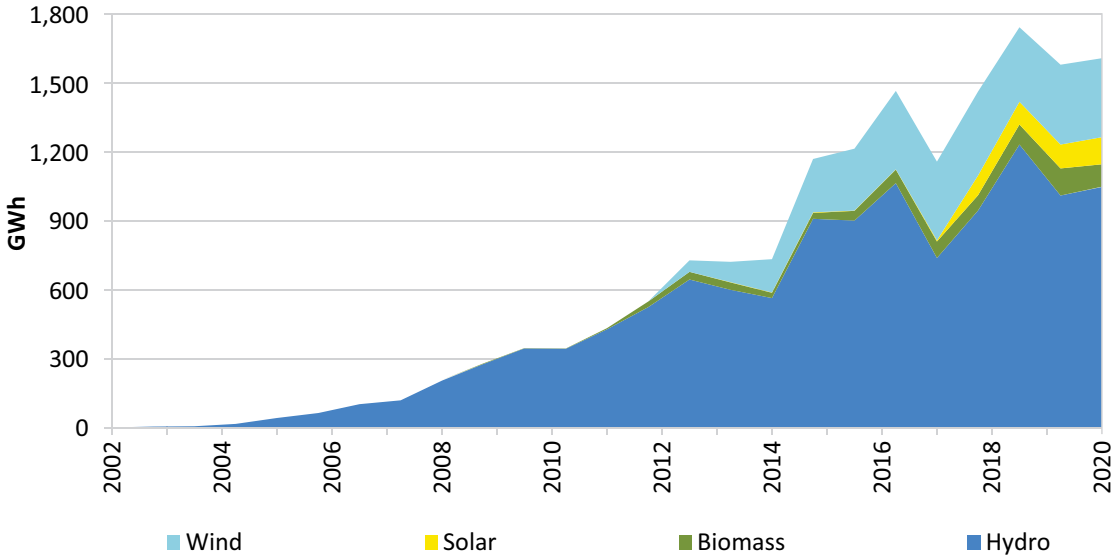


Figure 4.5 - Gross Generation of New Renewable Energy Power Plants

The share of NRE generation was 10% in the total gross generation to the CEB grid in 2020. Compared with 2018, there is a decline in hydro power generation as indicated in Figure 4.5, owing to the poor rainfall conditions that prevailed during 2019 - 2020.

4.1.3 Different Technologies used by Power Plants in the National Grid

Table 4.7 - Grid Connected Power Plant Capacities (MW) by Technology Type

Technology	2010	2015	2017	2018	2019	2020
CEB Power Plants						
Major Hydro	1,207	1,377	1,391	1,399	1,399	1,383
CEB Wind	3	3	3	3	-	-
Steam, Fuel Oil	-	-	-	-	-	-
Steam, Coal	-	900	900	900	900	900
Sub total, Steam	**-**	**900**	**900**	**900**	**900**	**900**
Diesel Engine, Residual Oil	160	160	160	160	160	160
Diesel Engine, Fuel Oil	-	24	24	24	24	24
Diesel Engine, Diesel Oil	8	-	-	-	150	50
Sub total, Diesel Engines	**168**	**184**	**184**	**184**	**334**	**234**
Gas Turbines, Diesel Oil	215	195	195	195	195	195
Sub total, Gas Turbines	**215**	**195**	**195**	**195**	**195**	**195**
Combined Cycle, Naphtha, Diesel	165	165	165	165	165	165
Sub total, Combined Cycle	**165**	**165**	**165**	**165**	**165**	**165**
IPP						
Diesel Engine, Residual Oil	51	51	51	51	51	51
Diesel Engine, Fuel Oil	343	100	118	118	120	120
Diesel Engine, Diesel Oil	15	-	-	-	-	-
Combined Cycle, Diesel, Fuel Oil	433	433	433	433	433	433
Sub total IPP	**842**	**584**	**602**	**602**	**604**	**604**
SPP						
Hydro	175.4	306.7	353.6	387.0	399.6	402.9
Combined heat and power	-	-	-	-	-	10.0
Solar	-	1.4	51.4	51.4	57.4	75.4
Biomass	12.0	20.1	26.1	37.1	40.1	40.1
Wind	30	123.9	128.5	128.5	128.5	148.5
Sub total SPP	**218**	**452**	**560**	**603.9**	**626**	**677**
µPP						
Solar	-	27.7	93.7	153.5	283.8	353.6
Sub total µPP	-	**28**	**94**	**154**	**284**	**354**

Table 4.8 - Fuel Usage and Generation by Technology Type

Technology Type	2010	2015	2017	2018	2019	2020
CEB Gross Generation (GWh)						
Steam, Coal	-	4,447.2	5,112.0	5,299.3	5,910.2	6,358.9
Steam, Diesel	-	10.0	8.7	10.1	6.7	6.0
Diesel Engine, Residual Oil	830.9	271.9	674.0	620.4	630.3	759.9
Diesel Engine, Fuel Oil	-	228.4	533.7	440.6	473.3	525.0
Diesel Engine, Diesel	16.8	22.5	18.7	25.2	212.6	174.4
Gas Turbines, Diesel Oil	53.3	25.1	401.0	222.0	326.5	133.9
Combined Cycle, Diesel Oil	255.7	119.5	267.4	248.5	103.5	-
Combined Cycle, Naphtha	237.6	540.3	702.1	386.2	590.7	-
CEB Fuel Use (million litres)						
Steam, Coal (million kg)	-	1,880.0	2,086.5	2,009.1	2,208.9	2,349.3
Steam, Diesel	-	3.0	4.1	3.9	3.4	2.9
Diesel Engine, Residual Oil	184.9	60.6	150.8	137.4	140.7	169.4
Diesel Engine, Fuel Oil	-	19.3	116.7	95.9	102.5	113.2
Diesel Engine, Diesel	5.3	6.7	6.2	7.7	62.0	50.9
Gas Turbines, Diesel Oil	21.6	9.2	147.5	81.0	119.3	50.1
Combined Cycle, Diesel Oil	59.3	26.7	65.7	56.6	24.0	
Combined Cycle, Naphtha	78.0	144.7	203.6	102.2	174.4	
IPP Gross Generation (GWh)						
Diesel Engine, Residual Oil	325.0	101.1	119.4	56.9	74.0	169.8
Diesel Engine, Fuel Oil	2,245.1	235.5	598.9	382.4	534.9	587.1
Diesel Engine, Fuel Oil (LSFO 180 cst)	87.8	-	167.0	37.2	-	-
Diesel Engine, Diesel Oil	-	-	-	-		
Combined Cycle, Diesel Oil	464.1	264.0	472.0	301.0	814.8	441.9
Combined Cycle, Fuel Oil (LSFO 180 cst)	547.1	671.4	1,193.6	1,040.4	1,385.9	1,514.5
Combined Cycle, Fuel Oil (HSFO 180 cst)	-	-	27.3	-	-	-
IPP Gross Fuel Use (million litres)						
Diesel Engine, Residual Oil	72.6	23.0	28.5	13.1	18.4	38.8
Diesel Engine, Fuel Oil	490.7	51.5	114.5	85.6	119.8	130.5
Diesel Engine, Diesel Oil	24.9	-	43.7	9.8	-	-
Combined Cycle, Diesel Oil	99.1	56.0	107.2	55.3	181.8	92.9
Combined Cycle, Fuel Oil (LSFO 180 cst)	120.5	152.3	253.2	229.9	291.7	328.9
Combined Cycle, Fuel Oil (HSFO 180 cst)	-	-	10.0	-	-	-

4.1.4 Fuel Usage and Conversion Efficiency in Thermal Power Generation

Thermal power plants operating in Sri Lanka primarily use petroleum fuels such as diesel, fuel oil, residual oil and naphtha. Table 4.9 details the total quantities of common fuels used in power generation by thermal power plants.

Table 4.9 - Total Petroleum Fuels Used in Power Generation

	2010	2015	2017	2018	2019	2020
Fuel Oil (HSFO 180 CST, FO 1500) (million litres)	490.7	70.8	241.2	181.6	222.4	243.8
Coal (million kg)	-	1,880.0	2,086.5	2,009.1	2,208.9	2,349.3
Residual Oil (HSFO 380 CST, FO 3500) (million litres)	257.5	83.6	179.3	150.5	159.1	208.2
Diesel (million litres)	210.2	98.6	370.3	210.4	387.1	193.8
LSFO 180 CST (million litres)	120.5	152.3	253.2	229.9	291.7	328.9
Naphtha (million litres)	78.0	144.7	203.6	102.2	174.4	-

The consumption of liquid petroleum fuels has increased for all fuel types in 2020, except for diesel. Further, naphtha was not used for power generation in 2020, since the combined cycle power plant did not operate in the said year. The major share of thermal power generation was borne by coal power. At present, the types of fuel used in power generation have increased in variety, owing to the large share of thermal power, as shown in Figure 4.6. Liquid fuels have been converted into corresponding weights at 30^0C (ambient temperature).

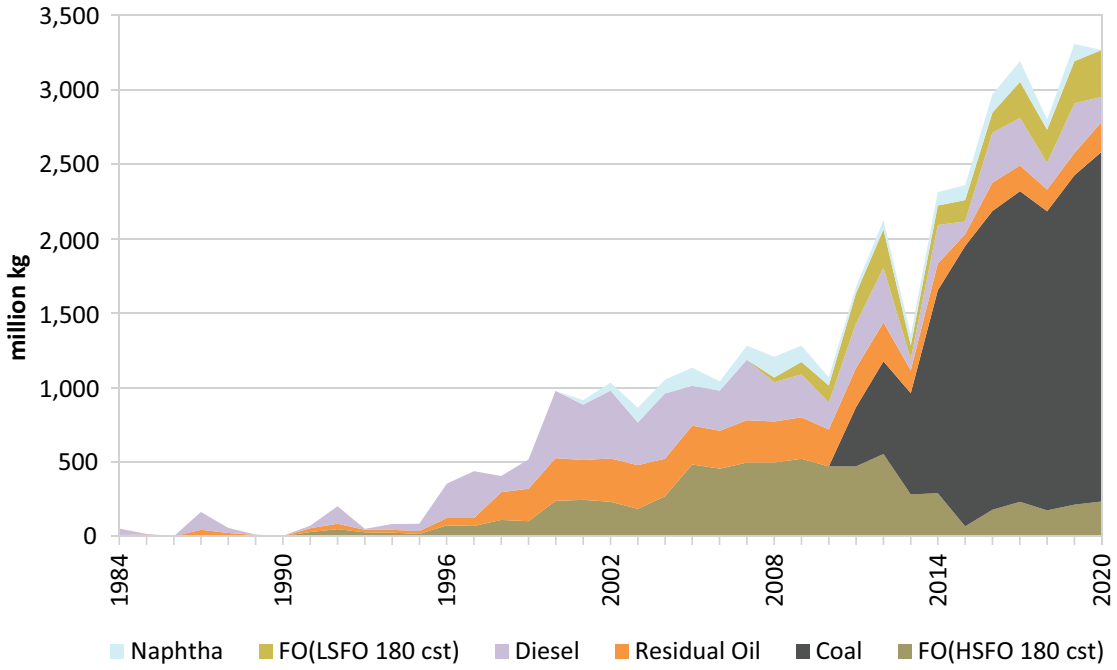


Figure 4.6 - Fuel Consumption in Thermal Power Generation by Type

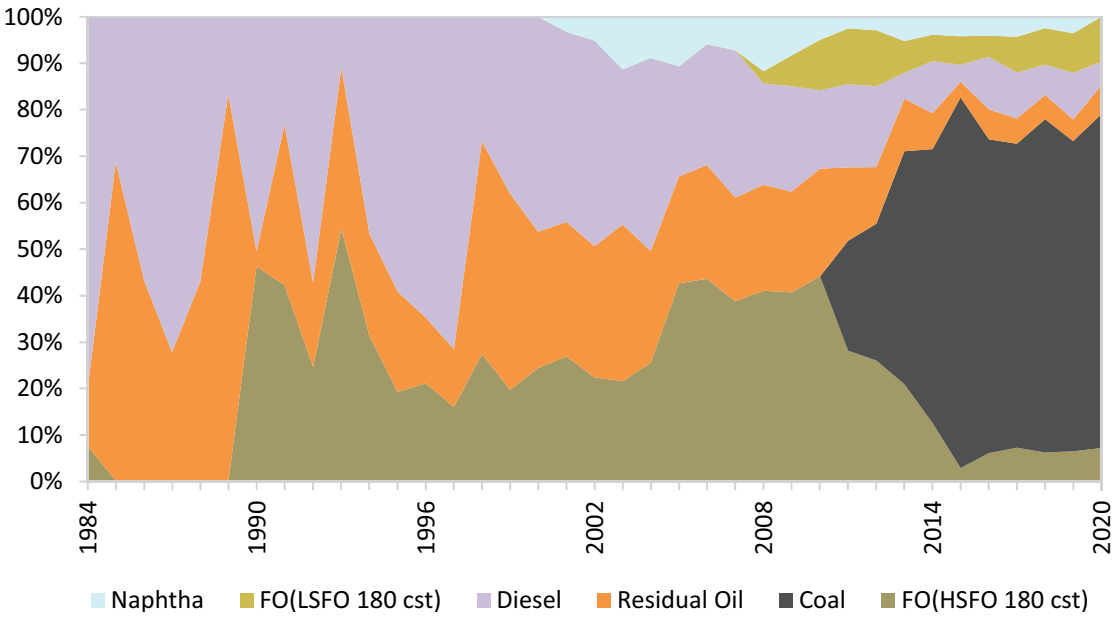


Figure 4.7 - Percentages of Fuel Mix in Thermal Power Generation

Table 4.10 summarises the efficiencies of thermal power plants by technology type.

Table 4.10 – Thermal Power Plant Efficiencies

Power Plant Efficiencies	2010	2015	2017	2018	2019	2020
CEB						
Steam, Coal	-	35.5%	36.7%	39.6%	40.1%	40.6%
Steam, Diesel	-	31.4%	19.9%	24.3%	18.5%	19.5%
Diesel Engine, Residual Oil	39.5%	39.4%	39.3%	39.7%	39.3%	39.4%
Diesel Engine, Fuel Oil		40.5%	40.2%	40.4%	40.5%	40.7%
Diesel Engine, Diesel	29.8%	31.9%	28.7%	30.8%	32.5%	32.5%
Gas Turbines, Diesel Oil	23.4%	25.8%	25.8%	26.0%	26.0%	25.4%
Combined Cycle, Diesel Oil	40.9%	42.5%	38.6%	41.6%	40.8%	-
Combined Cycle, Naphtha	33.7%	41.3%	38.2%	41.8%	37.5%	-
CEB Gross Thermal Generation (Gcal)	1,199,040	4,871,737	6,637,076	6,237,052	7,098,249	6,843,975
CEB Fuel Energy Input (Gcal)	3,198,724	13,370,308	18,157,111	15,918,569	18,266,560	17,156,043
CEB Power Plant Efficiency	**37.5%**	**36.4%**	**36.6%**	**39.2%**	**38.9%**	**39.9%**
IPP						
Diesel Engine, Residual Oil	39.3%	38.6%	36.7%	38.2%	35.3%	38.4%
Diesel Engine, Fuel Oil	40.2%	40.2%	45.9%	39.2%	39.2%	39.5%
Diesel Engine, Diesel Oil	33.4%	-	36.2%	36.0%		
Combined Cycle, Diesel Oil	44.4%	44.7%	41.8%	51.6%	42.5%	45.1%
Combined Cycle, Fuel Oil (LSFO 180 cst)	0.40	38.4%	41.0%	39.4%	41.3%	40.1%
Combined Cycle, Fuel Oil (HSFO 180 cst)	-	-	24.0%	-	-	-
IPP Net Thermal Generation (Gcal)	2,684,904	516,533	1,167,263	668,650	1,224,343	1,030,934
IPP Fuel Energy Input (Gcal)	6,639,385	1,237,795	2,769,632	1,557,105	3,002,410	2,500,356
IPP Power Plant Efficiency	**40.4%**	**41.7%**	**42.1%**	**42.9%**	**40.8%**	**41.2%**

The highest efficiencies are reported in the combined cycle power plants of the CEB. These plants use diesel, fuel oil and naphtha and they have a higher overall efficiency and other operational advantages compared with the diesel engine power plants.

4.2 Off-Grid Electricity Generation

Isolated power generating facilities are available in some locations owing mainly to the unavailability of the national grid. In addition, standby power supplies are also available in most industries and commercial facilities, although their generation is very minimal due to the short-term nature of operation. The capacities and energy converted at these standby generators are not accounted for in this report.

Three main contexts in which off-grid electricity is used are as follows.

(i) Diesel generators are maintained only as a standby option and run only for short durations during grid failures, periodic testing and during generator servicing.

(ii) Renewable energy systems, such as small hydro (for industries and households), wind and solar photovoltaic systems for households are also operated off-grid due to unavailability of grid and technical reasons.

(iii) Four Northern islands which were provided with diesel generators, received utility level services from the CEB, were considered for hybrid solutions and the first island the Eluvaithivu Island continued to reap the benefits in 2020. Remaining three islands too will become hybrid powered islands with the debt financing provided by the ADB in 2021.

The non-conventional off grid energy systems such as village and estate hydro plants and household solar photovoltaic systems are discussed separately in this report. Off-Grid generation broadly comprises the following genre.

(i) Self-Generation: Using own generating plants, even if the grid is available. Only a few locations, and they too are used sparingly.

(ii) Off-grid (Industrial): Industries using their own generation either as a matter of policy, keeping the grid supply only as backup or owing to non-availability of the grid in close proximity. Only a few locations, and they too are used sparingly.

(iii) Off-grid (non-industrial): Mostly rural systems of small micro hydro, wind, solar and other renewable energy based systems.

With the rapid expansion of the national grid, the role of off-grid electrification ceased in the country, except in certain inaccessible locations. Further activities in this area are expected through solar PV based DC micro grids in coming years.

4.3 Total Generation

The bulk of electricity generation in Sri Lanka is from grid-connected power plants. Table 4 11 gives the summary of electricity generation from grid-based and off-grid, conventional and non-conventional sources.

Table 4.11 – Total Gross Generation in Sri Lanka

GWh	2010	2015	2017	2018	2019	2020
Major Hydro Power	4,988.5	4,904.4	3,075.2	5,168.7	3,800.9	3,929.4
Thermal Power	5,063.3	6,796.4	10,295.7	9,070.3	11,063.4	10,671.4
CEB Wind Power	3.0	1.1	2.2	1.3	-	7.7
New Renewable Energy	728.5	1,466.0	1,462.2	1,742.4	1,579.3	1,607.2
Micro Power Producers	-	38.8	129.7	215.1	397.8	495.6
Off-grid Non-Conventional (Off-grid Renewables)	17.5	18.8	18.8	18.8	-	-
Gross Generation	**10,800.7**	**13,225.5**	**14,983.7**	**16,216.6**	**16,841.3**	**16,711.3**
%						
Major Hydro Power	46.2	37.1	20.5	31.9	22.6	23.5
Thermal Power	46.9	51.4	68.7	55.9	65.7	63.9
CEB Wind Power	-	0.01	0.01	0.01	-	-
New Renewable Energy	6.7	11.1	9.8	10.7	9.4	9.6
Micro Power Producers	-	0.3	0.9	1.3	2.4	3.0
Off-grid Non-Conventional (Off-grid Renewables)	0.2	0.1	0.1	0.1	-	-

5 Energy Distribution and Pricing

Energy sources and energy demand are separated by vast swaths of time and space. Therefore, to provide a sound energy supply, vast transport/transmission network, storage and transaction elements are required. The supply of energy includes generation/conversion and distribution to end users. Distribution is the process of delivering energy from its source to the ultimate end use. For convenience, the terminal points of distribution are considered to be from the measuring point at generation/conversion to the measuring point at the end user.

5.1 Electricity Distribution and Prices

Distribution of electrical energy is through the transmission and distribution network, the main difference between the two being the voltage at which the power is delivered. Transmission is at voltages 132 kV and 220 kV, whereas distribution is done at 33 kV, 11 kV and 400V.

5.1.1 Transmission and Distribution Networks

5.1.1.1 Electricity Transmission Network

Sri Lanka has a single transmission network spanning the whole country with the exception of four small inhabited islands in the Northern Province. The national grid consists of overhead transmission lines interconnecting large scale power plants scattered mostly in the central region and the Western province, and grid substations where the distribution networks spread from. Apart from the most common transmission lines carrying power at 132 kV, a limited number of 220 kV transmission lines are also available in the network. These 220 kV transmission lines strengthen the network, especially between nodes having heavy power flows, such as Kotmale-Biyagama and Kotmale-Anuradhapura.

5.1.1.2 Electricity Distribution Network

Electricity distribution and sales in Sri Lanka is the responsibility of the following organisations;

- Ceylon Electricity Board (CEB)
- Lanka Electricity Company (Pvt) Ltd. (LECO)

At grid substations, the high voltage electricity in the transmission network is converted to 33 kV to be distributed within the locality. In some instances, the electricity at 33 kV is again converted to 11 kV at primary substations and then distributed to consumers. Distribution networks operated by LECO use 11 kV as the distribution voltage. However, both CEB and LECO step down the distribution voltage again to 400 V prior to delivering power to small scale consumers such as households and commercial buildings. For a limited number of industrial and commercial establishments, electricity is provided and metered at the distribution voltage itself. The distribution responsibility ends at the consumer metering point up to which the maintenance work is carried out by the corresponding service provider (*i.e.* CEB or LECO).

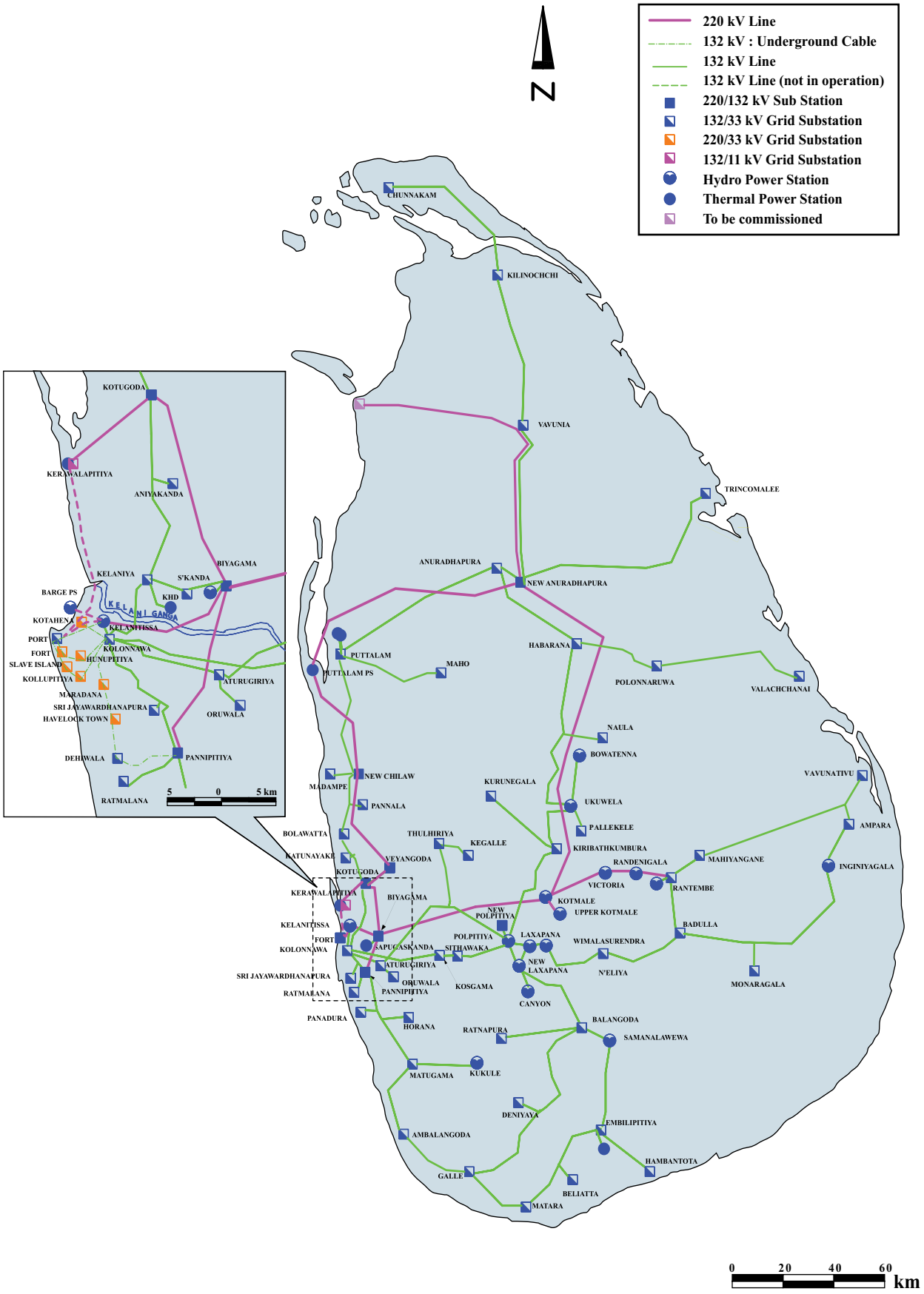


Figure 5.1 – Electricity Transmission Network (2020)

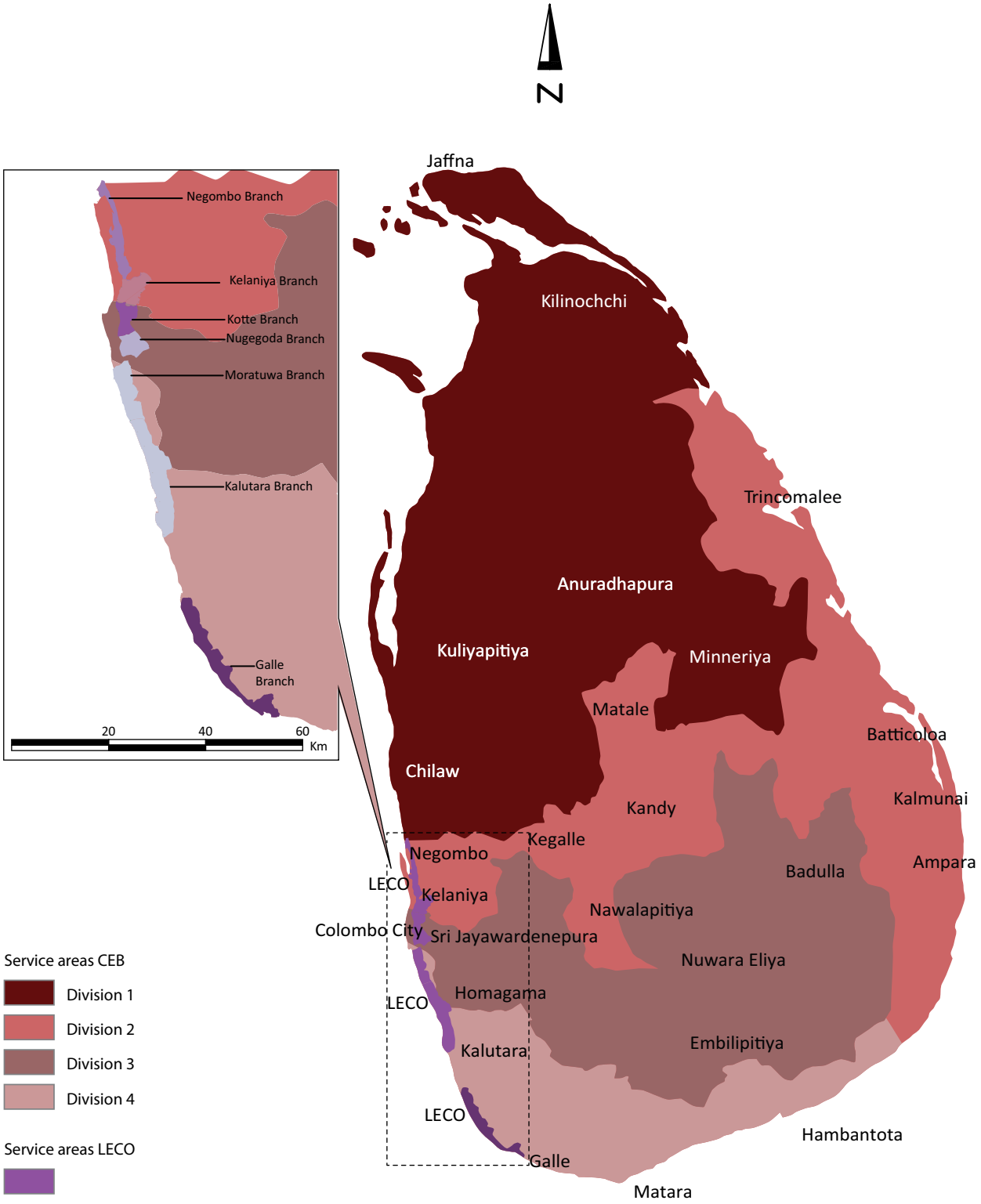


Figure 5.2 – Service Areas of the CEB and LECO

5.1.2 Electrification

All the categories of grid electricity consumers increased in number in 2020. Although a new category was introduced for Agriculture in 2019, no consumers were reported for 2020. While Table 5.1 shows the number of electricity consumers in the grid, Table 5.2 shows the share of electricity consumers of CEB and LECO separately.

Table 5.1 – Electricity Consumers Served by the Grid

Total Number of Consumer Accounts	2010	2015	2017	2018	2019	2020
Domestic	4,363,324	5,407,644	5,881,998	6,010,765	6,123,875	6,243,246
Religious	29,050	37,201	40,554	42,001	43,335	44,491
Industrial	48,461	59,820	63,783	65,648	67,327	70,250
Commercial	514,292	666,475	750,721	793,760	831,304	875,343
Agriculture	-	-	-	-	56	-
Streetlighting	2,931	3,065	2,770	2,892	2,993	3,664
Total	**4,958,058**	**6,174,205**	**6,739,826**	**6,915,066**	**7,068,890**	**7,236,994**

The number of total accounts served by the grid has increased by 2% in 2020 compared with 2019.

Table 5.2 – Electricity Consumers in the Grid, CEB and LECO

Total Number of Consumer Accounts	2010	2015	2017	2018	2019	2020
CEB						
Domestic	3,958,829	4,966,395	5,425,060	5,543,137	5,651,452	5,750,281
Religious	26,763	34,710	37,999	39,422	40,724	41,805
Industrial	45,059	56,681	60,694	62,570	64,241	66,831
Commercial	449,733	590,344	669,376	709,150	744,166	777,347
Agriculture	-	-	-	-	56	-
Streetlighting	1	1	1	1	1	1
Sub total CEB	**4,480,385**	**5,648,131**	**6,193,130**	**6,354,280**	**6,500,640**	**6,636,265**
LECO						
Domestic	404,495	441,249	456,938	467,628	472,423	492,965
Religious	2,287	2,491	2,555	2,579	2,611	2,686
Industrial	3,402	3,139	3,089	3,078	3,086	3,419
Commercial	64,559	76,131	81,345	84,610	87,138	97,996

Total Number of Consumer Accounts	2010	2015	2017	2018	2019	2020
Streetlighting	2,930	3,064	2,769	2,891	2,992	3,663
Sub total LECO	**477,673**	**526,074**	**546,696**	**560,786**	**568,250**	**600,729**

Note: CEB considers street lighting as one account, while LECO counts the street lighting systems individually as separate accounts.

The total number of accounts of the CEB increased by 2%, while the number of accounts of the LECO increased by 5% in 2020.

5.1.3 Electricity prices

A major role in electricity generation is played by the CEB while the IPPs and the SPPs play supportive roles. Unlike generation, CEB has a monopoly over electricity transmission. The distribution business is shared by CEB and LECO. Hence, the role of the CEB in the electricity industry in Sri Lanka is significant. As a result, analysis of the electricity sector financial performance is dominated by its main player; the CEB. Being a subsidiary of CEB and having a key presence in electricity sales, LECO financial performance is also important. Table 5.3 shows the sales and revenue of the two electricity utilities CEB and LECO, their annual revenue and average selling prices.

Table 5.3 – Average Electricity Sales, Selling Prices and Revenue of CEB and LECO

	2010	2015	2017	2018	2019	2020
CEB						
Sales (GWh)	8,067	10,340	11,835	12,451	12,927	12,682
Revenue from sales (LKRM)	105,710	165,741	193,268	204,078	215,231	213,194
Other Revenue (LKRM)	3,063	9,679	7,444	9,374	12,058	10,155
Total revenue (LKRM)	108,773	175,420	200,712	213,452	227,289	223,349
Average Selling price (LKR/kWh)	13.10	16.03	16.33	16.39	16.65	16.81
LECO						
Sales (GWh)	1,124.00	1,382.15	1,517.58	1,549.93	1,646.66	1,607.04
Revenue from sales (LKRM)	14,035.00	26,193.59	29,966.31	30,947.01	32,459.00	32,369.77
Total revenue (LKRM)	14,035.00	26,193.59	29,966.31	30,947.01	32,459.00	32,369.77
Average Selling price (LKR/kWh)	12.49	18.95	19.75	19.97	19.71	20.14

The national average selling price of electricity is given in Table 5.4 and the growth of the price is depicted in Figure 5.3.

Table 5.4 – National Average Selling Price of Electricity

	2010	2015	2017	2018	2019	2020
Average Selling price (LKR/kWh)	13.03	16.37	16.72	16.79	17.00	17.19

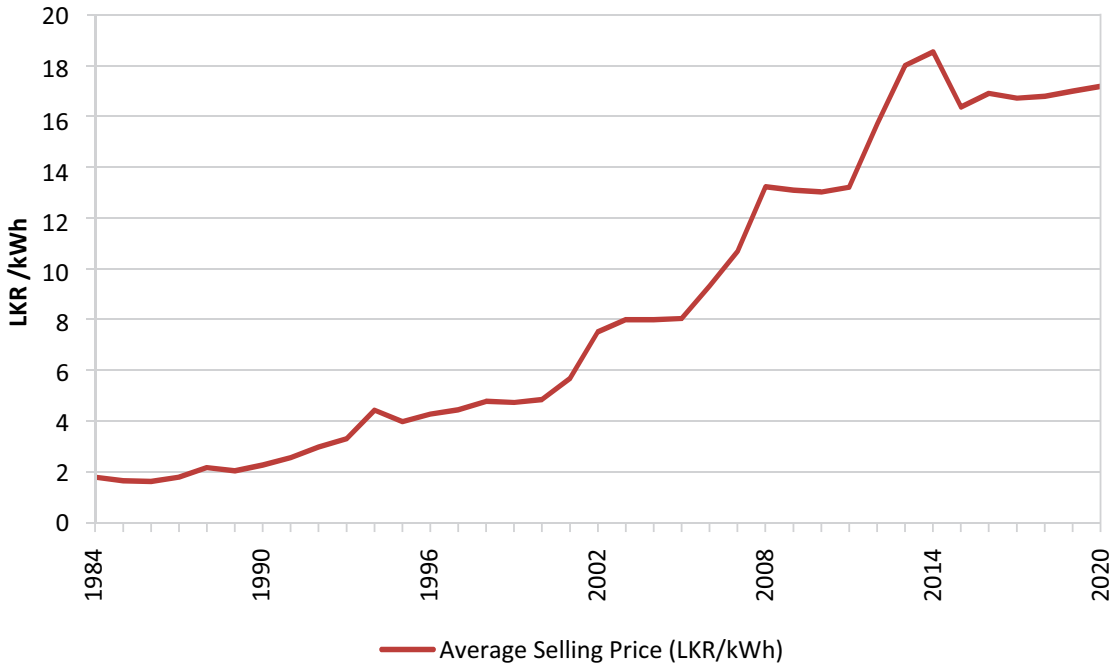


Figure 5.3 – National Average Selling Price of Electricity

The average selling price of electricity per kWh depends on the tariff structure and the sales to different consumer categories.

5.1.4 Electricity Tariff

As illustrated in Figure 5 3, the average selling price of an electricity unit in Sri Lanka increased over the time. Only 267 customers migrated to the Time of Use (ToU) tariff offered to encourage at specific electricity use, as the peak time tariff was quite high. Nevertheless, this offer will continue to benefit electric vehicle users in future.

Effective date:

Domestic – September 16, 2014

Non-domestic categories – November 15, 2014

ToU for domestic category – September 15, 2015

Table 5.5 – Electricity Prices in Year 2020

	Unit Rate (LKR/Unit)	Fixed Charge (LKR)
Domestic		
Usage 0 – 60 kWh/month		
Block 1 – First 30 units	2.50	30.00
Block 2 – 31 – 60 units	4.85	60.00
Usage above 60 kWh/month		
Block 1 - First 60 units	7.85	N/A
Block 2 - 61 - 90 units	10.00	90.00
Block 3 - 91 - 120 units	27.75	480.00
Block 4 - 121 - 180 units	32.00	480.00
Block 5 - Above 180 units	45.00	540.00
Religious and Charitable Institutions		
Block 1 – First 30 units	1.90	30.00
Block 2 – 31 – 90 units	2.80	60.00
Block 3 – 91 – 120 units	6.75	180.00
Block 4 – 121 – 180 units	7.50	180.00
Block 5 – Above 180 units	9.40	240.00

Time of Use Electricity Tariff for Domestic Consumers

The following optional Electricity Tariffs based on Time of Use (TOU) for Domestic Consumers who are connected with 3 -phase 30A or above.

Time of Use (ToU)	Energy Charge (LKR/kWh)	Fixed Charge (LKR/month)
Peak (18.30-22.30)	54.00	540.00
Day (5.30-18.30)	25.00	
Off-peak (22.30-05.30)	13.00	

	General Purpose	Government (Schools, hospitals, ..etc	Industrial	Hotels
Rate - 1 Supply at 400/230 V				
Contract Demand < or = 42 kVA Unit Charge (LKR/unit) Fixed Charge (LKR/month)	GP1-1 For≤300 kWh/month 18.30 + 240.00 GP1-2 For>300 kWh/month 22.85 + 240.00	14.65 + 600.00	12.50 + 600.00	22.00 + 600.00
Rate – 2 Supply at 400/230 V				
Contract Demand above 42 kVA Unit Charge (LKR/unit) Demand Charge (LKR/kVA) Fixed Charge (LKR/month)	Day 20.80 (5.30 am – 6.30 pm) Peak 26.60 (6.30 pm – 10.30 pm) Off-peak 14.50 (10.30 pm – 5.30 am) + 1,100.00 + 3,000.00	14.55 + 1,100.00 + 3,000.00	Day 11.00 (5.30 am – 6.30 pm) Peak 20.50 (6.30 pm – 10.30 pm) Off-peak 6.85 (10.30 pm – 5.30 am) + 1,100.00 + 3,000.00	Day 14.65 (5.30 am – 6.30 pm) Peak 23.50 (6.30 pm – 10.30 pm) Off-peak 9.80 (10.30 pm – 5.30 am) + 1,100.00 + 3,000.00
Rate – 3 Supply at 11 kV and above				
Unit Charge (LKR/unit) Demand Charge (LKR/kVA) Fixed Charge (LKR/month)	Day 19.50 (5.30 am – 6.30 pm) Peak 24.00 (6.30 pm – 10.30 pm) Off-peak 13.50 (10.30 pm – 5.30 am) + 1,000.00 + 3,000.00	14.35 + 1,000.00 + 3,000.00	Day 10.50 (5.30 am – 6.30 pm) Peak 24.00 (6.30 pm – 10.30 pm) Off-peak 6.00 (10.30 pm – 5.30 am) + 1,000.00 + 3,000.00	Day 14.00 (5.30 am – 6.30 pm) Peak 23.00 (6.30 pm – 10.30 pm) Off-peak 9.00 (10.30 pm – 5.30 am) + 1,000.00 + 3,000.00
Street Lighting	at LKR 17.00 per Unit			

Note: 1. No Fuel adjustment charge is applicable for the above Tariff Structure.

2. Tariff for Religious & Charitable Institutions is not revised.

5.2 Petroleum Distribution and Prices

As described previously, Sri Lanka meets the country petroleum demand entirely by imported petroleum brought in as either crude oil or refined products. Since the processing capacity of the CPC-owned refinery is not sufficient to meet the country demand, considerable amounts of petroleum products have to be imported and directly sold in the local market.

5.2.1 Distribution Structure

Until 2002, CPC was responsible for all aspects of petroleum supply, with the exception of retail marketing of LPG. By 2002, CPC owned and operated the refinery, all the import, storage and distribution terminals, and about 350 filling stations. In addition, there were about 700 privately-owned filling stations.

The refinery located in Sapugaskanda consists of 50,000 barrels/day processing plant and a 540,000 tonne crude oil tank farm. The refinery gets crude oil either directly from the Single Point Buoy Mooring (SPBM) facility installed about 10 km offshore or from the four crude oil storage tanks of 40,000 tonnes (each), located in Orugodawatta. Part of the refinery output is stored at Sapugaskanda storage facility for distribution and the balance is pumped to the Kolonnawa storage facility. The Sapugaskanda tank farm (mini-distribution facility) receives products only from the refinery. This has a total storage capacity of 60,000 tonnes in twelve tanks for diesel, kerosene and fuel oil.

Refined products from the refinery as well as imported products are received via a 5.5 km long pipeline to tanks at Kolonnawa. This aging pipeline transport system will be improved through a new pipeline installation by 2018. The Kolonnawa installation has a total capacity of 250,000 tonnes in 40 tanks for finished products and product loading facilities for loading railway bogies, which transport products to most of the bulk depots and to road tankers. Construction of a new tank with a capacity of 15,000 m^3 to cater to the increased gasoline demand commenced in late 2017, adding more capacity to Kolonnawa facility. Aviation fuel to the Katunayake airport is supplied from the Kolonnawa terminal through rail and road tankers.

The Muthurajawela tank farm commenced operations in 2004. With the construction of this tank farm, Sri Lanka's storage capacity for finished petroleum products increased by 250,000 tonnes. Muthurajawela tank farm consists of 21 tanks of 10,000 m^3 capacity and 8 tanks of 5,000 m^3 capacity. These tanks store and distribute diesel and kerosene. Along with the tanks, CPC installed a new SPBM system, where 60,000 DWT (deadweight tonnage) ships could use the buoy for discharging imported finished products direct from sea to tanks via a submarine pipeline. This terminal includes a loading facility to distribute products by road tankers. However, rail transportation of petroleum products stored in the Muthurajawela tank farm is constrained due to the absence of a railway line. A dual pipeline transport systems named the 'cross country pipeline' with a length of 6.5 km is expected to link Muthurajawela tank farm with the Supugaskanda facility in the near future.

Petroleum supply for retail sale is done at the following storage/distribution facilities

1. Muthurajawela
2. Kolonnawa
3. Sapugaskanda mini distribution facility
4. China Bay storage facility
5. 13 regional depots.

Of the thirteen regional depots, Kurunagala depot added a new fire pump house and a distribution gantry to its assets in 2017, expanding its capabilities further.

Lanka Marine Services (LMS) located at Bloemandhal in Colombo receives imported products directly as well as from the Kolonnawa terminal via pipelines, and provides bunker fuel to ships via pipelines connected to Dolphin pier and also from South jetty. LMS terminal has a storage capacity of 23,000 tonnes of fuel oil and 6,800 tonnes of diesel.

Some amount of LPG is produced at the CPC refinery for local consumption. However, most of the country's LPG requirement is met through direct imports. LPG is imported through the Colombo Port, and also via a conventional buoy mooring system (CBM) for Litro Gas Lanka Limited facilities at Muthurajawela.

Residual oil (heavy furnace oil) is transferred directly from the refinery to the 160 MW Sapugaskanda power plant owned by the CEB and to the 51 MW residual oil power plant owned by Asia Power to produce electricity for the national grid. The refinery LPG production is delivered to the private distributor by means of road tankers and then filled into bottles for onward distribution to consumers.

As previously explained in this report, Sri Lanka meets all its petroleum demand by imported petroleum brought in as crude oil or refined products. Since the refining capacity of the CPC-owned refinery is not sufficient to meet the country demand, considerable amounts of petroleum products have to be imported and directly sold in the local market. Whether locally refined or directly imported, petroleum is channelled through the same distribution network which consists of several tank farms located in Kolonnawa, Sapugaskanda and Trincomalee and the local depots and the distribution stations (filling stations) spread all around the country.

5.2.2 Petroleum Prices

5.2.2.1 Prices of Crude Oil and Imported Finished Products

Crude oil imports increased in 2020 compared with 2019 as shown in Table 5.6.

Table 5.6 – Costs of Crude Oil Imports

Crude Oil Import Price Movements (F.O.B, Freight and C&F)	2010	2015	2017	2018	2019	2020
Quantity (kt)	1,819.43	1,676.76	1,499.40	1,763.00	1,842.74	1,667.00
Quantity (million bbl)	13.38	13.00	11.48	13.53	14.11	12.77
Crude Oil Import Unit Price (USD/bbl)						
F.O.B. Price	78.27	-	-	-	-	-
Freight Rate	0.97	-	-	-	-	-
C&F Price	79.24	105.38	56.99	75.69	68.80	45.66
Crude Oil Import Unit Price (LKR/bbl)						
F.O.B. Price	8,910.69	-	-	-	-	-
Freight	109.99	-	-	-	-	-
C & F Price	9,020.68	13,779.16	-	-	-	-

The import prices of finished petroleum products are shown in Table 5.7.

Table 5.7 – Finished Product Import Price Variation

Product Import Price Variation (F.O.B)	2010	2015	2017	2018	2019	2020
Mogas 92 Unl (USD/bbl)	86.23	71.147	69.85	81.56	73.93	50.91
Mogas 95 Unl (USD/bbl)	88.4	74.356	73.07	85.06	76.34	53.05
Naphtha (USD/bbl)	-	44.354	-	-	-	-
Kerosene (USD/bbl)	90.18	-	-	-	-	-
Gas Oil 0.05% S (USD/bbl)	90.35	68.491	67.17	87.68	80.64	50.49
Gas Oil 0.25% S (USD/bbl)	89.97	-	-	-	-	-
Gas Oil 0.5% S (USD/bbl)	89.55	68.269	-	-	-	-
Gas Oil 1.0% S (USD/bbl)	-	-	-	-	-	-
Gas Oil 0.001% S (USD/bbl)	-	-	68.88	88.72	82.85	56.06
FO 180Cst (USD/t)	470.28	-	54.47	-	-	-
FO 380Cst (USD/t)	462.59	-	-	-	-	-
LSFO (US$/t)	-	-	-	450.86	505.64	351.77
HSFO (US$/t)	-	-	-	491.89	483.86	408.41
LPG (USD/t)	714.46	-	-	-	-	-
Jet A-1 (USD/bbl)	-	69.66	67.30	87.13	80.29	63.12

5.2.2.2 Petroleum Product Prices in the Local Market

Table 5.8 summarises the price variations of locally sold petroleum products.

Month	Petrol (LKR/l)		Kerosene (LKR/l)		Diesel (LKR/l)		Furnace Oil (LKR/l)		LPG LKR/kg	
	90 Oct	95 Oct	Industrial	Domestic	Super	Auto	800 sec	1500 sec	Litro	Laugfs
2020-end Price	137.00	161.00	110.00	70.00	132.00	104.00	92.00	96.00	119.44	119.44

Table 5.8 – Price Variation of Locally Sold Petroleum Products (Colombo Spot)

Figure 5.5 depicts the historical price changes of common petroleum products. The price indicated in the graph is the weighted average of monthly price revisions for a given year. The price of LPG is the average price of both Litro and LAUGFS.

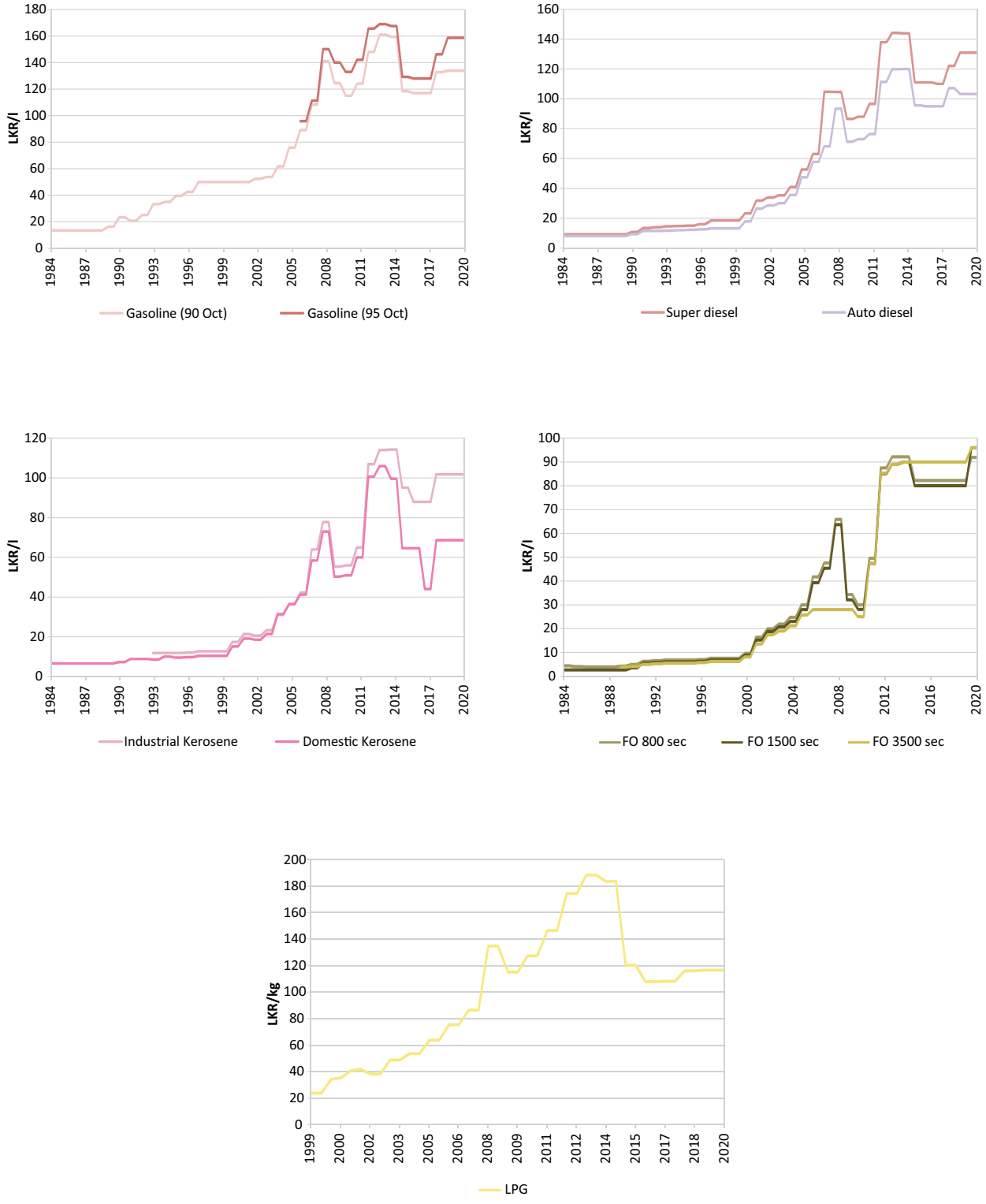


Figure 5.4 – Historical Price Variations of Petroleum Products

5.3 Coal Imports and Prices

The total quantities of coal imported are given in Table 5.9. Coal consumption has increased over time, with the commissioning of new coal power plants in 2014.

Table 5.9 – Coal Imports and Prices

	2016	2017	2018	2019	2020
Imported Qty (t)	2,404,574	2,527,000	2,165,987	2,388,617	2,543,582
Imported price (LKRM)	28,549	39,493	38,660	38,635	39,253
Price (LKR/kg)	11.87	18.93	17.85	16.17	15.43

5.4 Biomass Distribution and Prices

Biomass meets more than a third of the energy demand of the country. Abundant availability, especially in rural areas where the usage is most common, has simplified the distribution of biomass. The actual value of biomass is often misrepresented by its discounted price due to the simplified sourcing options. In terms of the cost of alternate fuels avoided, biomass has a significantly higher value to the economy.

With the increased household income levels, fuelwood used in cooking is reducing in volume. However, without a survey of the residential sector, the actual trends remain unreported. In contrast, with the advent of formal supply chains, biomass use in industrial thermal energy use is gaining rapid grounds, due to cost benefits.

Given the situation of increased use of biomass in industrial thermal applications, an attempt will be made to devise a consolidated set of data with the inclusion of both, major suppliers and major users in data collection efforts in by 2020.

Table 5.10 – Firewood Production and Sale for Industries

Firewood (m^3)	2010	2015	2017	2018	2019	2020
Quantity Produced	118,544	87,159	126,861	101,172	107,914	82,856
Quantity Sold	129,502	83,041	119,669	95,680	91,957	60,671

6 Energy Demand

Energy is a vital building block for economic growth, and energy demand provides vital signs for better management of an economy. Supply of energy discussed up to now is a direct consequence of the demand for energy, which is analysed in detail in this chapter. This chapter presents the analyses of energy demand from electricity, petroleum and biomass.

6.1 Electricity Demand

6.1.1 The System Demand

Electricity demand has two aspects. The first being the energy demand where the cumulative electrical energy requirement is met by the supply system. The peak demand is the other criterion to be fulfilled in meeting the national electricity demand. The generating system needs to be able to meet the peak demand of the national grid. Since the national demand profile has an evening peak, the capability of the supply system in meeting the demand during the evenings (*i.e.* peak period) is important. Figure 6.1 shows the hourly demand profiles of March 11, 2020, the day the system recorded the maximum peak.

In spite of being equipped with state of the art supervisory control and data acquisition (SCADA) systems, even the newly connected wind and solar power plants are not reporting real time data to the system control centre. Accordingly, the demand estimates are continued to be based on monthly energy data provided by the small power producers.

Due to the pandemic which engulfed the whole world in 2020, Sri Lanka too saw a drastic reduction of energy demand in 2020. This can be seen in the maximum demand load profile on 11 March, 2020 the day the maximum demand peaked and the lowest maximum demand which occurred during the height of the lockdown on 22 March, 2020. The usual high demand during the hot weather in April and post Vesak working day got overshadowed by the pre-pandemic peak which occurred on the 11 March, 2020.

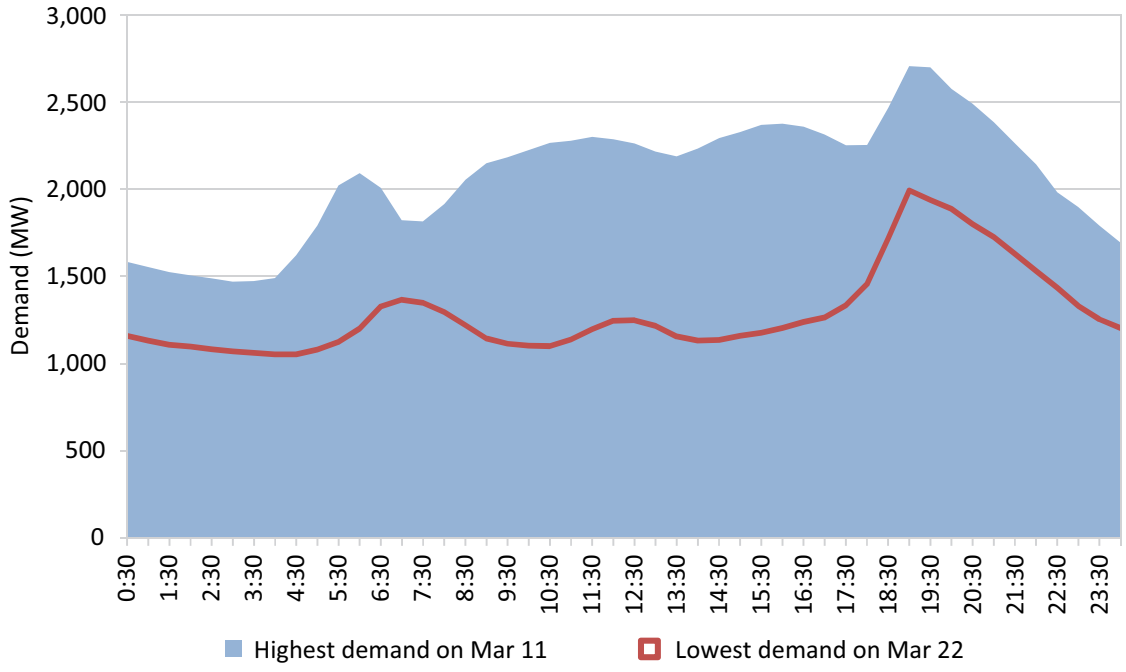


Figure 6.1 – System Demand Profile of 2020

Table 6.1 shows the development of the system peak demand over the years.

Table 6.1 - The Growth in System Capacity and Demand

System Parameters	2010	2015	2017	2018	2019	2020
Total Gross Generation (GWh)	10,800.7	13,226.6	15,021.2	16,216.6	16,855.6	16,703.6
Total Grid Connected Capacity (MW)	2,817.6	3,888.4	4,093.6	4,186.8	4,506.2	4,511.2
Maximum Demand (MW)	1,954.7	2,283.4	2,523.0	2,616.0	2,662.3	2,707.2
Reserve Capacity	862.9	1,605.0	1,570.6	1,570.8	1,843.9	1,804.0
System Load Factor	63.0%	66.0%	67.7%	70.3%	72.2%	70.5%
System Reserve Margin	44.1%	70.3%	62.3%	60.0%	69.3%	67.8%

System load factors in the range 60% - 70% are typical of a customer mix dominated by households with a high demand for electricity used for lighting in the evening. The peak demand in 2020 was 2,707 MW. The system reserve margin decreased by 1.5% in 2020. Figure 6.2 depicts the development of the system load factor, reserve margin and peak demand from 1979 to present.

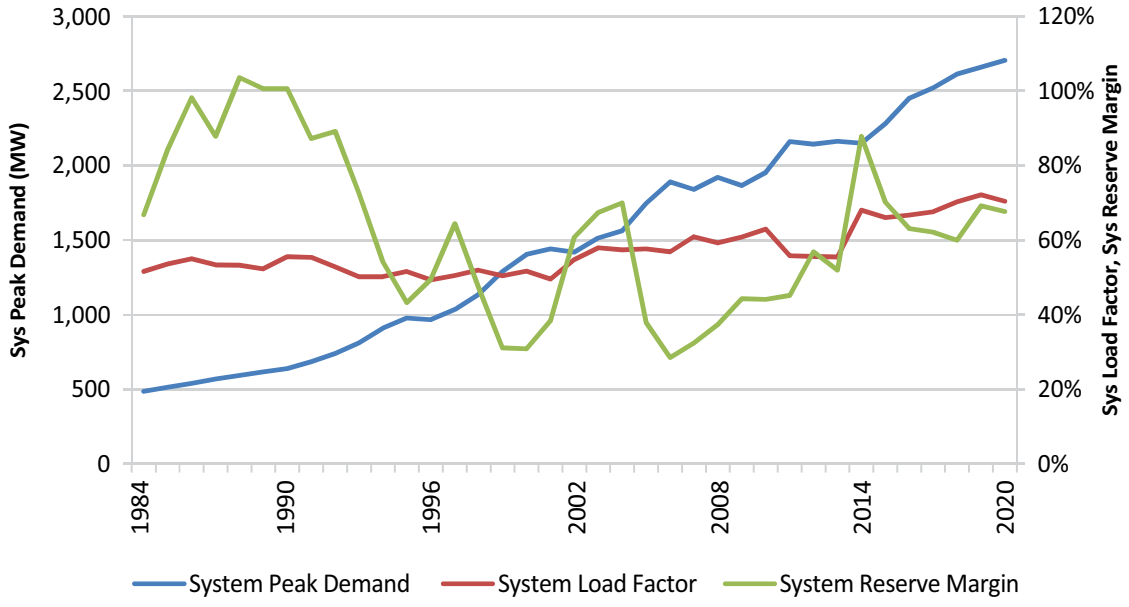


Figure 6.2 – Development of System Load Factor, Reserve Margin and Peak Demand

Figure 6.3 depicts the historic growth of the load curve.

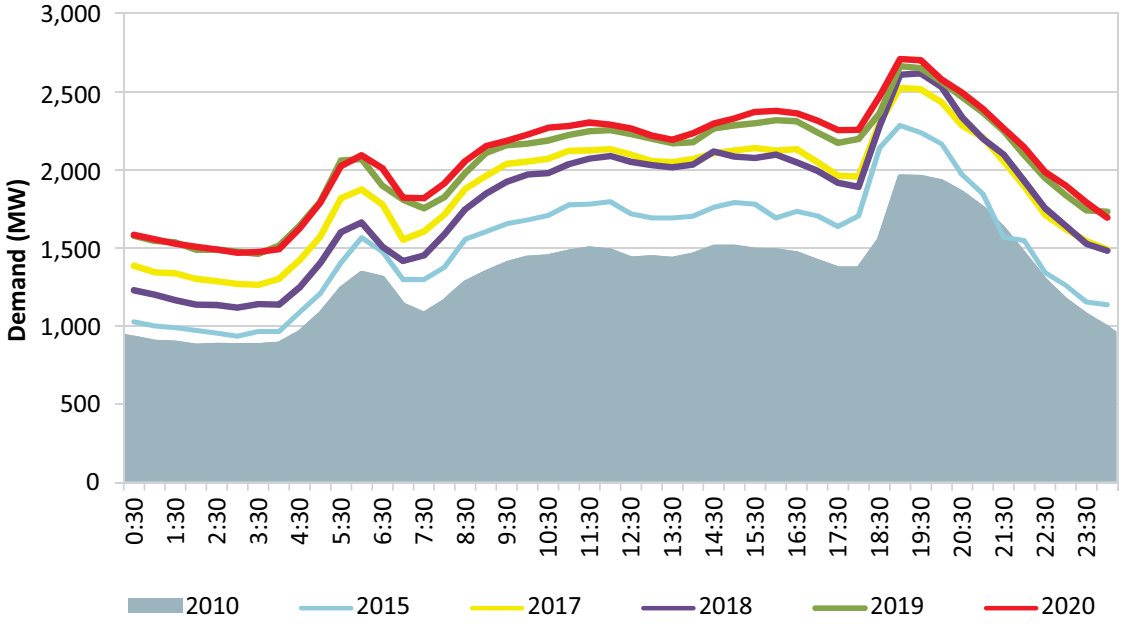


Figure 6.3 – The Growth in System Peak Demand

6.2 Petroleum Demand

6.2.1 Demand for Different Petroleum Products

The demand for different petroleum products varies primarily on their potential usage. For instance, auto diesel is widely used for transportation and power generation; in contrast to kerosene, which is used only for rural household energy needs, some industrial applications, agriculture and fisheries. Therefore, the demand for auto diesel is substantially higher than for kerosene. The refinery production process is adjusted to produce more of the high demand products while some products are directly imported to bridge the gap between refinery output and the demand.

The demand for LP gas and furnace oil increased in 2020, while the demand for all other products decreased. Table 6.2 summarises the demand for different petroleum products.

Table 6.2 – Demand for Different Petroleum Products

kt	2010	2015	2017	2018	2019	2020
LPG	187.5	293.4	412.0	435.0	430.0	437.0
Naphtha	54.1	97.2	139.3	69.4	124.6	10.6
Gasoline	616.5	1,009.0	1,276.8	1,358.7	1,421.5	1,250.6
Kerosene	165.1	130.2	159.0	209.5	206.1	176.7
Auto Diesel	1,696.8	1,996.0	1,922.1	1,766.3	1,979.9	1,576.8
Super Diesel	12.2	46.4	91.5	101.2	81.7	68.9
Furnace Oil	994.5	956.4	724.8	623.3	743.7	825.8
Total	**3,726.7**	**4,528.4**	**4,725.5**	**4,563.4**	**4,987.5**	**4,346.3**

Figure 6.4 depicts the evolution of the demand for different petroleum products through time. The demand for transport fuels like auto diesel, gasoline which was on the rise and power generation fuels like auto diesel and furnace oil which were increasing over time experienced a sudden decline due to the reduced economic activities and transport demand. The demand for LP gas has increased, owing probably due to the larger volume of food being cooked at home under the lockdown conditions. Although at least a marginal increase of kerosene demand was expected following the LP gas demand increase from the residential sector, the kerosene demand followed the trend of transport fuels under pandemic conditions.

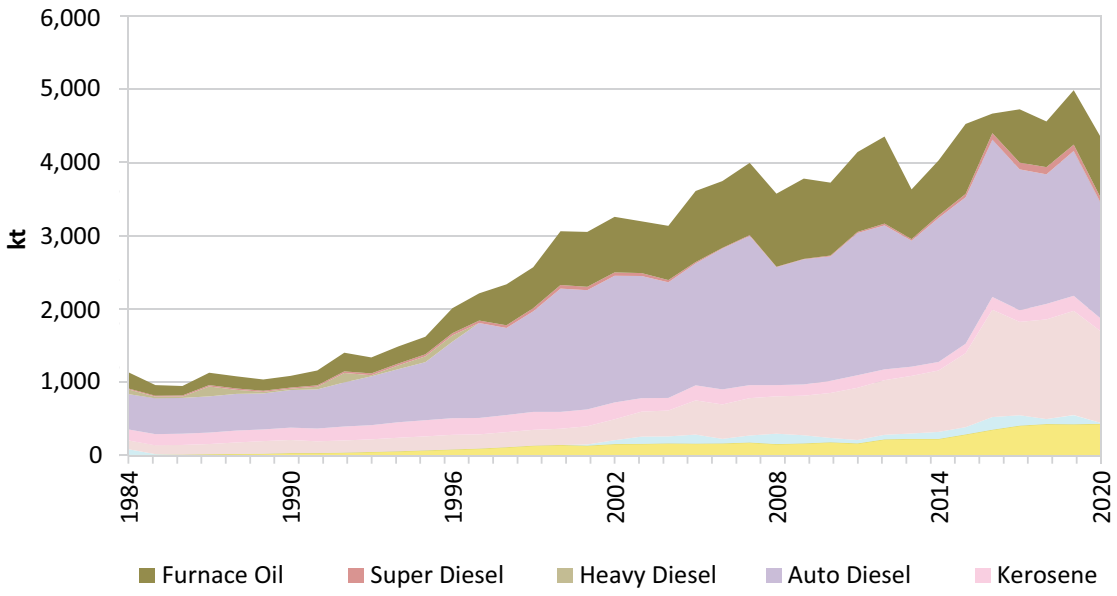


Figure 6.4 – Evolution in the Demand for Different Petroleum Products

6.2.2 Demand for Petroleum by District

Table 6.3 details the district-wise retail and consumer sales of petroleum products, of the CPC and LIOC in 2020. Figure 6.5 depicts the distribution of the petroleum demand by district in PJ.

Table 6.3 – Demand for Petroleum by District

District Sales (kl)	Petrol (90 Octane)	Auto diesel	Super diesel	Kerosene	Industrial kerosene	Petrol (95 Octane)	Fuel oil 800 sec	Fuel oil 1500 sec (HS)	Fuel oil 1500 sec (Low)
Kandy	88,975	135,516	6,356	6,392	26	12,718	1,115	-	-
Matale	32,954	48,216	2,086	4,438	-	2,501	172	-	-
Nuwara Eliya	18,688	44,140	1,538	3,551	-	1,716	3,377	13	-
Batticaloa	27,466	34,319	799	6,989	-	871	-	-	-
Ampara	38,815	51,980	733	5,323	13	1,525	238	-	-
Trincomalee	21,427	50,774	653	10,299	-	561	620	-	-
Anuradhapura	64,237	87,182	1,901	8,359	198	3,973	40	-	-
Polonnaruwa	28,766	54,193	997	2,459	7	1,551	-	-	-
Jaffna	30,339	44,764	726	14,302	-	1,082	-	21,107	-
Mannar	5,640	11,507	191	7,088	-	119	-	-	-
Mulalativu	7,026	11,319	59	6,458	-	106	-	-	-
Vavuniya	10,714	27,911	535	4,458	-	541	-	-	-
Killinochchi	7,019	15,404	178	4,257	-	277	515	-	-
Kurunegala	128,462	184,060	5,940	11,652	7	10,903	6,501	264	-
Puttalam	53,008	85,348	3,947	19,523	7	4,732	1,848	-	-
Ratnapura	58,493	93,037	3,821	4,604	1,861	6,646	2,152	-	-
Kegalle	42,781	55,704	2,620	2,822	106	4,508	218	-	-
Galle	68,433	90,893	5,182	5,614	343	9,603	2,614	13	-
Matara	46,840	92,949	2,660	5,495	-	4,818	224	13,794	-
Hambantota	38,686	93,832	2,528	4,630	-	2,462	-	-	-
Badulla	37,082	65,891	1,907	2,716	7	3,300	13	-	-
Moneragala	27,162	51,850	1,096	2,633	-	1,630	2,732	53	-
Colombo	293,965	744,393	38,376	22,575	573	95,680	282,223	26,357	253,217
Gampaha	213,756	320,414	19,205	22,816	413	39,917	192,039	2,614	-
Kalutara	84,150	104,528	4,732	9,247	2,921	11,847	1,478	13	-
Total	**1,474,884**	**2,600,122**	**108,765**	**198,699**	**6,481**	**223,588**	**498,119**	**64,228**	**253,217**

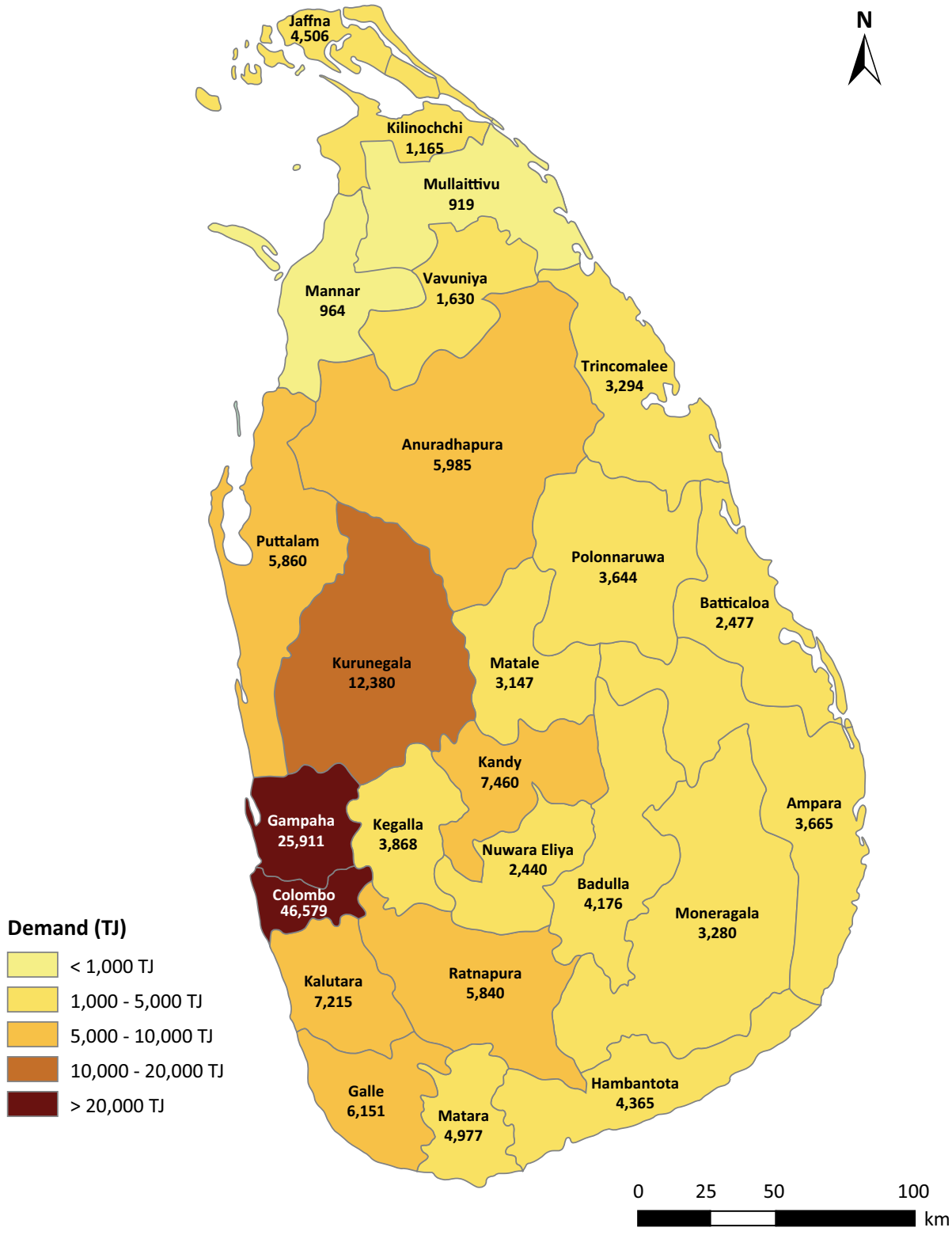


Figure 6.5 – Districtwise Demand for Petroleum (TJ) - 2020

The highest demand for petroleum fuels is in the Colombo district, whereas the least demand was from the Mullattivu district.

6.3 Coal

Coal is an energy resource used in industries and power generation. With the commissioning of two new coal power plants in 2014, the demand for coal was on the rise (Table 6.4).

Table 6.4 – Demand for Coal

Coal Consumption (kt)	2010	2015	2017	2018	2019	2020
Industries	86.6	86.6	70.1	75.0	87.6	87.6
Power Generation	1,880.0	1,880.0	2,086.5	2,009.1	2,208.9	2,208.9
Total Consumption	1,966.6	1,966.6	2,156.6	2,084.1	2,296.5	2,296.5
%						
Industries	4.4	4.4	3.3	3.6	3.8	3.8
Power Generation	95.6	95.6	96.7	96.4	96.2	96.2

6.4 Biomass

As the most significant primary energy supply source in the country, biomass has a widespread demand for both commercial and non-commercial applications. However, the informal nature of supply, mainly through users' own supply chains, has prevented accurate and comprehensive usage data being compiled for biomass. Therefore, estimation methods are used to develop reasonable information based on available data. Mid-year population data and LPG consumption are used to estimate household firewood consumption. Meanwhile, industrial biomass consumption is estimated based on the industrial production data and surveys. Most of the information on biomass presented in this report is based on estimates and sample surveys. The sample survey carried out in 2019 on the energy aspects of households will shed more light into the biomass energy supply and demand in the country. Table 6.5 summarises the total usage of sources biomass.

Table 6.5 – Demand for Biomass

kt	2010	2015	2017	2018	2019	2020
Firewood	3,788.5	4,532.7	4,723.3	4,895.8	5,012.0	5,191.2
Bagasse	137.8	196.4	190.3	203.0	199.5	200.1

Bagasse is the waste form of sugar cane, which is used in sugar factories for combined heat and power generation. By 2020, the bagasse production was 200.1 kt, generated from the Pelawatta and Sevanagala sugar factories. Charcoal is produced mainly from coconut shell and wood. A major portion of the production of coconut shell charcoal is exported as a non-energy product.

6.5 Sectoral Demand

6.5.1 Electricity Demand by Different End Use Categories

Based on the usage type, electricity consumers are separated into the following categories.

- Domestic
- Religious purpose
- Industrial
- Commercial
- Street Lighting

Amounts of electricity used by different customer categories are given in Table 6.6, which also includes off-grid electricity generation using conventional and non-conventional sources. Although the electrical energy demand of different end users is established using electricity sales data, individual power demand of different categories cannot be established due to the lack of a monitoring system or regular load research. Nevertheless, by analysing the typical load profiles of different user categories, it is visible that the domestic category is most influential in the morning and evening peaks and the consequent low load factor of the system.

Table 6.6 – Electricity Sales by End Use Category

GWh	2010	2015	2017	2018	2019	2020
Domestic	3,651.4	4,444.7	5,063.7	5,230.9	5,523.7	5,880.4
Religious	55.0	76.4	88.6	93.9	99.9	93.6
Industrial	3,148.1	3,880.1	4,371.5	4,597.9	4,709.4	4,451.5
Commercial	2,224.0	3,178.9	3,834.6	4,066.4	4,305.1	3,893.1
Streetlighting	130.0	160.7	130.3	130.6	131.4	131.2
Total	**9,208.5**	**11,740.9**	**13,488.8**	**14,119.6**	**14,769.6**	**14,449.9**
%						
Domestic	39.7	37.9	37.5	37.0	37.4	40.7
Religious	0.6	0.7	0.7	0.7	0.7	0.6
Industrial	34.2	33.0	32.4	32.6	31.9	30.8
Commercial	24.2	27.1	28.4	28.8	29.1	26.9
Streetlighting	1.4	1.4	1.0	0.9	0.9	0.9

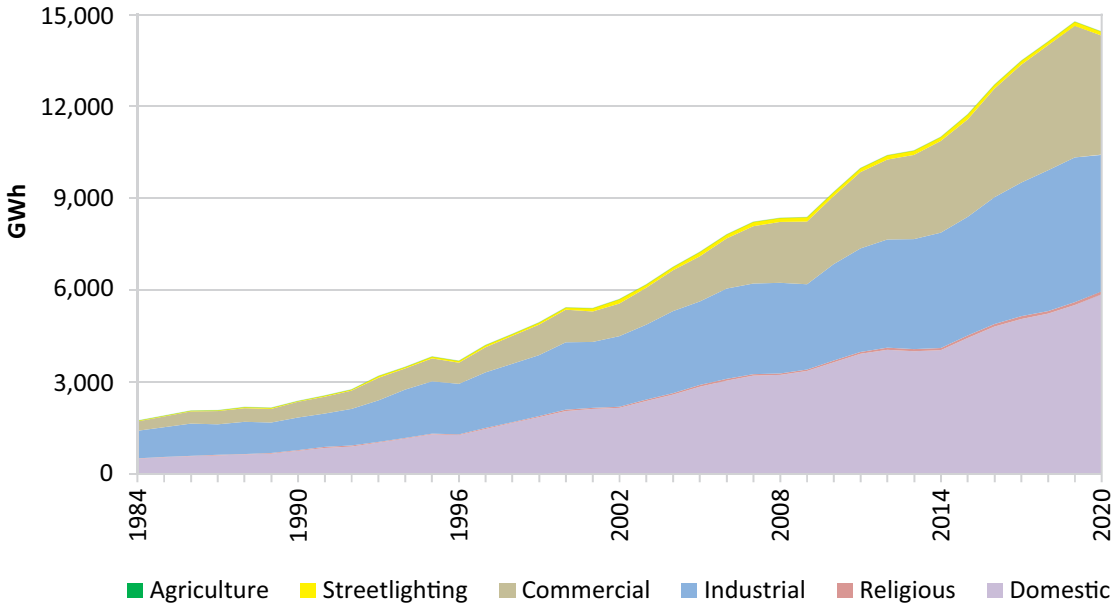


Figure 6.6 - Electricity Sales by Consumer Category

Table 6.6 indicates that the sales to the domestic and commercial customers have increased marginally, while the sales to the industrial customers have decreased.

6.5.2 Petroleum Demand in Different Sectors

Petroleum has a wide range of applications as a convenient energy source. Transport, power generation, industrial thermal applications, domestic lighting and cooking are the most common uses of petroleum in Sri Lanka. In addition, due to the strategically important geographic location of Sri Lanka in terms of maritime and aviation movements, foreign bunkering and aviation fuel sales also create a demand for petroleum in the country. Petroleum demand to meet the non-domestic needs such as bunkering and aviation fuel is discussed separately in this report.

6.5.2.1 Transport Sector

Transport is the most important sector as far as petroleum is concerned. The majority of vehicles in Sri Lanka are powered by either diesel or gasoline. Both, road and rail transport are entirely fuelled by liquid petroleum fuels. In the distant past, rail transport was fuelled by coal, and today, only a single coal powered rail is operated as a tourist attraction. The Internal Combustion (IC) engines in all these vehicles intrinsically introduce considerable energy wastage in terms of conversion efficiency from petroleum energy to motive power. Use of electricity to at least energise the train transportation can be an efficient and economical alternative to burning petroleum fuels in the transport sector. Table 6.7 summarises the demand for fuels in the transport sector.

Table 6.7 – Transport Fuel Demand by Type

kt	2010	2015	2017	2018	2019	2020
Gasoline	616.5	1,009.0	1,276.8	1,358.7	1,421.5	1,250.6
Auto Diesel	1,433.8	1,815.1	1,605.3	1,568.4	1,606.5	1,388.5
Super Diesel	11.5	46.1	91.5	101.1	81.6	67.8

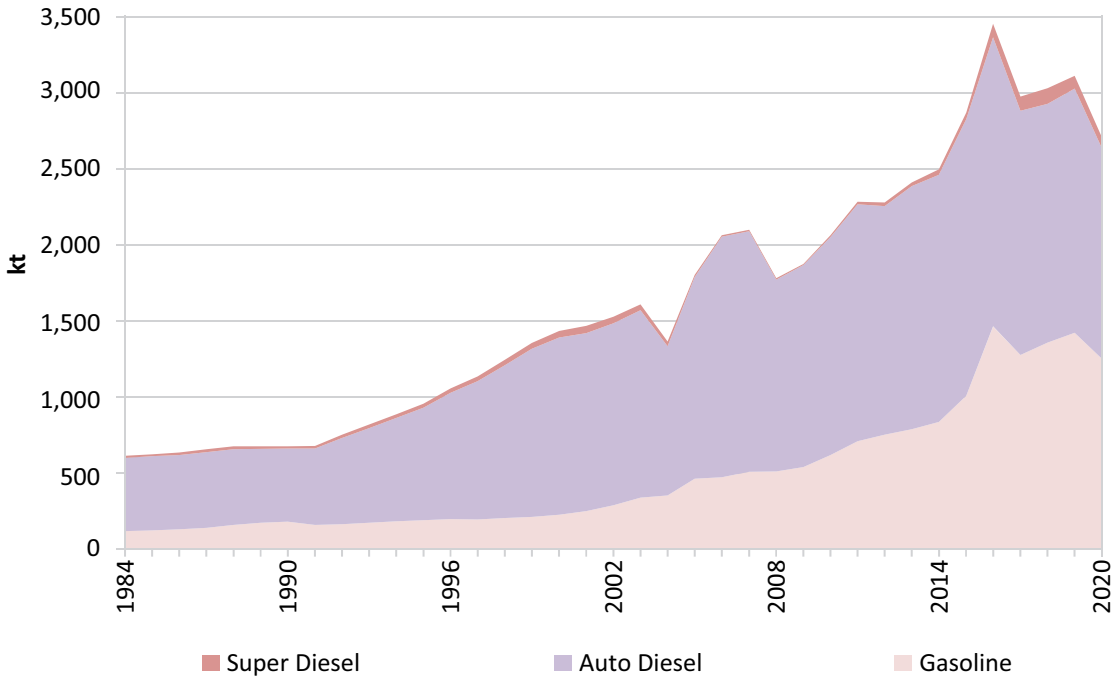


Figure 6.7 – Transport Demand by Fuel Type

Table 6.8 summarises the auto diesel demand in road transport and rail transport.

Table 6.8 – Auto Diesel Demand in Road and Rail Transport

kt	2010	2015	2017	2018	2019	2020
Road Transport	1,419.7	1,815.1	1,658.5	1,636.7	1,653.8	1,430.5
Rail Transport	26.2	38.4	38.3	32.8	34.2	25.8
Total	**1,445.9**	**1,853.5**	**1,696.8**	**1,669.5**	**1,688.1**	**1,456.3**
%						
Road Transport	98.2	97.9	97.7	98.0	98.0	98.2
Rail Transport	1.8	2.1	2.3	2.0	2.0	1.8

Only a marginal share of 1.8% of the total transport diesel demand is consumed by rail transport. The transport fuel mix is dominated by auto diesel. The demand for transport fuels has significantly decreased in 2020, compared with 2019. The demand for super diesel too, has decreased in the transport fuel mix. These reductions can be attributed to the travel restrictions which prevailed under the COVID-19 lockdowns.

Figure 6.8 gives a snapshot of the cumulative vehicle fleet. Motor cycles and three wheelers account for the highest number of registrations each year. The registration of motor cars too show an increasing trend.

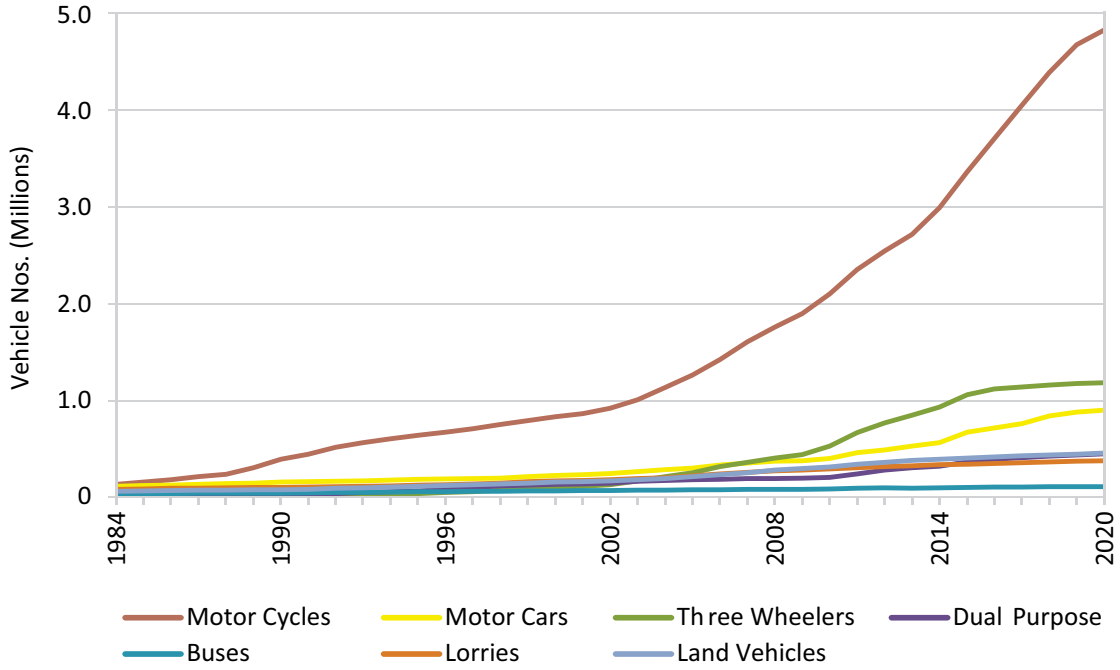


Figure 6.8 – Growth Pattern of Road Vehicle Fleet

The active vehicle fleet is reported from the Air Resource Management Centre (AirMAC) of the Ministry of Environment and Renewable Energy, using information from the Vehicle Emission Test (VET) programme (Figure 6.9).

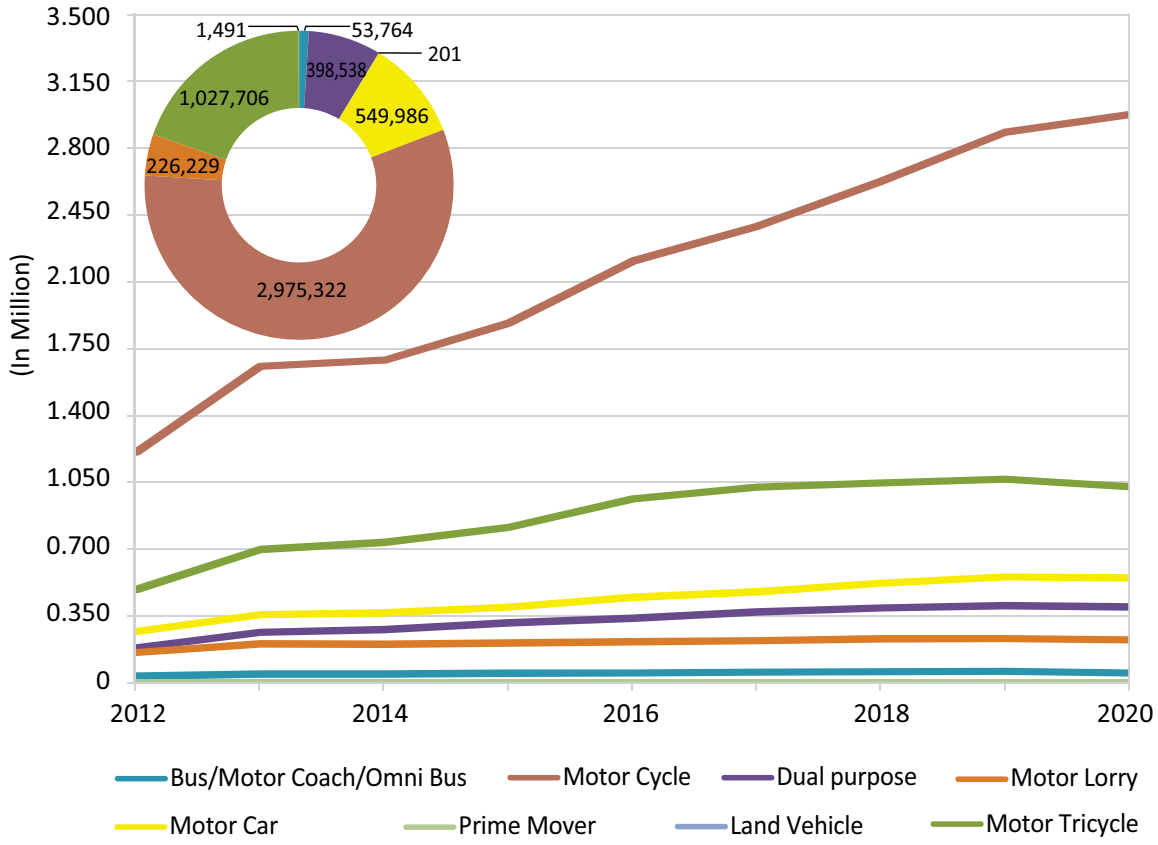


Figure 6.9 – Active Vehicle Fleet

Sri Lanka's active fleet in 2020 was 5,233,237 vehicles. It is characterised by an increased population of motor cycles (57%) and motor tricycles (20.%). The share of public transport is very low (1.%). Undoubtedly, this is a clear sign of worsening public transport services in the country, which must be arrested early, to avoid a severe transport crisis in the medium term.

6.5.2.2 Petroleum Usage in Other Sectors

Transport and power sector are the largest petroleum consuming sectors. Fuel consumption of the power sector by type, technologies and quantities has been detailed in Chapter 4, under energy conversions in thermal power plants.

Domestic sector petroleum consumption is limited to kerosene and LPG. However, with the increased use of LPG, especially in urban households for cooking purposes, the demand for petroleum by the domestic sector has also become significant. Industrial sector petroleum usage is mostly for thermal applications where diesel and fuel oil is used to fire industrial steam boilers and air heaters. LPG usage is also increasing in industrial thermal applications where the quality and control of heat generation is important for the industry operation. LPG fired kilns in the ceramic industry is one such example. The commercial sector including the service sector organisations such as hotels also contribute to the national petroleum demand, but to a lesser degree than the above-mentioned high-volume petroleum consumers.

Table 6.9 details LPG demand by sector. The total LPG demand has increased over the years, and 2020 shows an increase in total consumption. The industrial consumption, however, has declined in 2020.

Table 6.9 – Demand for LPG by Sector

kt	2010	2015	2017	2018	2019	2020
Household, Commercial and Other	159.8	234.5	338.7	366.9	378.8	413.0
Industries	24.8	57.6	72.5	76.6	86.5	59.7
Transport	0.1	1.2	0.5	0.2	0.3	0.1
Total	**184.8**	**293.4**	**411.6**	**443.7**	**465.6**	**472.8**

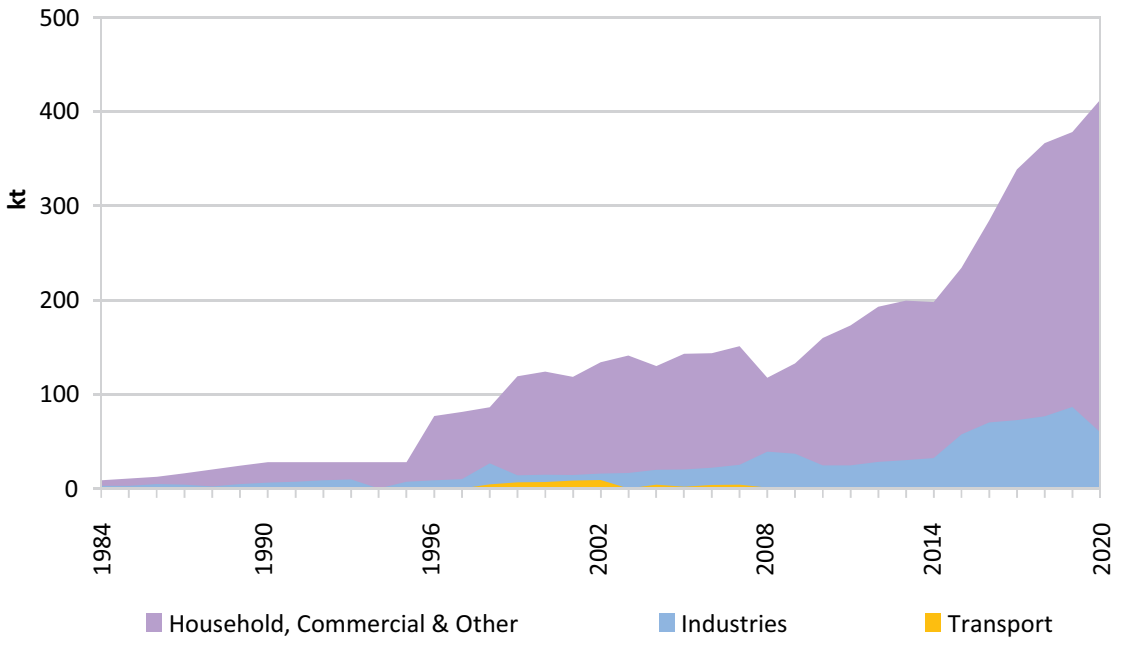


Figure 6.10 - LPG Demand by Sector

The domestic demand for LPG is increasing rapidly. This is often attributed to the improved per capita income levels. If the prices of LPG remain at low levels, many high temperature industries might switch back to LPG, to better control their processes.

Agriculture based petroleum demand in Sri Lanka is reported as considerably low, despite the fact that it is broadly an agricultural economy. This is also attributed to the difficulty in separating fuel dispersed for agricultural purposes and transport, as they are done through the same fuel station. Estate sector is one division which shows a fair usage of petroleum for drying purposes, but its energy consumption is accounted under industrial usage.

Kerosene used in fisheries is another substantial consumer category with regard to petroleum demand. Engine powered boats commonly used in the fishing industry are fuelled by either diesel or kerosene. It is therefore, important to understand that kerosene, which is a subsidised petroleum product in Sri Lanka, is not entirely used by the poorest segment of the society as envisaged in petroleum pricing policies. Table 6.10 summarises the kerosene consumption.

Table 6.10 – Demand for Kerosene by Sector

kt	2010	2015	2017	2018	2019	2020
Industrial	20.2	8.0	4.0	5.9	3.7	3.5
Household, Commercial and Other	-	122.2	155.1	203.6	202.4	173.2

Figure 6.11 indicates that the household kerosene consumption generally follows a declining trend, mainly owing to the deeper penetration of the national grid. Kerosene in the domestic sector is mainly used as a lighting fuel. Although a marginal increase in the residential use could have resulted from a population under a lockdown, the kerosene demand followed a sharp decline resembling the industry or the transport demand trend.

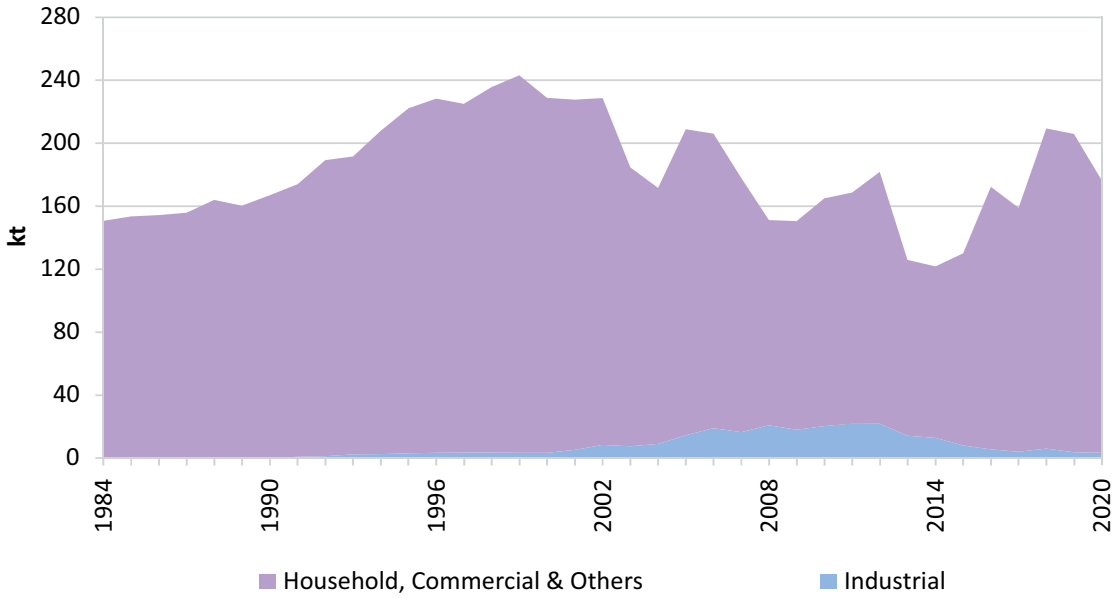


Figure 6.11 – Demand for Kerosene by Sector

In the early stages, the demand for kerosene has been only in the household and commercial sector. However, since the 2000s, the demand for kerosene in the industrial sector has gradually increased, but is in a decreasing trend at present.

6.5.2.3 Bunkering and Aviation Sales

Table 6.11 – Bunkering and Aviation Sales

kt	2010	2015	2017	2018	2019	2020
Domestic Bunkers						
Furnace Oil	22.1	40.1	62.6	67.0	61.2	38.8
Marine Lubricants	0.2	0.1	-	-	-	-
Sub total	28.5	40.2	62.6	67.0	61.2	38.8
Foreign Bunkers						
Marine Gas Oil	55.3	46.7	45.7	47.2	78.5	75.7
Furnace Oil	199.0	360.6	563.7	603.3	551.1	349.0
Marine Lubricants	1.8	0.9	-	-	-	-
Sub total	**256.1**	**408.1**	**609.5**	**650.5**	**629.6**	**424.7**
Domestic Aviation						
Jet A1	169.5	2.4	9.5	9.3	5.4	4.3
Avgas	0.2	0.1	-	-	0.2	0.2
Sub total	**169.7**	**2.6**	**9.5**	**9.3**	**5.6**	**4.4**
Foreign Aviation						
Avtur	111.0	370.5	539.8	501.4	473.4	186.7
Naphtha	26.7	-	-	-	-	-
Sub total	**137.7**	**370.5**	**539.8**	**501.4**	**473.4**	**186.7**

6.5.3 Coal Demand in Different Sectors

In the past, the total demand for coal had been in the transport sector or industries. But with the commissioning of coal power plants, there has been an increased demand for coal in power generation. In 2020, the demand for coal in power generation alone was 97%.

The total coal demand is given in Table 6.12.

Table 6.12 – Demand for Coal by Sector

kt	2010	2015	2017	2018	2019	2020
Industries	95.13	86.58	70.10	75.00	87.61	79.34
Power Generation	-	1,880.01	2,086.52	2,009.06	2,208.87	2,349.34
Total Consumption	**95.13**	**1,966.59**	**2,156.62**	**2,084.06**	**2,296.48**	**2,428.68**
%						
Industries	100.0	4.4	3.3	3.6	3.8	3.3
Power Generation	-	95.6	96.7	96.4	96.2	96.7

6.5.3.1 Coal Demand in Industries

The coal demand in industries declined marginally as given in Table 6.13.

Table 6.13 – Coal Demand in Industries

kt	2010	2015	2017	2018	2019	2020
Industries	95.1	86.6	70.1	75.0	87.6	79.3

6.5.3.2 Coal Demand in Power Generation

The demand for coal in the power generation in 2020 was 2,349.3 thousand tonnes.

6.5.4 Biomass Demand in Different Sectors

6.5.4.1 Biomass Demand in Industries

The demand bagasse has increased, whereas the demand for firewood has remained more or less the same.

Table 6.14 – Biomass Demand in Industries

kt	2010	2015	2017	2018	2019	2020
Firewood	3,788.5	4,532.7	4,723.3	4,895.8	5,012.0	5,191.2
Bagasse	137.8	196.4	190.3	203.0	199.5	200.1

6.5.4.2 Biomass Demand in Household, Commercial and Other Sector

Firewood is a main source of cooking fuel in many parts of the country. Table 6.14 gives the total firewood requirement in the household and commercial sector. Energy demand data from the residential and commercial sector were hitherto estimated using formulae derived a long time ago, which reflected the socioeconomic context of that era. With improved living standards and higher household income levels, however, these parameters have undergone a considerable change. In 2019, the SEA, in association with the Department of Census and Statistics conducted a survey on residential energy use involving a representative sample of more than 6,000 households. Using the preliminary results of this survey, the biomass usage estimates were calculated for the year 2019, and was found to be substantially lower than the previously estimated value. Using a reducing weighting factor, the past data on biomass demand from the year 2000 were recalculated and the respective data series was updated.

The total bagasse generated by the sugar plants was 200.1 kt in 2020, which was used in a captive generation plant for industrial purposes, amounting to a capacity of 4.8 MW generating 13,119.2 MWh.

Table 6.15 – Demand for Firewood in Household, Commercial and Other Sector

kt	2010	2015	2017	2018	2019	2020
Firewood	7,349.4	6,130.1	5,348.5	5,143.1	5,198.2	5,239.2

6.6 Total Energy Demand

Table 6.16 summarises the total energy demand by source.

Table 6.16 – Total Energy Demand by Energy Source

PJ	2010	2015	2017	2018	2019	2020
Biomass	179.6	173.0	163.4	163.1	165.8	169.3
Petroleum	126.0	158.1	172.1	170.0	174.3	154.8
Coal	2.5	2.3	1.8	2.0	2.3	2.1
Electricity	33.2	42.3	48.3	50.8	53.2	52.0
Total	**368.1**	**375.6**	**385.6**	**385.9**	**395.6**	**378.2**
%						
Biomass	48.8	46.0	42.4	42.3	41.9	44.8
Petroleum	34.2	42.1	44.6	44.1	44.1	40.9
Coal	0.7	0.6	0.5	0.5	0.6	0.6
Electricity	9.0	11.3	12.5	13.2	13.4	13.8

The petroleum demand figures presented are only in terms of final energy use and this does not include the fuels consumed in electricity generation. The share of biomass consumption in the total energy demand had increased upto 44.8% in 2020, whereas the share of petroleum had declined to 40.9% in 2020.

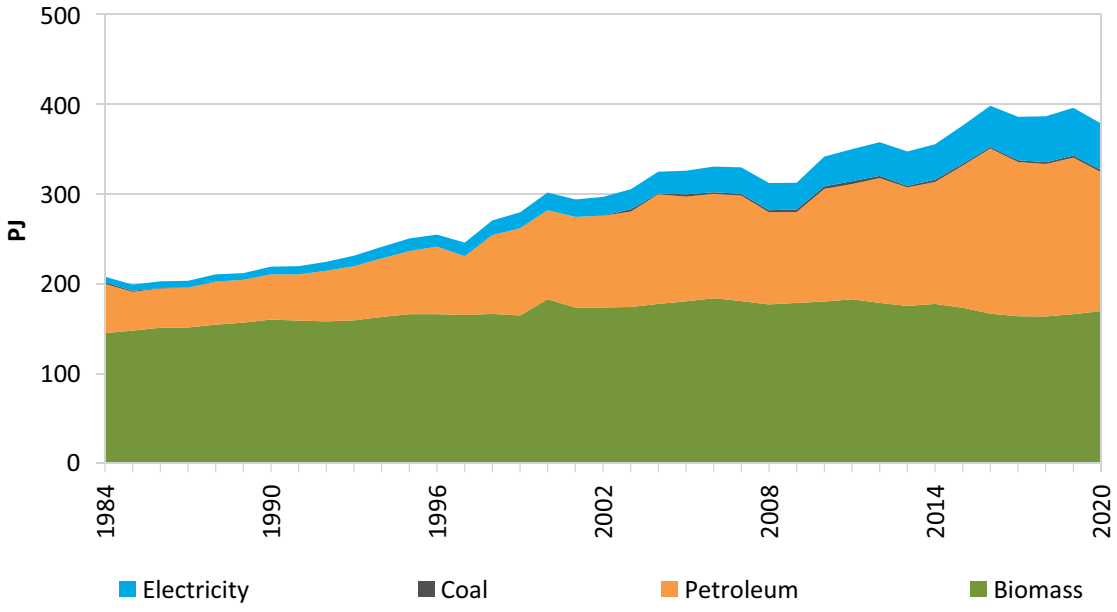


Figure 6.12 – Total Energy Demand by Energy Source

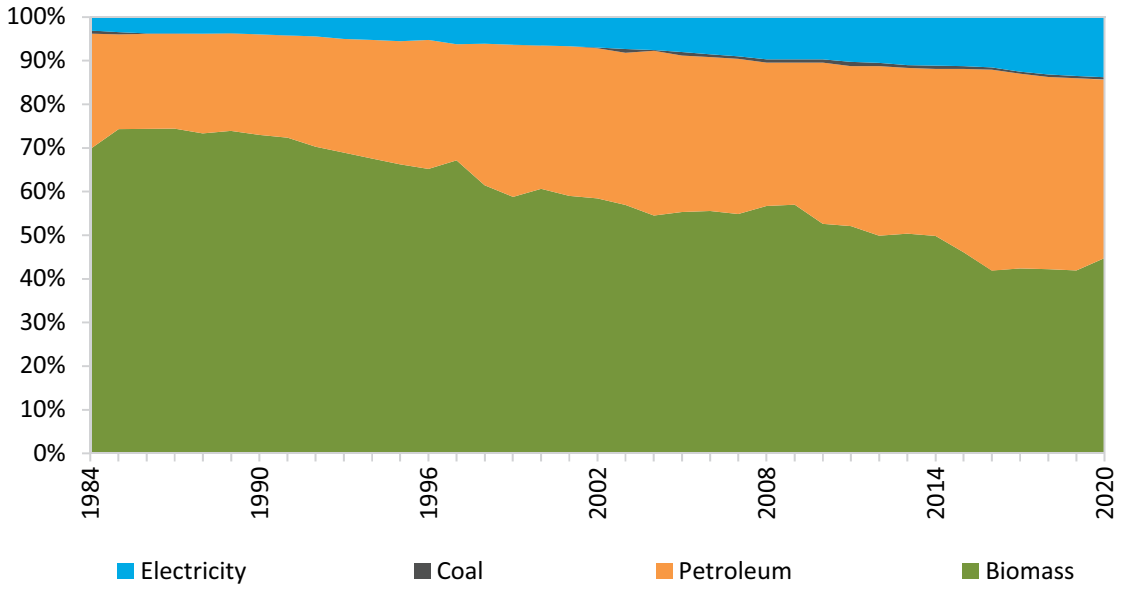


Figure 6.13 – Evolution of Energy Demand by Energy Source

As can be expected from any growing economy, the share of biomass in the energy demand portfolio was on a generally decreasing trend, while the share of electricity was on an increasing trend. Under the COVID-19 pandemic conditions in the country, these trends reversed in 2020. However it is expected that the long term trends will resume after the post pandemic recovery.

6.6.1 Total Industrial Energy Demand

Table 6.17 – Total Energy Demand of Industries by Energy Source

PJ	2010	2015	2017	2018	2019	2020
Biomass	62.7	75.5	78.3	81.3	83.1	85.9
Petroleum	10.2	14.6	7.2	9.0	9.3	7.6
Coal	2.5	2.3	1.8	2.0	2.3	2.1
Electricity	11.3	14.0	15.7	16.6	17.0	16.0
Total	**86.8**	**106.3**	**103.2**	**108.8**	**111.7**	**111.7**
%						
Biomass	72.3	71.0	75.9	74.7	74.4	77.0
Petroleum	11.8	13.7	7.0	8.2	8.3	6.8
Coal	2.9	2.1	1.8	1.8	2.1	1.9
Electricity	13.1	13.1	15.3	15.2	15.2	14.4

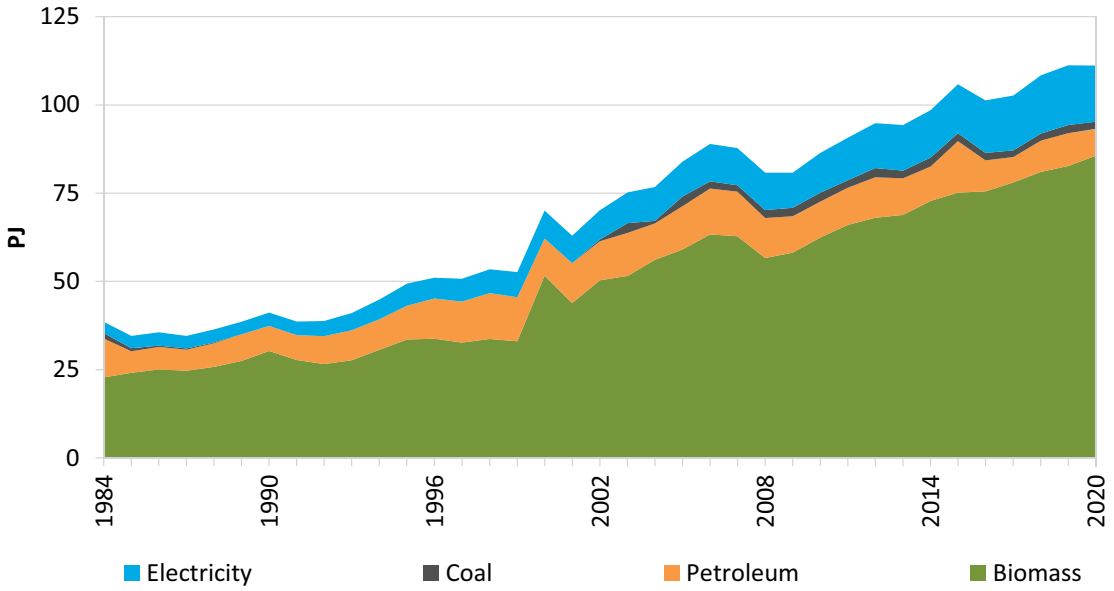


Figure 6.14 – Total Energy Demand of Industries by Energy Source

6.6.2 Total Transport Energy Demand

The country experienced a sharp decline of the transport energy demand in 2020, closer to the demand experienced six years ago in 2014. This is directly attributable to the COVID-19 related lockdown conditions which prevailed during 2020.

Railway electrification project progressed with pre-project activities started in 2019, with the leadership of the Ministry of Transport and Civil Aviation. Under this project, the Kelani Valley line will be electrified first and the Veyangoda – Panadura main line will be implemented next.

Electricity used in transport is not reported, and a survey of the available fleet is necessary to estimate the usage levels.

Table 6.18 – Total Transport Energy Demand by Energy Source

PJ	2010	2015	2017	2018	2019	2020
Petroleum	100.4	127.7	143.0	135.8	139.3	121.3

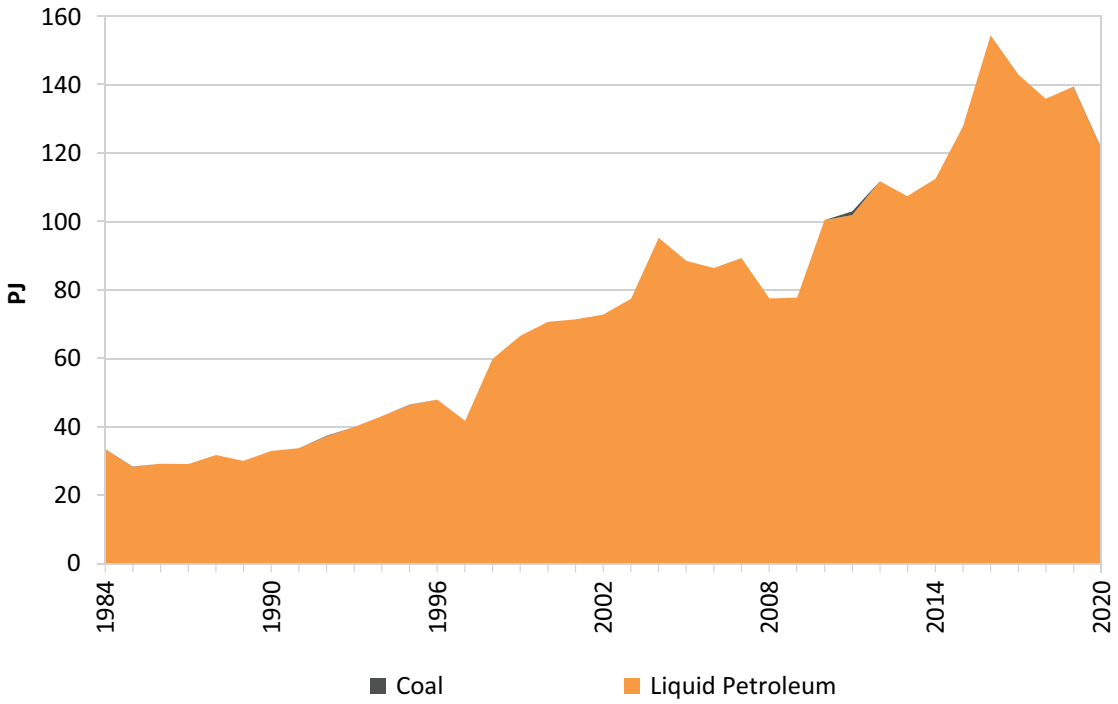


Figure 6.15 – Total Energy Demand of Transport by Energy Source

6.6.3 Total Energy Demand in Household, Commercial and Other Sectors

Table 6.19 – Total Energy Demand in Household, Commercial and Other Sectors by Energy Source

PJ	2010	2015	2017	2018	2019	2020
Biomass	143.8	97.5	85.1	81.8	82.7	83.4
Petroleum	14.9	15.8	21.8	25.2	25.7	25.9
Electricity	21.8	28.3	32.6	34.3	36.2	36.0
Total	**180.6**	**141.6**	**139.5**	**141.3**	**144.6**	**145.3**
%						
Biomass	79.6	68.9	61.0	57.9	57.2	57.4
Petroleum	8.3	11.1	15.7	17.9	17.8	17.9
Electricity	12.1	20.0	23.3	24.3	25.0	24.8

Biomass accounts for approximately 57.4% of the total household, commercial and other sector's energy demand. The share of biomass and petroleum indicate a marginal decrease, whereas electricity has shown a marginal increase. The share of electricity also shows an increase. The expansion of the electricity share could be attributed to the growth of households served by the grid and the tariff which remained unchanged since 2014.

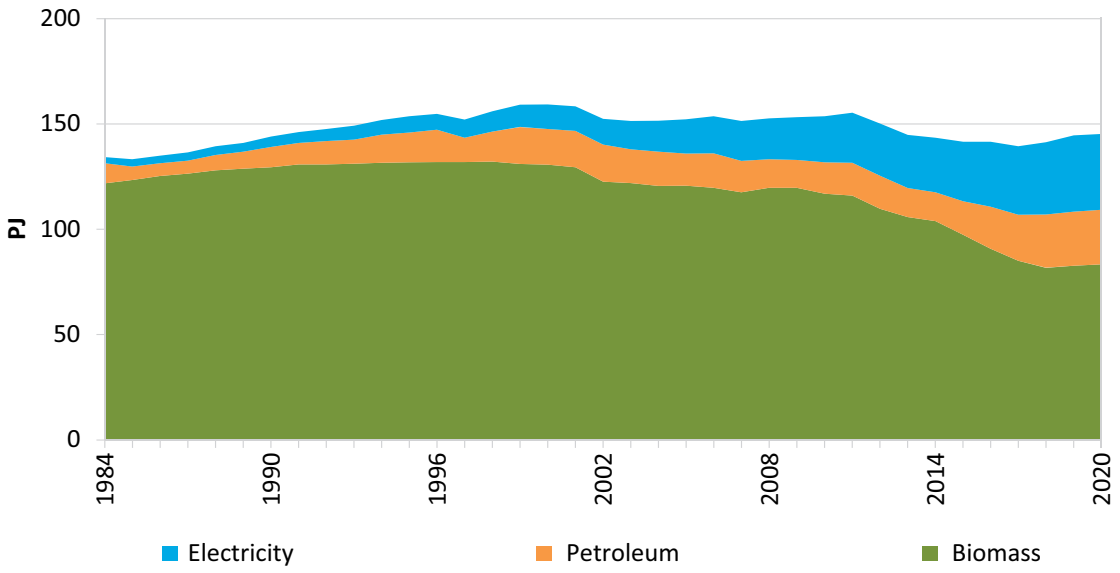


Figure 6.16 – Total Energy Demand of Household, Commercial and Other Sector by Energy Source

6.6.4 Total Energy Demand by Sector

Table 6.20 – Total Energy Demand by Sector

PJ	2010	2015	2017	2018	2019	2020
Industry	86.8	106.3	103.2	108.8	111.7	111.7
Transport	100.4	127.7	143.0	135.8	139.3	121.3
Household, Commercial & Others	153.7	141.6	139.5	141.3	144.6	145.3
Total	**367.7**	**375.6**	**385.6**	**385.9**	**395.6**	**378.2**
%						
Industry	23.6	28.3	26.7	28.2	28.2	29.5
Transport	27.3	34.0	37.1	35.2	35.2	32.1
Household, Commercial & Others	41.8	37.7	36.2	36.6	36.6	38.4

In 2020, households, commercial and other sectors accounted for the largest share of energy being 38.4%. The transport and industry sector accounted for 29.5% and 32.1%, respectively. The sectoral demands which were approximately 1/3rd of the total demand during recent past started to show a different structure, resulting from the reduced economic activities, lower demand for transport fuel (approximately 30% from each sector) and increased demand from residential sector due to the unusually longer stay of homeowners within their homes due to the pandemic, increasing the share of energy demand to approximately 40%.

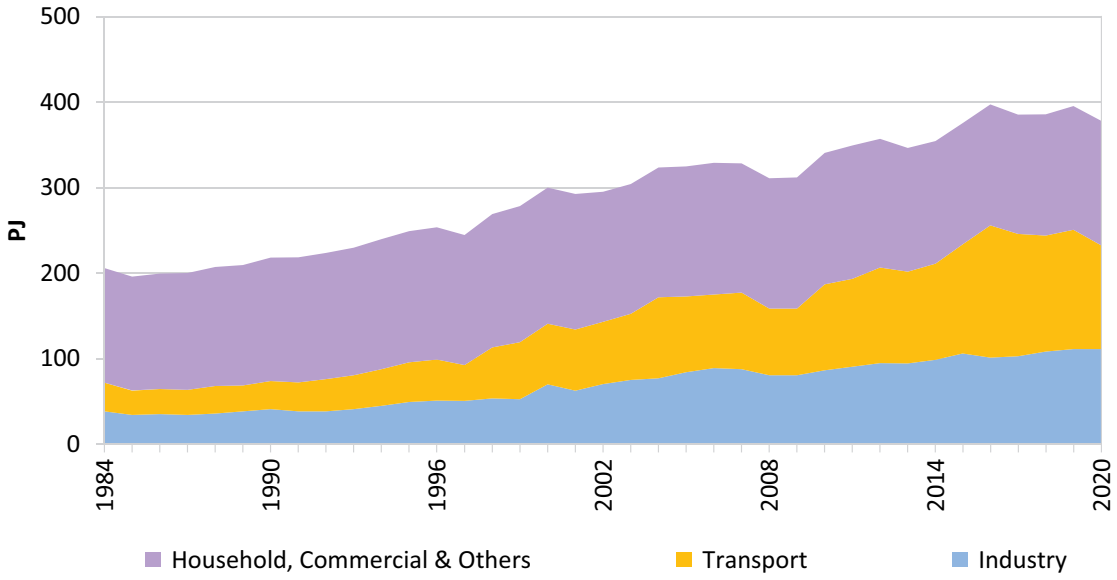


Figure 6.17 – Total Energy Demand by Sector

Figure 6.21 depicts the growth of energy demand in the three main Sectors.

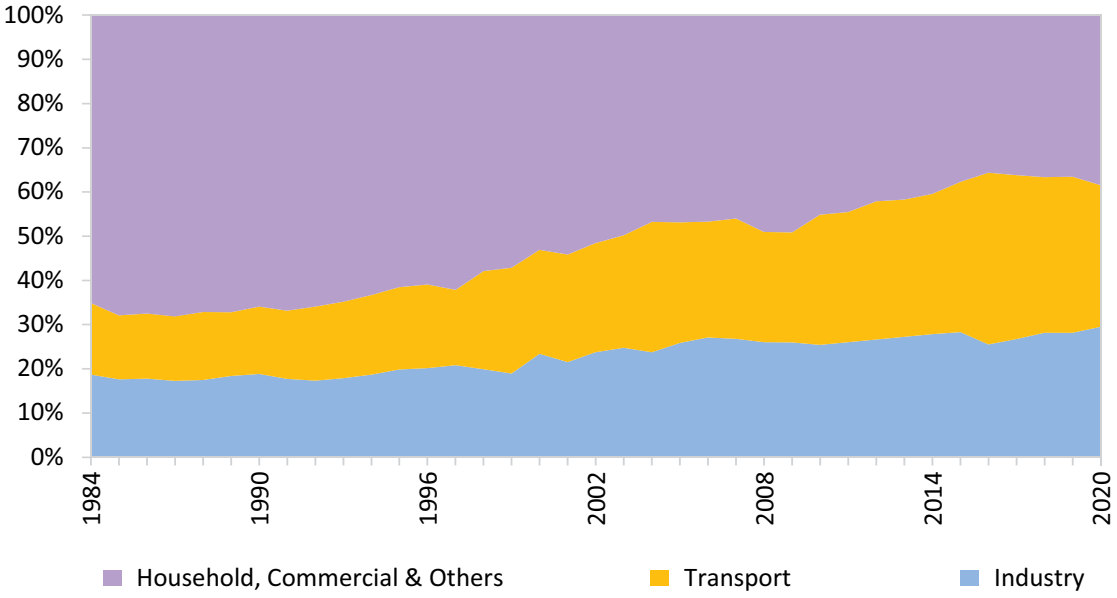


Figure 6.18 – Evolution of Total Energy Demand by Sector

Compared with 2019, the energy demand has decreased marginally, in 2020.

7 Energy Balance

The performance of the entire energy sector is summarised in the National Energy Balance shown in the following pages, in original commodity units and in SI Units of PJ (Peta Joules). The Energy Balance illustrates the energy supply, energy conversion, losses and energy consumption (demand) within the year. Figure 7.1 gives the Energy Balance for 2020 in PJ. Relevant conversion factors are given in *Annex II*.

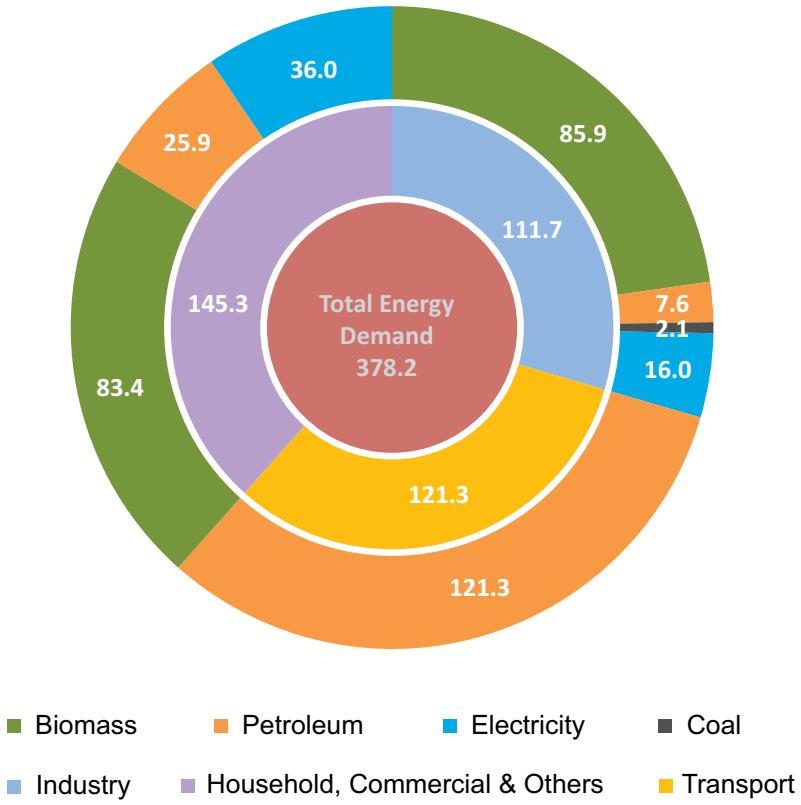


Figure 7.1 – Energy Balance 2020 (in PJ)

The total energy demand of the household, commercial and other sector was 145.3 PJ, out of which 83.4 PJ came from biomass, 25.9 PJ came from petroleum and 36.0 PJ came from electricity. The total energy demand in the industrial sector was 111.7 PJ. Biomass accounted for 85.9 PJ, petroleum for 7.6 PJ, coal for 2.1 PJ and electricity accounted for 16.0 PJ. In the transport sector, the total demand of 121.3 PJ was sourced by petroleum.

Table 7.1 – Sri Lanka Energy Balance: 2020 (in original units)

	Renewables (GWh)	Electricity (GWh)	LPG (kt)	Gasoline (kt)	Naptha (kt)	Av. Gas (kt)	Kerosene (kt)
Supply							
Primary Energy	6,037.8	-	-	-	-	-	-
Imports	-	-	437.0	1,057.0		0.1	-
Direct Exports	-	-	-	-	(164.6)	-	-
Foreign Bunkers	-	-	-	-		-	-
Stock Change	-	-	10.5	(25.3)	3.9	-	4.9
Total Energy Supply	**6,037.8**	**-**	**447.5**	**1,031.7**	**(160.7)**	**0.1**	**4.9**
Energy Conversion							
Petroleum Refinery	-	-	25.3	164.4	157.0	-	109.2
Conventional Hydro Power	(3,929.4)	3,929.4	-	-	-	-	-
Thermal Power Plants	-	10,671.4	-	-	-	-	-
Small Hydro Power	(1,046.9)	1,046.9	-	-	-	-	-
Wind Power	(350.1)	350.1	-	-	-	-	-
Biomass Power	(97.7)	97.7	-	-	-	-	-
Solar Power	(118.0)	118.0	-	-	-	-	-
Waste Heat	-	-	-	-	-	-	-
Net-metered Power Plants	(495.6)	495.6	-	-	-	-	-
Self Generation by Customers	-	-	-	-	-	-	-
Off-grid Conventional	-	-	-	-	-	-	-
Off-grid Non-Conventional	-	-	-	-	-	-	-
Charcoal Production	-	-	-	-	-	-	-
Own Use	-	(757.3)	-	-	-	-	-
Conversion Losses	-		-	-	-	-	-
Losses in T&D	-	(1,496.4)	-	-	-	-	-
Non Energy Use	-	-	-	-	-	-	-
Total Energy Conversion	**(6,037.8)**	**14,455.4**	**25.3**	**164.4**	**157.0**	**-**	**109.2**
Energy Use							
Agriculture	-	-	-	-	-	-	-
Industries	-	4,451.5	59.7	-	-	-	3.5
Road Transport	-	-	0.1	1,250.6			
Rail Transport	-	-	-	-	-	-	-
Domestic Aviation	-	-	-	-	-	-	-
Household, Commercial & Other	-	9,998.4	413.0	-	-	-	173.2
Total Energy Use	**-**	**14,449.9**	**472.8**	**1,250.6**	**-**	**-**	**176.7**

Table 7.1 – Sri Lanka Energy Balance: 2020 (in original units)

Jet A1 (kt)	Diesel (kt)	Fuel Oil (FO 1500) (kt)	Residual Oil (kt)	Solvents (kt)	Coal (kt)	Baggase Agro Residues (kt)	Firewood (kt)	Charcoal (kt)	Crude Oil (kt)
-	-	-	-	-	-	200.1	10,430.3	-	-
101.1	1,192.0	487.0	-	-	2,543.6	-	-	-	1,752.4
-	-	-	-	-	-	-	-	-	-
(186.7)	-	(349.0)	-	-	-	-	-	-	-
(10.8)	5.4	20.2	199.9	0.6	129.4	160.3	-	-	86.3
(96.4)	**1,197.4**	**158.2**	**199.9**	**0.6**	**2,673.0**	**360.3**	**10,430.3**	**-**	**1,838.7**
157.3	537.6	465.4	-	0.9	-	-	-	-	(1,752.4)
-	-	-	-	-	-	-	-	-	-
-	(166.6)	(549.7)	(199.9)	-	(2,349.3)	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	(160.3)	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	(86.3)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
157.3	**371.1**	**(84.3)**	**(199.9)**	**0.9**	**(2,349.3)**	**(160.3)**	**-**	**-**	**(1,838.7)**
-	-	-	-	-	-	-	-	-	-
-	28.4	86.4	-	-	79.3	200.1	5,191.2	-	-
-	1,430.5	-	-	-	-	-	-	-	-
-	25.8	-	-	-	-	-	-	-	-
4.3	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	5,239.2	-	-
4.3	**1,484.7**	**86.4**	**-**	**-**	**79.3**	**200.1**	**10,430.3**	**-**	**-**

Table 7.2 – Sri Lanka Energy Balance: 2020 (in Tera Joules)

	Renewables	Electricity	LPG	Gasoline	Naptha	Av. Gas	Kerosene	Jet A1
Supply								
Primary Energy	60,669.6	-	-	-	-	-	-	-
Imports	-	-	19,394.1	48,236.7	-	6.2	-	4,445.2
Direct Exports	-	-	-	-	(7,513.9)	-	-	-
Foreign Bunkers	-	-	-	-	-	(0.1)	-	(8,209.5)
Stock Change	-	-	466.4	(1,155.3)	178.1	1.1	214.6	(473.4)
Total Energy Supply	**60,669.6**	**-**	**19,860.5**	**47,081.4**	**(7,335.8)**	**7.2**	**214.6**	**(4,237.6)**
Energy Conversion								
Petroleum Refinery	-	-	1,120.6	7,503.3	7,162.7	-	4,799.0	6,914.2
Conventional Hydro Power	(39,484.0)	14,148.5	-	-	-	-	-	-
Thermal Power Plants	-	38,423.9	-	-	-	-	-	-
Small Hydro Power	(10,519.9)	3,769.6	-	-	-	-	-	-
Wind Power	(3,518.0)	1,260.6	-	-	-	-	-	-
Biomass Power	(981.9)	351.9	-	-	-	-	-	-
Solar Power	(1,185.5)	424.8	-	-	-	-	-	-
Waste Heat	-	-	-	-	-	-	-	-
Net-metered Power Plants	(4,980.1)	1,784.6	-	-	-	-	-	-
Self Generation by Customers	-	-	-	-	-	-	-	-
Off-grid Conventional	-	-	-	-	-	-	-	-
Off-grid Non-Conventional	-	-	-	-	-	-	-	-
Charcoal Production	-	-	-	-	-	-	-	-
Own Use	-	(2,726.7)	-	-	-	-	-	-
Conversion Losses	-	-	-	-	-	-	-	-
Losses in T&D	-	(5,388.2)	-	-	-	-	-	-
Non Energy Use	-	-	-	-	-	-	-	-
Total Energy Conversion	**(60,669.6)**	**52,048.9**	**1,120.6**	**7,503.3**	**7,162.7**	**-**	**4,799.0**	**6,914.2**
Energy Use								
Agriculture	-	-	-	-	-	-	-	-
Industries	-	16,028.3	2,648.3	-	-	-	152.5	-
Road Transport	-	-	5.8	57,070.6	-	-	-	-
Rail Transport	-	-	-	-	-	-	-	-
Domestic Aviation	-	-	-	-	-	-	-	188.2
Household, Commercial & Other	-	36,000.7	18,327.1	-	-	-	7,614.6	-
Total Energy Use	**-**	**52,029.0**	**20,981.1**	**57,070.6**	**-**	**-**	**7,767.1**	**188.2**

Table 7.2 – Sri Lanka Energy Balance: 2020 (in Tera Joules)

Diesel	Fuel Oil (FO 1500)	Residual Oil	Solvents	Coal	Baggase Agro Residues	Firewood	Charcoal	Crude Oil	Total
-	-	-	-	-	3,350.8	165,944.8	-	-	229,965.2
52,400.8	19,982.4	-	-	67,091.7	-	-	-	75,568.7	287,125.8
-	-	-	-	-	-	-	-	-	(7,513.9)
-	(14,321.3)	-	-	-	-	-	-	-	(22,530.8)
239.5	829.8	8,200.4	23.1	3,413.5	2,683.9	-	-	3,722.0	18,343.9
52,640.3	**6,491.0**	**8,200.4**	**23.1**	**70,505.1**	**6,034.8**	**165,944.8**	**-**	**79,290.7**	**505,390.2**
23,635.6	19,096.4	-	33.4	-	-	-	-	(75,568.7)	(5,303.3)
-	-	-	-	-	-	-	-	-	(25,335.6)
(7,322.2)	(22,556.5)	(8,200.4)	-	(61,968.3)	-	-	-	-	(61,623.5)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	(2,684.0)	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	(2,726.7)
-	-	-	-	-	-	-	-	(3,722.0)	(3,722.0)
-	-	-	-	-	-	-	-	-	(5,388.2)
-	-	-	-	-	-	-	-	-	-
16,313.4	**(3,460.1)**	**(8,200.4)**	**33.4**	**(61,968.3)**	**(2,684.0)**	**-**	**-**	**(79,290.7)**	**(104,099.3)**
-	0.4	-	-	-	-	-	-	-	0.4
1,248.9	3,543.0	-	-	2,092.7	3,350.8	82,590.6	-	-	111,655.3
62,884.6	-	-	-	-	-	-	-	-	119,961.0
1,134.4	-	-	-	-	-	-	-	-	1,134.4
-	-	-	-	-	-	-	-	-	188.2
-	-	-	-	-	-	83,354.2	-	-	145,296.5
65,268.0	**3,543.4**	**-**	**-**	**2,092.7**	**3,350.8**	**165,944.8**	**-**	**-**	**378,235.7**

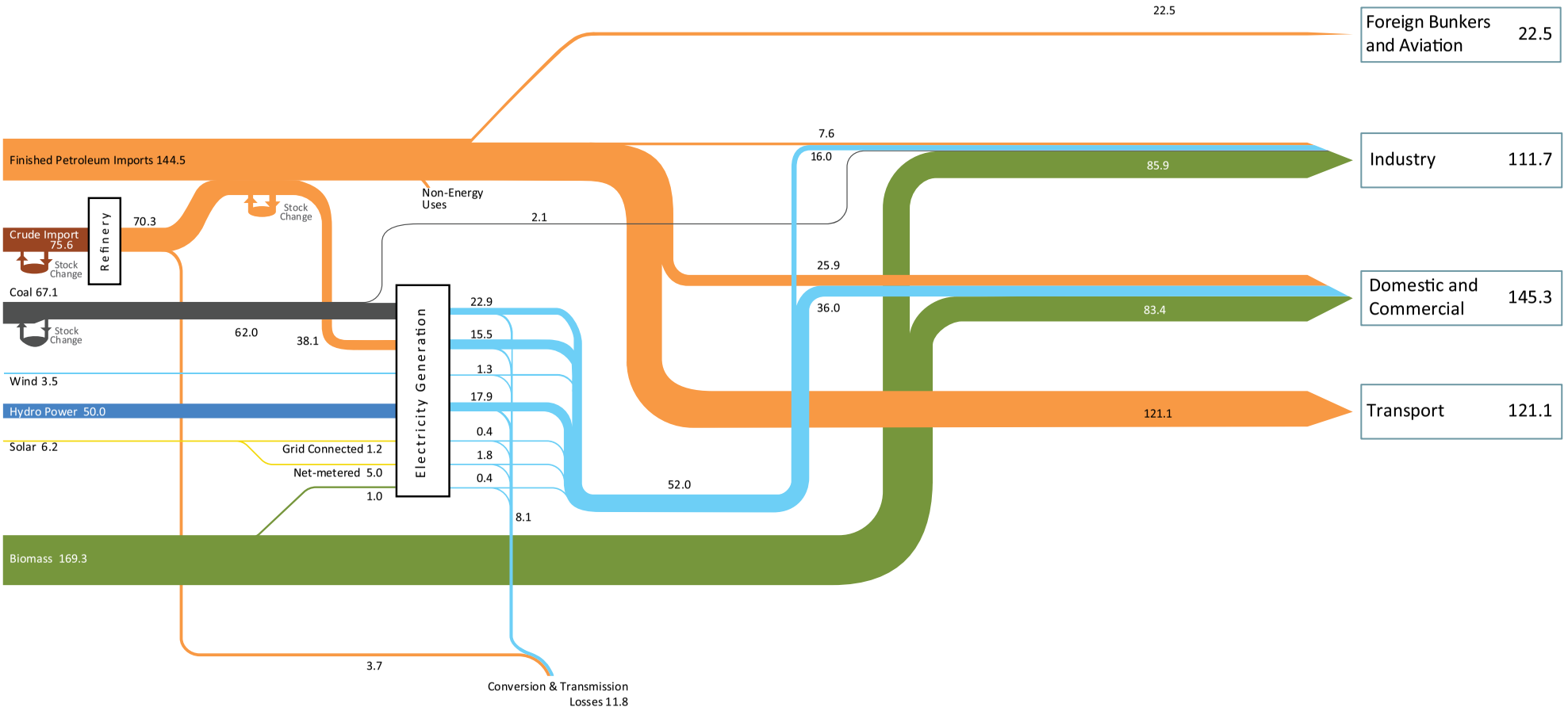


Figure 7.2 – Energy Flow Diagram - 2020(PJ)

8 Energy and Economy

8.1 Electricity Sector Financial Performance

The year 2020 recorded poor financial performance for the CEB, and the return on assets (RoA) was negative for the fifth consecutive year and stood at (5.7)%. The LECO recorded a better financial performance with an RoA of 7.5%. Table 8.1 summarises the financial performance of CEB and LECO.

Table 8.1 – Financial Performance of CEB and LECO

	2010	2015	2017	2018	2019	2020
CEB						
Net assets in Operation (LKRM)	378,207	616,154	722,877	747,049	781,869	819,086
Return on assets (%)	0.1	2.0	(4.3)	(2.7)	(7.4)	(5.7)
LECO						
Net assets in Operation (LKRM)	8,420	10,911	11,264	12,885	13,281	13,675
Return on assets (%)	(1.9)	4.5	6.8	6.6	13.9	7.5

8.2 Financial Performance of the Petroleum Sector

8.2.1 Impact on Macro Economy

The average crude oil price (Brent) declined to USD 43.35 per barrel in 2020 compared to the average price of USD 64.04 per barrel recorded in 2019. The net petroleum import bill was USD 2,778 million, a 32.79% reduction from the USD 4,133 million in 2019. With the demand for petroleum increasing over the past years, expenditure on oil imports as a percentage of non petroleum exports was 24.9% in 2020. Table 8.2 shows the historic trends of the petroleum import costs.

Table 8.2 – Petroleum Import Costs and its Impact on the Macro Economy

million USD	2010	2015	2017	2018	2019	2020
Total Exports	8,626	10,546	11,360	11,890	11,940	10,047
Total Imports	13,451	18,935	20,980	22,233	19,937	16,055
Petroleum Imports	3,183	2,864	3,660	4,418	4,133	2,778
Petroleum Re-exports	263	374	434	622	521	374
Net Oil Imports	2,920	2,490	3,226	3,796	3,612	2,404
Non Petroleum Exports	8,363	10,172	10,926	11,268	11,419	9,673
Net Oil Imports as % of Non Petroleum Exports	34.9	24.5	29.5	33.7	31.6	24.9

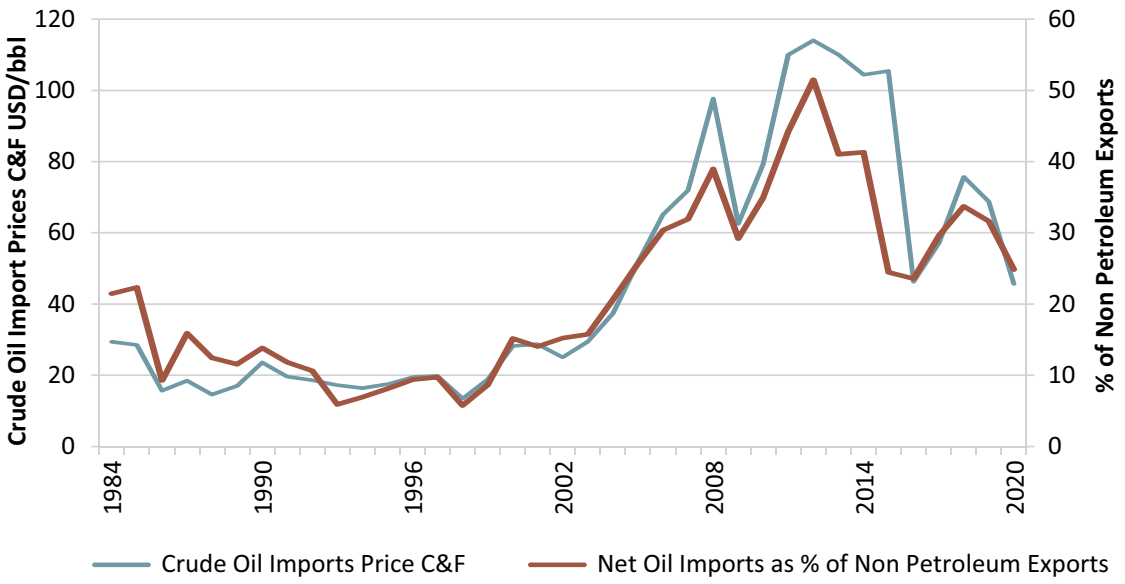


Figure 8.1 - Net Oil Imports as a Percentage of Exports

The impact of oil import bill on the national economy is clearly presented in the above graph, as the cost of net oil Imports as a percentage of all non-petroleum export earnings. This has two important points in history, first being in 1982, where it climbed to 44.8% and more recently in 2012 when it reached the highest ever value of 51.5%. This figure, which dropped to 23.5% in 2016, has climbed steadily over three consecutive years and declined again to 24.9% and is to be taken as a temporary relief on the impending balance of payment crisis.

8.2.2 Petroleum Sector Financial Performance

Ceylon Petroleum Corporation (CPC) dominates the petroleum sector of the country. However, the role of Lanka Indian Oil Company (LIOC) and the LP Gas companies also have a reasonable bearing on the overall sector performance. Several bunkering companies were also active in the petroleum sector. Table 8 3 presents financial performance details of the CPC and LIOC.

Table 8.3 – CPC and LIOC Financial Performance

LKR million	2010	2015	2017	2018	2019	2020
CPC						
Total Revenue	277,084	423,741	528,512	605,955	669,044	530,877
Total Cost	(304,007)	444,422	527,816	711,006	680,900	528,506
BTT/GST/VAT	20,222	37,761	71,325	16,761	15,731	-
Income Tax	-	634	1,932	22	-	-
Cost of Sales	-	-	-	579,617	626,599	454,880
Crude & Product Import Cost	(265,604)	337,119	417,905	-	-	-
Estimated other Cost	(18,181)	68,908	36,654	33,001	38,549	64,886
Profit/ Loss	**(26,923)**	**(20,681)**	**696**	**(106,163)**	**(11,856)**	**2,371**
LIOC *						
Total Revenue	51,423	68,728	87,872	91,608	78,227	68,268
Total Cost	(49,376)	69,114	89,176	92,245	76,521	68,709
VAT, ESC, Debit,Payee & other taxes	(998)	134	45	164	106	42
Income Taxes	(17)	286	219	6	8	(60)
Import Duty	-	-	-	-	-	-
Product Cost	-	65,986	86,157	88,830	73,344	66,244
Estimated other costs	-	2,709	2,754	3,246	3,063	2,484
Profit/ Loss	**1,032**	**(386)**	**(1,304)**	**(637)**	**1,706**	**(441)**

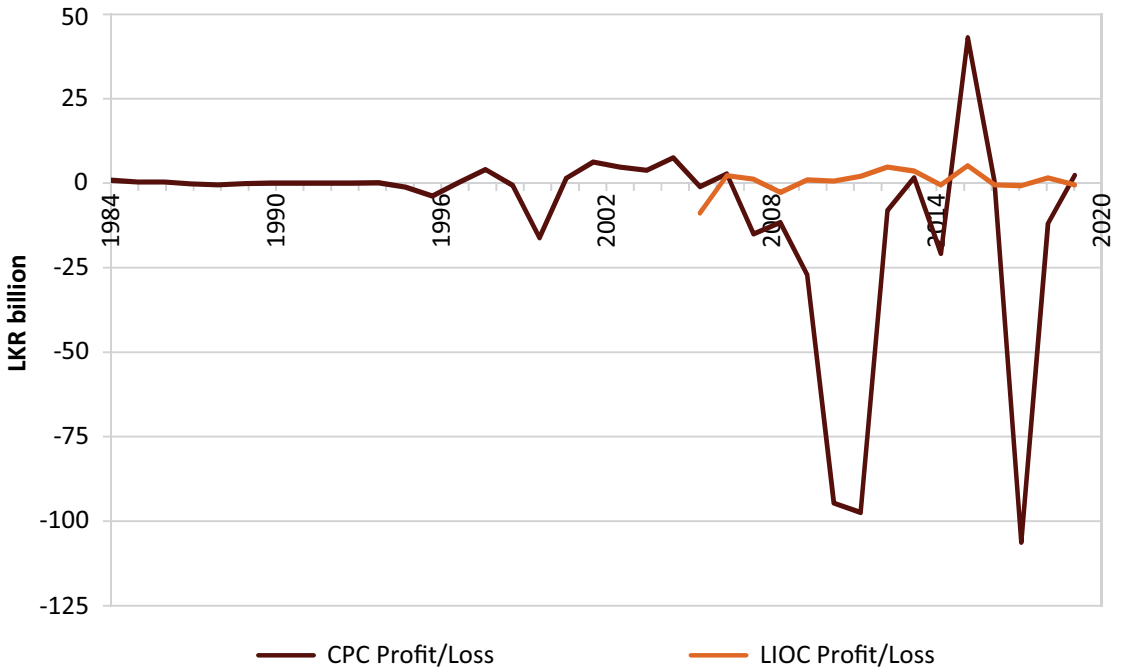


Figure 8.2 – Profit/Loss of CPC and LIOC

With the collapse of the global petroleum prices and reduced demand locally the industry has encountered a rare window of opportunity to bounce back. However, it is imprudent to expect such conditions to remain static in the longer term.

8.3 Energy-Economy Indicators

Commercial energy (petroleum, electricity and coal) intensity is an indicator of a country's energy utilisation with respect to the national output (measured in terms of Gross Domestic Product-GDP). The commercial energy intensity increased sharply from 0.43 TJ/GDP million LKR in 2019 to 0.60 TJ/GDP million LKR in 2020. This is attributable to the much lower economic output of the country and the increased demand for energy services from the population confined to their homes.

Table 8.4 – Sri Lanka Energy Indices

	2010	2015	2017	2018	2019	2020
Electricity (TJ)	33,156.4	42,274.8	48,295.2	50,839.9	53,180.1	52,029.0
Petroleum (TJ)	125,958.2	171,363.1	172,055.6	170,011.6	174,347.4	154,818.4
Coal (TJ)	2,509.2	2,283.7	1,849.1	1,978.3	2,311.0	2,092.7
Total commercial energy (TJ)	**161,623.9**	**215,921.5**	**222,199.8**	**222,829.8**	**229,838.6**	**208,940.2**
GDP at 1982 factor cost prices (million LKR)	352,878	473,954	511,631	528,004	540,042	345,627
Commercial Energy Index	2.58	3.44	3.54	3.55	3.66	3.33
GDP Index (Index 1984=1.0)	3.38	4.54	4.90	5.06	5.17	3.31
Commercial Energy Intensity (TJ/LKR million)	**0.46**	**0.46**	**0.43**	**0.42**	**0.43**	**0.60**
Commercial Energy Intensity Index (1984=1.0)	0.76	0.71	0.72	0.70	0.71	1.01

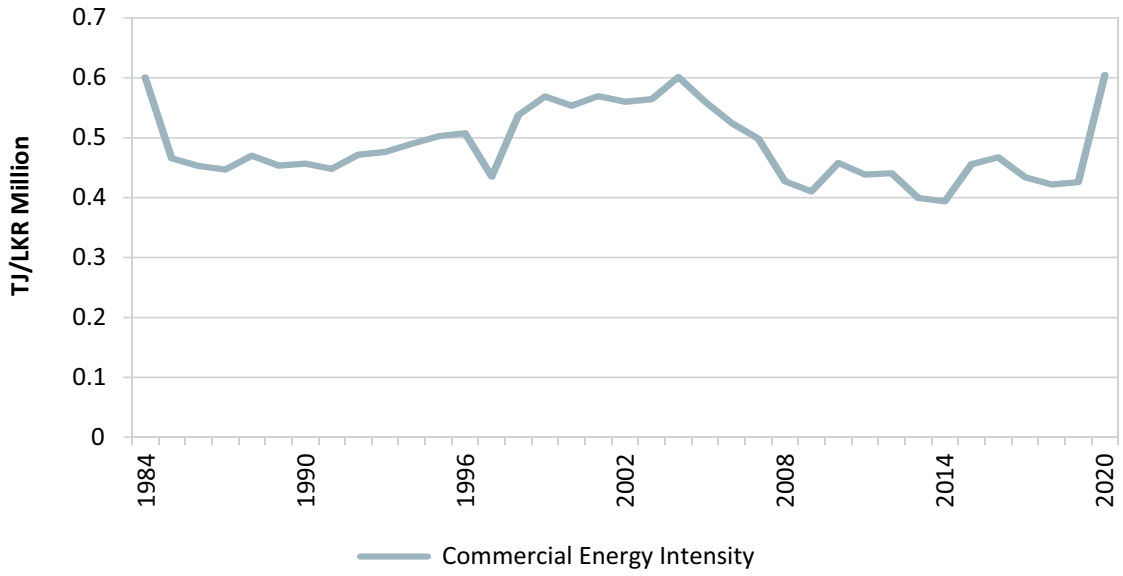


Figure 8.3 – Commercial Energy Intensity

9 Environmental Impacts

9.1 Grid Emission Factor

The 'Average Emission Factor (AEF)' mainly for reporting carbon footprint of electricity users. This emission factor is calculated by dividing the total emissions from the power sector from the total units of electricity used in the country in a given year. If the emission reductions due to any sustainable energy intervention are to be calculated, the appropriate emission factor would be the Grid Emission Factor (GEF).

Table 9.1 – Average Emission Factor

	2010	2015	2017	2018	2019	2020
Emission Factor (kg CO_2/kWh)	0.3158	0.4753	0.5865	0.4694	0.5401	0.5294

The SEA conducted a survey on the usage of electrical appliances in the domestic sector in collaboration with the Department of Census and Statistics in 2019, covering a representative sample of over 6,000 households. Cooking energy fuels were also assessed during this survey. Three cooking fuels were used, and based on this preliminary data, the emissions from cooking in the domestic and commercial sector were estimated, using IPCC emission factors. The results for 2020 are given in Table 9.2.

Table 9.2 – CO_2 Emissions from Cooking in the Domestic and Commercial Sector

Fuel (kt per annum)	2020
Fuel wood	1,989
LPG	336
Kerosene	5

The GEF indicates the amount of CO2 avoided, if a specific intervention is made either through the introduction of a renewable energy project to a grid or through the introduction of an energy saving project in the grid. The GEF also represents the quantity of CO2 emitted by a power system during a year. The GEF pivots on three factors, viz., Operating Margin, Build Margin and Combined Margin. 'Margin' refers to the happenings of renewable energy based power or an energy saving project.

The Grid Emission Factor for 2020 was calculated using the Methodological Tool 07 'Tool to calculate the emission factor for an electricity system' (Version 07.0).

9.1.1 Operating Margin

The Operating Margin (OM) is a concept which includes all power plants which can have reduced outputs due to a project. It specifically excludes 'low cost, must run' power plants, implying that with or without the project, such generation will continue. Table 9.1 gives the Simple Operating Margin (OM).

Table 9.3 – Operating Margin

	2017	2018	2019	2020
Emissions from Power Plants (t-CO_2)	3,438,963.6	2,529,709.6	3,552,816.2	2,960,911.9
Net Electricity Generation (GWh) excluding low-cost must run power plants	4,854.9	3,579.2	5,006.7	4,179.3
Operating margin CO_2 emission factor (kg-CO_2/kWh)				
Three-year generation based weighted average	0.6993	0.7044	0.7084	0.7084

9.1.2 Build Margin

The Build Margin (BM) is a concept which attempts to foretell the happenings of a generation system in future, during the crediting period of a project, considering the recent additions to a generation system.

Table 9.4 – Build Margin

	Unit	2017	2018	2019	2020
Emissions of power plants considered for the BM	tonnes of CO_2	3,595,191.6	3,508,911.2	4,266,621.5	4,067,393.8
Generation of power plants considered for the BM	GWh	3,897.9	4,208.8	5,101.3	5,122.9
Build margin emission factor	kg-CO_2/kWh	0.9224	0.8337	0.8364	0.7940

9.1.3 Combined Margin

The Combined Margin (CM) is a weighted average of OM and BM and is commonly known as the Grid Emission Factor (Table 9.4).

Table 9.5 – Combined Margin (kg-CO_2/kWh)

	2017	2018	2019	2020
For solar, wind Projects	0.7550	0.7368	0.7404	0.7298
All other Projects; 1st crediting period	0.8108	0.7691	0.7724	0.7512
All other Projects; 2nd - 3rd crediting period	0.8666	0.8014	0.8044	0.7726

The OM, BM and CM are required for the assessment of CO_2 emission reductions for projects claiming carbon credits under UNFCC guidelines. The GEF is indicated in Figure 9.1.

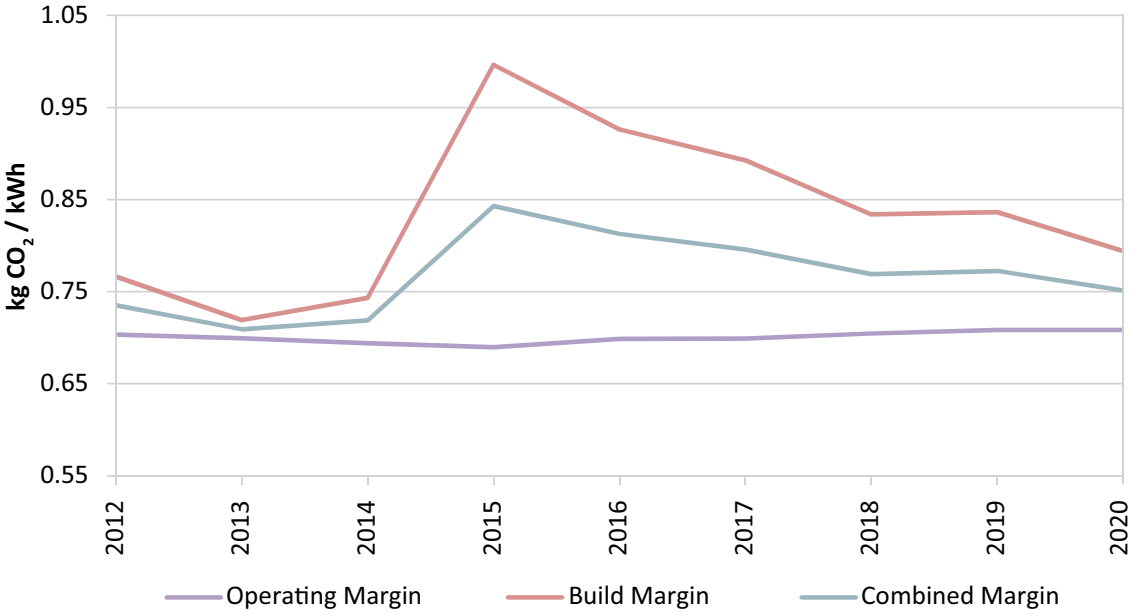


Figure 9.1 – Grid Emission Factors

Due to the static demand conditions under the pandemic, the emissions of CO_2 marginally decreased in 2020, as indicated in Figure 9.2.

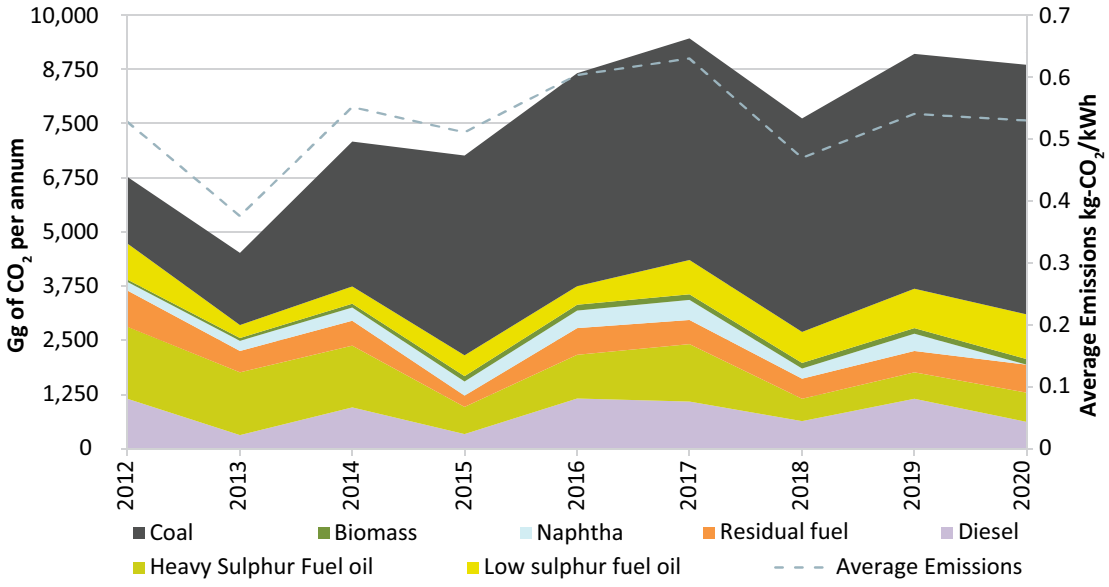


Figure 9.2 – Emissions from Power Plants by Type of Fuel

10 Energy Sector Performance and Future Outlook

After several years, the economy experienced a much reduced economic activities due to the COVID – 19 pandemic. With the disease engulfing the entire world, Sri Lanka too opted to lockdown the country in 2020. Such lockdowns became frequent and longer until it became the norm. As a result, the global economy contracted by 3.5%, while the national economy experienced a highest contraction since independence, a 3.6% reduction in 2020. However, contrary to popular belief, the electricity demand hovered closer to 2019 demand levels, buoyed by the increased demand for the residential sector. In contrast however, the demand for petroleum products fell by a margin of 12.86%. Owing to reduced work days and travel restrictions, most of the energy sector development programmes stagnated in 2020, except the continuous work in the Mannar Wind Park of the CEB. Due to these reasons and many other reasons, the implementation of the National Energy Plan and Strategies (NEPS) did not happen as expected at its publication in 2019.

10.1 Electricity

Irrespective of reduced industrial and commercial activities, the demand for electricity remained at the same level as in 2019. Consequently, the gross electricity generation declined marginally from 16,855.6 GWh in 2019 to 16,711.3 GWh in 2020, recording a decline of 0.77%. A significant decline in the generation was observed in the months of March, April, and May 2020, owing to the reduced electricity demand warranted by lockdowns. A rebound effect in electricity generation however, was observed in June 2020 with the removal of the nationwide lockdown and the gradual return of the economy to normalcy. However, a declining trend in total generation was recorded towards the latter part of the year owing to the second wave of the pandemic.

The poor rainfall conditions which prevailed in 2019 continued in 2020 yielding only 3,929.4 GWh of energy from the major hydro sector, which is a marginal increase from the generation of 3,800.9 GWh in the previous year. Compared to 2019, coal power generation in 2020 increased by 7.6% from 5,916.9 GWh to 6,364.9 GWh. This increase is because the units of the Kerawalapitiya coal power plant did not experience any extended closures as observed in the previous years. Further, electricity generation through coal is cheaper than fuel oil-based power generation, which includes the use of products such as furnace oil and diesel. The combined effect of increased hydro and coal power generation supported the notable reduction in the more expensive fuel oil-based power generation. Further, the Kelanitissa Combined Cycle power plant, which operates on diesel and naphtha, stopped functioning from October 2019 and remained so throughout the year of 2020.

Total electricity sales marked a decline of 2.2% from 14,769.6 GWh to 14,449.9 GWh. This reduction in sales is mainly attributed to the industrial and commercial sectors, where the declined percentages were 5.5% and 9.6%, respectively. Sales in the domestic sector however, indicated a marginal increase of 6.5%. This increase could be attributed to the pandemic mobility restrictions, which required people to stay at home during the lockdowns.

The financial performance of the CEB was relatively better during 2020 in comparison to the preceding year, due to the reduced reliance on costly fuel oil-based generation owing to lower demand and the favourable generation mix. As per unaudited provisional financial data, the CEB recorded a loss of LKR 62.6 billion during 2020, compared to a loss of LKR 97.4 billion reported in the previous year. The continuously weak financial position of the CEB underscores the need to adopt a cost reflective pricing mechanism

for electricity tariffs while augmenting the generation capacity of economical energy sources, which will ensure the expeditious implementation of the long-term generation expansion plan.

Even though the country was under the grip of the COVID – 19 pandemic, construction activities of several power projects continued, but at a pace slower than usual. Construction activities of the Uma Oya hydropower project (120 MW), the Moragolla hydropower project (30.5 MW) and the Broadlands hydropower project (35 MW) continued in 2020 as well, where the Broadlands project is the closest to completion.

10.1.1 New Renewable Energy Development

By end 2020, the electricity generation from new renewable energy including solar rooftop systems contributed 13% to the total generation. This includes small power producers and micro-power producers, mainly the rooftop solar projects. Out of the new renewable energy projects, 65% was contributed by small hydro, while the second highest percentage of 21% was contributed by wind. Biomass and ground-mounted solar contributed by 6% and 7%, respectively.

The Mannar wind power project (100 MW) achieved about 80% of its physical progress by end 2020, and is expected to be connected to the national grid in the first half of 2021. Further, 33 rural electrification schemes were completed in 2020, while about 5,700 customers joined the Soorya Bala Sangramaya in 2020.

10.2 Petroleum

The average crude oil price (Brent) declined by 32.3% to USD 43.35 per barrel in 2020, compared with the average price of USD 64.04 per barrel recorded in 2019. Although the COVID – 19 pandemic caused global crude oil prices to reach an unprecedent low level in March 2020, a rapid recovery in prices however, was registered towards the end of the year. The crude oil prices displayed significant volatility throughout the year. Crude oil prices, which were buoyed by geopolitical tensions at the beginning of the year, declined sharply with the spread of the COVID-19 pandemic. The lowest Brent crude oil price since 2000 was recorded in mid April 2020. The West Texas Intermediate (WTI) price fell to negative levels for the first time in history, recording negative USD (37.63) per barrel in April 2020, due to continued production despite weak demand and lack of storage capacity.

From November 2020 onwards, an upward trend in global crude oil prices was observed with renewed economic optimism. By the end of the year, crude oil prices had risen to USD 51.34 per barrel. In line with the trends in global crude oil prices, the average price of crude oil imported by the Ceylon Petroleum Corporation (CPC) declined to USD 45.57 per barrel during 2020 compared to the average import price of USD 68.80 per barrel recorded in 2019.

Domestic retail prices of key petroleum products were not revised in 2020, as in 2019. However, prices of both Furnace Oil 800 and Furnace Oil 1,500 were reduced by LKR 26.00 to LKR 70.00 per litre respectively, in 2020, in order to allow a concession to the CEB in thermal power generation. This concession was later extended to the IPPs as well. Meanwhile, the LIOC revised domestic retail prices three times during the first half of 2020.

In March 2020, the Fuel Price Stabilisation Fund (FPSF) was established with a view to ensure equitable

distribution of the benefits of the unusual decline in international oil prices across the economy, rather than revising domestic fuel prices. Upon establishment, LKR billion 47.5 was raised from the Central Bank of Sri Lanka (CBSL) through Treasury bill issuances in March 2020. From end April 2020, fuel surcharges were imposed on imports of petrol, super diesel and auto diesel and funds collected from the surcharges were channelled to the FPSF. However, the surcharge on imports of petrol 92 was lifted in June 2020, while the surcharges on petrol 95, auto diesel and super diesel were revised downwards. During 2020, approximately LKR billion 69.2 had been accumulated in the FPSF, including funds raised from the CBSL, of which LKR billion 48.0 was utilised for the partial settlement of the dues of the CEB to the CPC and approximately LKR billion 21.0 was utilised for the settlement of Treasury bills issued to the CBSL.

The sales of petroleum products in the domestic market contracted by 14.8% in 2020, reflecting the impact of mobility restrictions and the slowdown in economic activity due to the disruptions caused by the pandemic. This impact was most evident in the second quarter of the year. In line with the overall slowdown in sales of petroleum products in the domestic market, the sales volume of transport fuels also recorded an overall decline of 13.6%. Meanwhile, with the decline in the thermal share of power generation, sales of diesel for power generation marked a notable contraction of 61.0%, while the sales of furnace oil for thermal power generation increased by around 8.9%. Further, the impact of the pandemic on the industrial and aviation sectors too, led to contractions in the sales of corresponding petroleum fuels. The refinery output of the CPC recorded an overall decline of 7.7%.

The CPC's financial performance improved in 2020 as domestic prices of key petroleum products were maintained without change, despite the relatively low level of global oil prices. Sales of petroleum products to the major sectors of transport, power generation, aviation and industries yielded operational profits in 2020. However, the depreciation of the rupee against the USD resulted in an exchange rate variation loss of LKR billion 21.8 to the CPC during the year, given the large foreign currency exposure of the CPC. This weighed negatively on the overall profit (before taxes) of the CPC, which stood at LKR billion 2.4 in 2020 in comparison to a loss of LKR billion 11.8 recorded in 2019.

Infrastructure development projects in the petroleum sector continued at a slow pace during 2020. The Sapugaskanda Oil Refinery Expansion and Modernisation (SOREM) project, which had not seen much progress over the past decade due to the lack of investment, was cancelled in 2020 by the CPC. Further, the Cabinet of Ministers granted approval in November 2020 for the initiation of a new feasibility study by the CPC for the establishment of a new refinery in Sapugaskanda under a Public-Private Partnership (PPP) model with a capacity of 100,000 barrels per day.

The National Policy on Natural Gas was gazetted by the Petroleum Resources Development Secretariat (PRDS) in October 2020. The PRDS is the regulatory body for off-shore hydrocarbon exploration, development and production work undertaken by the GoSL. The Policy is expected to attract investments in gas exploration.

Annex I

Independent Power Producers (IPPs)

Starting from 1997, many IPPs entered the electricity market, supplying electricity to the national grid. CEB has separate power purchase agreements with these private sector companies.

1. Asia Power (Pvt) Ltd
2. Colombo Power (Pvt) Ltd
3. AES Kelanitissa (Pvt) Ltd
4. ACE Power Embilipitiya (Pvt) Ltd
5. Yughadhanavi (Pvt) Ltd

Small Power Producers

Many new small power producers came into existence as a result of the attractive tariffs offered by the CEB and the lending facilities provided by the RERED project. A total of 272 SPPs were operational by the end of 2020. CEB has signed Standardised Small Power Purchase Agreements (SPPAs) with these companies.

List of Small Power Producers

hydro solar biomass/dendro wind waste heat

	Name of Power Plant	Yr commissioned	Capacity (MW)	Generation (GWh)
1	Dick Oya	1996	0.96	-
2	Seetha Eliya	1996	0.07	-
3	Ritigaha Oya	1997	0.80	-
4	Rakwana Ganga	1999	0.76	1.0
5	Kolonna	1999	0.78	-
6	Ellapita Ella	1999	0.55	-
7	Carolina	1999	2.50	6.2
8	Weddamulla	1999	0.20	-
9	Delgoda	2000	2.65	5.7
10	Mandagal Oya	2000	1.28	0.1
11	Glassaugh	2000	2.53	0.8
12	Minuwnella	2001	0.64	1.7
13	Kabaragala	2001	1.50	3.0
14	Bambarabatu Oya	2001	3.20	8.0
15	Galatha Oya	2001	1.20	2.4
16	Hapugastenna I	2001	4.60	-
17	Belihuloya	2002	2.50	4.1
18	Watawala (Carolina II)	2002	1.30	3.2
19	Niriella	2002	3.00	6.4

List of Small Power Producers

hydro solar biomass/dendro wind waste heat

	Name of Power Plant	Yr commissioned	Capacity (MW)	Generation (GWh)
20	Hapugastenna II	2002	2.30	-
21	Deyianwala	2002	1.50	3.0
22	Hulu Ganga 1	2003	6.50	-
23	Ritigaha Oya -II	2003	0.80	2.7
24	Sanquhar	2003	1.60	2.7
25	Karawila Ganga	2004	0.75	2.1
26	Brunswic	2004	0.60	-
27	Sithagala	2004	0.80	1.2
28	Way Ganga	2004	8.93	14.6
29	Alupola	2004	2.52	-
30	Rathganga	2004	3.00	10.2
31	Waranagala	2004	9.90	35.7
32	Nakkawita	2004	1.01	1.1
33	Walakada	2004	4.21	14.8
34	Miyanawita Oya	2004	0.60	1.1
35	Atabage Oya	2004	2.20	2.9
36	Batalagala	2004	0.10	-
37	Hemingford	2005	0.18	0.0
38	Kotapola	2005	0.60	1.1
39	Wee Oya	2005	6.00	0.9
40	Radella	2005	0.20	0.5
41	Kumburuteniwela	2005	2.80	4.1
42	Asupini Ella	2005	4.00	9.8
43	Kalupahana	2005	0.80	2.0
44	Upper Korawaka	2005	1.50	4.5
45	Badalgama (Biomass)	2005	1.00	0.4
46	Delta Estate	2006	1.60	5.8
47	Gomala Oya	2006	0.80	3.4
48	Gurugoda Oya	2006	4.45	1.1
49	Coolbawan	2006	0.75	1.6
50	Henfold	2006	2.60	6.8
51	Dunsinane	2006	2.70	9.2
52	Nilambe oya	2006	0.75	1.2
53	Kolapathana	2006	1.10	2.0
54	Guruluwana	2006	2.00	7.2
55	Kuda Oya	2006	2.00	5.4
56	Labuwewa	2006	2.00	5.3
57	Forest Hill	2006	0.30	0.3
58	Batatota	2007	2.60	9.9
59	Kehelgamu oya	2007	3.00	7.9
60	Kotankanda	2007	0.15	0.6

List of Small Power Producers

hydro solar biomass/dendro wind waste heat

	Name of Power Plant	Yr commissioned	Capacity (MW)	Generation (GWh)
61	Lower Neluwa	2007	1.45	4.9
62	Barcaple	2008	2.00	6.6
63	Kadawala 1	2008	4.85	9.9
64	Blackwater	2008	1.65	3.2
65	Koswatta ganga	2008	2.00	5.0
66	Kadawala ii	2008	1.32	2.8
67	Loggal oya	2008	4.00	6.2
68	Manelwala	2008	2.40	5.6
69	Somerset	2008	0.80	3.1
70	Sheen	2008	0.56	1.8
71	Palmerston	2008	0.60	2.2
72	Giddawa	2008	2.00	6.9
73	Magal ganga	2008	9.93	36.3
74	Soranathota	2008	1.40	1.6
75	Tokyo	2008	10.00	2.8
76	Lower Atabage	2009	0.45	0.8
77	Halathura Ganga	2009	1.30	4.5
78	Nugedola	2009	0.50	0.9
79	Pathaha Oya	2009	1.00	1.7
80	Badulu Oya	2009	5.80	13.2
81	Amanawala	2009	1.00	3.9
82	Adavikanda	2009	6.50	16.1
83	Bogandana	2009	3.00	6.6
84	Gangaweraliya	2009	0.30	1.1
85	Watakella	2010	1.00	4.6
86	Ganthuna Udagama	2010	1.20	2.9
87	Aggra Oya	2010	1.50	3.4
88	Mampury I	2010	10.00	24.1
89	Seguwanthivu	2010	10.00	26.6
90	Vidatamunai	2010	10.00	26.7
91	Willpita	2010	0.85	0.5
92	Denawak Ganga	2011	1.40	5.6
93	Maduru Oya	2011	5.00	16.9
94	Laymasthota	2011	1.30	1.5
95	Kalupahana Oya (Pahala)	2011	1.00	1.4
96	Bowhill	2011	1.00	4.0
97	Kirkoswald	2011	4.00	13.7
98	Kiriwan Eliya	2011	4.65	14.1
99	Gnnoruwa - II	2011	0.50	0.5
100	Thiruppane	2011	0.12	-
101	Gnnoruwa - I	2011	0.74	1.0

List of Small Power Producers

hydro solar biomass/dendro wind waste heat

	Name of Power Plant	Yr commissioned	Capacity (MW)	Generation (GWh)
102	Nirmalapura	2011	10.00	20.3
103	Watawala B	2012	0.44	1.8
104	Denawak Ganga MHP	2012	7.20	21.8
105	Waltrim	2012	2.00	6.1
106	Branford	2012	2.50	9.4
107	Upper Ritigaha Oya	2012	0.64	2.0
108	Koladeniya	2012	1.20	4.9
109	Upper Magalganga	2012	2.40	6.1
110	Kokawita MHP I	2012	1.00	3.0
111	Upper Hal Oya	2012	0.80	0.9
112	Kalugala Pitawala	2012	0.80	0.7
113	Bambarabotuwa MHP III	2012	4.00	9.9
114	Nandurana Oya	2012	0.35	0.8
115	Kaduruwan Dola Athuraliya	2012	0.02	0.1
116	Barcaple Phase II	2012	4.00	13.7
117	Bopekanda	2012	0.35	1.2
118	Falcon Valley	2012	2.40	3.9
119	Indurana	2012	0.06	0.1
120	Punagala	2012	3.00	8.8
121	Ambewala	2012	3.00	3.4
122	Madurankuliya	2012	10.00	24.6
123	Uppudaluwa	2012	10.00	13.2
124	Kalpitiya	2012	9.80	6.4
125	Green Energy	2013	0.25	1.1
126	Rakwana Ganga	2013	1.00	3.5
127	Wembiyagoda	2013	1.30	4.9
128	Pathanahenagama	2013	1.80	1.3
129	Wellawaya	2013	1.20	3.0
130	Lenadora	2013	1.40	6.2
131	Mulgama	2013	2.80	11.7
132	Rajjammana	2013	6.00	27.9
133	Kandadola	2013	0.18	0.7
134	Waverly	2013	1.20	3.0
135	Bambatuwa Oya	2013	3.00	6.3
136	Baharandah	2013	0.36	0.8
137	Gampola	2013	1.00	1.3
138	Gonagamuwa	2013	0.75	1.1
139	Kadurugaldora	2013	1.20	3.1
140	Werapitiya	2013	2.00	4.8
141	Madugeta	2013	2.50	6.8
142	Malpel	2013	0.01	-

List of Small Power Producers

hydro solar biomass/dendro wind waste heat

	Name of Power Plant	Yr commissioned	Capacity (MW)	Generation (GWh)
143	Dunsinane cottage	2013	0.90	1.5
144	Mile Oya	2013	1.20	2.3
145	Maduru Oya 2	2013	2.00	6.4
146	Mul Oya	2013	3.00	3.1
147	Embilipitiya (Dendro)	2013	1.50	0.12
148	Erumbukkudal	2013	4.80	5.4
149	Stellenberg	2014	1.00	3.0
150	Devituru	2014	1.20	4.0
151	Bulathwaththa	2014	3.80	4.6
152	Ranmudu Oya	2014	0.50	1.1
153	Monaraella MHP	2014	1.80	4.4
154	Lower Kotmale Oya MHP	2014	4.30	16.7
155	Gammaduwa MHP	2014	0.90	1.9
156	Ritigaha Oya MHP - I	2014	0.40	2.1
157	Ross Estate MHP	2014	4.55	19.4
158	Maa Oya MHP	2014	2.00	3.1
159	Maha Oya MHP	2014	3.00	6.3
160	Bowhill MHP	2014	0.60	1.2
161	Kudawa Lunugalahena	2014	0.05	0.2
162	Bathalayaya (Dendro)	2014	5.00	38.3
163	Ninthaur	2014	2.00	5.3
164	Mampury II	2014	10.00	11.5
165	Mampury III	2014	10.00	13.4
166	Puloppalai	2014	10.00	32.1
167	Vallimunai	2014	10.00	35.3
168	Owala	2015	2.80	12.7
169	Naya Ganga	2015	1.60	5.1
170	Rideepana	2015	1.75	3.7
171	Thebuwana	2015	0.80	2.1
172	Maduru Oya II	2015	0.60	2.5
173	Demodara	2015	1.00	2.4
174	Lower Atabage Oya II	2015	1.25	3.5
175	Kehelwatta	2015	1.00	3.0
176	Theberton	2015	1.30	3.6
177	Ranmudu Oya	2015	0.55	0.9
178	Andaradeniya	2015	0.80	1.8
179	Jannet Valley	2015	0.95	1.9
180	Batugammana (Dendro)	2015	0.02	-
181	Musalpetti	2015	10.00	27.1
182	Gawaragiriya MHP	2016	0.99	2.4
183	Samanalawewa MHP	2016	1.20	6.5

List of Small Power Producers

hydro solar biomass/dendro wind waste heat

	Name of Power Plant	Yr commissioned	Capacity (MW)	Generation (GWh)
184	Upper Lemastota MHP	2016	1.00	1.2
185	Kurundu Oya Ella MHP	2016	4.65	10.8
186	Maskeli Oya MHP	2016	2.00	5.7
187	Hittaragewela MHP	2016	0.46	0.1
188	Ginigathhena Thiniyagala MHP	2016	0.80	1.1
189	Dolekanda MHP	2016	0.35	0.1
190	Gomale Oya	2016	1.40	2.5
191	Mawanana	2016	4.30	12.4
192	Ethamala Ella MHP	2016	2.00	8.4
193	Upper Waltrim MHP	2016	2.60	9.3
194	Urubokka MHP	2016	1.00	2.8
195	Ebbawala MHP	2016	4.00	5.8
196	Hulkiridola MHP	2016	0.75	1.5
197	Dambulu Oya MHP	2016	3.25	11.2
198	Saga (Baruthankanda)	2016	10.00	19.5
199	Solar One Ceylon Power	2016	10.00	20.9
200	Loluwagoda DPP	2016	4.00	20.1
201	Kiruwana Ganga MHP	2017	0.63	1.6
202	Ruhunu MHP	2017	0.35	1.0
203	Winsor Forest MHP	2017	0.40	1.2
204	Nahalwathura MHP	2017	0.40	1.8
205	Hapugahakumbura MHP	2017	1.60	3.9
206	Padiyapelella MHP	2017	3.50	13.0
207	Moragaha Oya MHP	2017	1.50	4.4
208	Campion MHP	2017	1.00	2.6
209	Demodara MHP	2017	1.60	6.2
210	Berannawa MHP	2017	0.50	1.1
211	Loggal Oya DPP	2017	2.00	11.6
212	Iris (Baruthankanda) SPP	2017	10.00	19.7
213	Anorchi Lanka (Baruthankanda) SPP	2017	10.00	19.6
214	Nedunkulam SPP	2017	10.00	20.1
215	Udawela MHP	2018	1.40	2.0
216	Mossville Estate MHP	2018	0.90	3.0
217	Loggal Oya MHP - Phase I	2018	1.60	2.1
218	Bambarapana MHP	2018	2.50	10.7
219	Manakola MHP	2018	2.50	6.9
220	Moragahakanda Phase I	2018	10.00	15.3
221	Moragahakanda Phase II	2018	7.50	28.3
222	Muruten Ela MHP	2018	0.50	1.2
223	Moragahakanda Phase III	2018	7.50	26.7

List of Small Power Producers

hydro solar biomass/dendro wind waste heat

	Name of Power Plant	Yr commissioned	Capacity (MW)	Generation (GWh)
224	Polgaswaththa MHP	2018	0.30	1.8
225	Maliyadda MHP	2018	0.90	1.0
226	Ankanda MHP	2018	6.50	29.7
227	Thannewatha MHP	2018	1.00	1.0
228	Ranwala Oya MHP	2018	0.70	2.6
229	Binathura Ela MHP	2018	0.70	1.5
230	Panamure DPP	2018	0.99	0.2
231	Kalawa Aragama DPP	2018	10.00	-
232	Loinorn MHP	2019	1.00	2.3
233	Koswathu Ganga MHP	2019	3.00	13.1
234	Elgin MHP	2019	2.40	7.1
235	Denipalle Oya MHP	2019	0.75	1.5
236	Deegalahinna Cascade II MHP	2019	0.55	0.7
237	Loggal Oya MHP	2019	1.35	1.6
238	Upper Hulu Ganga MHP	2019	1.90	4.3
239	Marukanda MHP	2019	1.80	5.4
240	Ganthuna MHP	2019	1.30	1.7
241	Kitulgala MHP	2019	1.00	3.3
242	Beramana MHP	2019	1.20	6.3
243	Dehiattakandiya DPP	2019	3.00	18.8
244	Vavuniya 2 SBSPII SPP	2019	1.00	1.9
245	Vavuniya 3 SBSPII SPP	2019	1.00	1.8
246	Beliatta 1 SBSPII SPP	2019	1.00	1.5
247	Embilipitiya 2 SBSPII SPP	2019	1.00	1.6
248	Embilipitiya 3 SBSPII SPP	2019	1.00	1.6
249	Pallekelle 1 SBSPII SPP	2019	1.00	1.8
250	Koskulana	2020	0.60	1.4
251	Halgran Oya MHP	2020	2.00	0.5
252	Chunnakam I	2020	10.00	26.0
253	Chunnakam II	2020	10.00	27.9
254	Pannala I	2020	1.00	1.2
255	Mathugama I	2020	1.00	0.8
256	Anuradhapura 2	2020	1.00	0.7
257	Anuradhapura 3	2020	1.00	0.7
258	Panadura I SBSP II	2020	1.00	0.8
259	Vaunia I	2020	1.00	-
260	Embilipitiya I	2020	1.00	-
261	Maho 2 SBSP II	2020	1.00	0.5
262	Maho 3 SBSP II	2020	1.00	0.5
263	Ampara I SBSP II	2020	1.00	0.4
264	Mathugama I SBS II 90	2020	1.00	0.2

	Name of Power Plant	Yr commissioned	Capacity (MW)	Generation (GWh)
265	Mathugama I SBS II 91	2020	1.00	-
266	Ampara 2 SBSP II	2020	1.00	-
267	Mahiyanganaya 1	2020	1.00	-
268	Mahiyanganaya 2	2020	1.00	0.3
269	Mahiyanganaya 3	2020	1.00	0.3
270	Galle 2 SBS II 90	2020	1.00	-
271	Galle 3 SBS II 91	2020	1.00	-
272	Colombo Waste to Energy Waste (Municipal) PP	2020	10.00	2.1
Total			**683.67**	**1,589.2**

Litro Gas Lanka Limited

Liquefied Petroleum Gas (LPG) industry was privatised in 1995, when Shell Gas purchased a stake in the previously Government-owned Gas Company, under a five-year concession. Over 1995-2000, Shell Gas purchased LPG available in the CPC refinery and also imported LPG, and marketed in Sri Lanka. The monopoly status ended in late 2000. The Company markets LPG to all customer segments, in all provinces of the country.

The full ownership of Shell Gas Lanka (Pvt) Ltd was handed over to the Government in November 2010, forming Litro Gas Lanka Limited (LGLL). Sri Lanka depends on imported LPG to bridge the growing gap between demand and the limited local production by Ceylon Petroleum Corporation's (CPC) Refinery in Sapugaskanda. To meet this demand, the Government also took steps to purchase the Shell owned LPG Storage Terminal situated in Kerawalapitiya. The LPG Storage Terminal was re-named Litro Gas Terminal Lanka (Private) Limited (LGTLL). Litro Gas also owns a modernised LPG bottling plant situated in Mabima, Sapugaskanda which is one of the largest in the region and a fleet of modernised LPG tanker trucks.

LAUGFS Gas PLC

Established in the year 1995, LAUGFS Holdings is a Sri Lankan diversified business conglomerate covering most of the commercial spectrum of industries. LAUGFS Gas PLC is a subsidiary of Laugfs Holdings Limited. It plays a key role in the importation, storage filling, distribution and sale of Liquefied Petroleum Gas (LPG) for domestic, industrial and auto gas users. LAUGFS hold one of the state-of-art storage and filling facility at Mabima, with a storage capacity of 2,500 tonnes, equipped with a strong dealer network in the country.

Lanka Indian Oil Company (LIOC)

LIOC is a subsidiary of Indian Oil Company, which is owned by the government of India. It operates about 150 petrol & diesel stations in Sri Lanka, and has a very efficient lube marketing network. Its major facilities include an oil terminal at Trincomalee, Sri Lanka's largest petroleum storage facility and an 18,000 tonnes per annum capacity lubricants blending plant and state-of-the-art fuels and lubricants testing laboratory at Trincomalee.

Annex II

Conversion to Uniform Energy Units

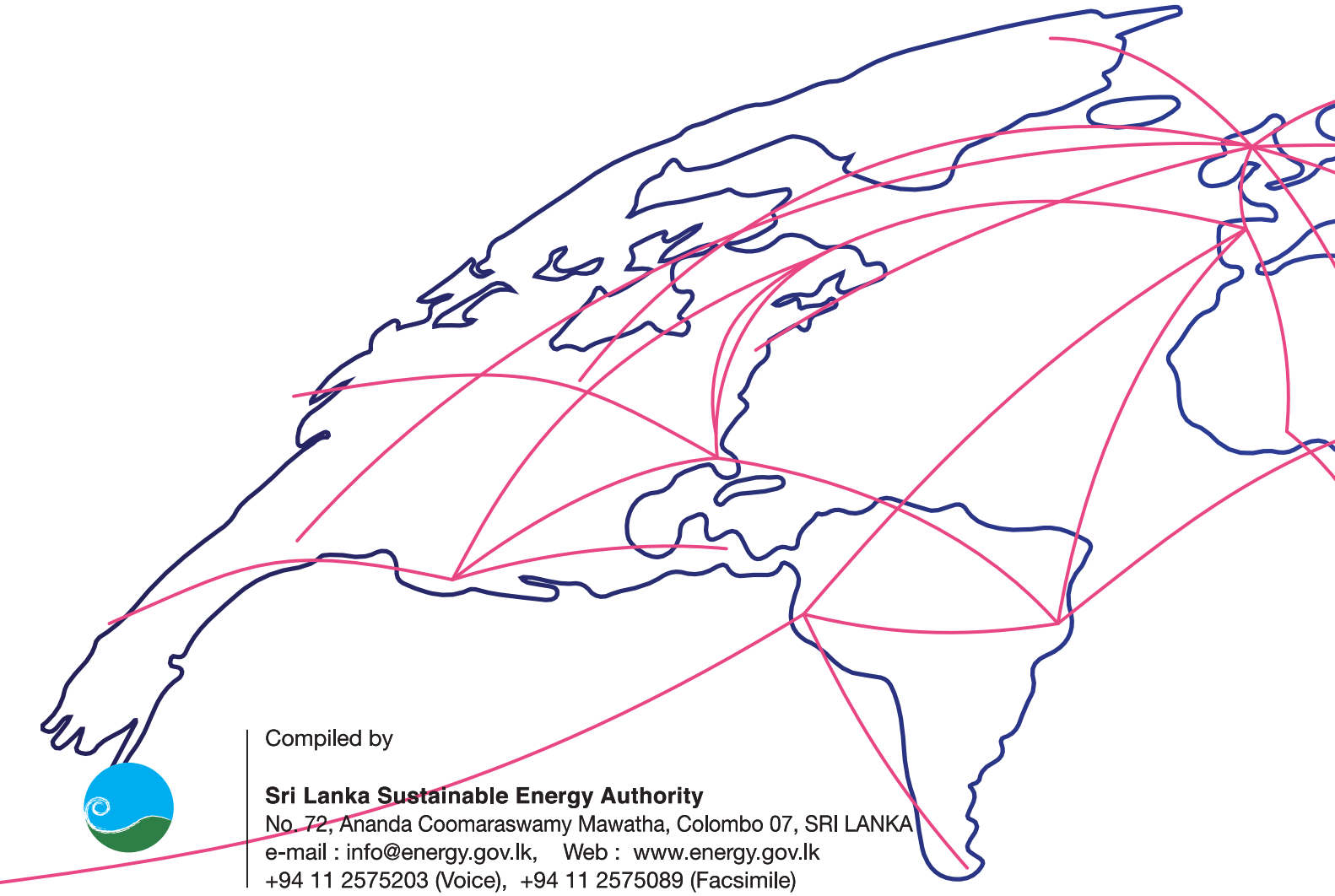
For comparison, energy products expressed in their respective units used for ordinary transactions need to be converted to a common equivalent unit. Similar to most other countries, Sri Lanka used tonnes of oil equivalent (toe) as the common denominator for this purpose (1 toe = 10 GCal = 41868000 kJ). Sri Lanka is contemplating using Joules as the common unit in future. Shown below are the conversion factors used for converting each energy product to equivalent toe. After two more years, this publication will cease to report toe as the common energy denominator.

Conversion Factors and Calorific Values

Primary Energy	toe/t	kJ/t
Bagasse	0.40	16,747,200
Charcoal	0.65	27,214,200
Coal	0.70	29,307,600
Crude Oil	1.03	43,124,040
Fuel wood	0.38	15,909,840
Hydro electricity (thermal equivalent) (toe/GWh)	240.00	10,048,320,000

Products	toe/t	kJ/t
Aviation Gasoline	1.06	44,380,080
Aviation Turbine Fuel	1.05	43,961,400
Ethane	1.18	49,404,240
Fuel Oil	0.98	41,030,640
Gas Oil /Diesel Oil	1.05	43,961,400
Kerosene	1.05	43,961,400
LPG	1.06	44,380,080
Motor Gasoline (Petrol)	1.09	45,636,120
Naphtha	1.09	45,636,120
Refinery gas	1.15	48,148,200
Residual Oil	0.98	41,030,640
Solvent	0.89	37,262,520

Electricity	kJ/kWh
Electricity	3,600



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