

LB/DON/27/04

**DEVELOPING AND NEWLY DEVELOPED COUNTRY
EXPERIENCES IN PRIVATE SECTOR PARTICIPATION IN
INFRASTRUCTURE DEVELOPMENT PROJECTS IN POWER
SECTOR**

**By
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This thesis was submitted to the department of management of technology, University of Moratuwa Sri Lanka in partial fulfillment of the requirement for the degree of Master in Business Administration in Management of Technology



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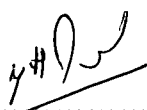
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DECLARATION

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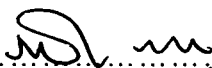
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ABSTRACT

The electricity demand in the world is drastically increasing mainly with the increased economic growth. To meet such situation, the existing vertically integrated and state dominated industry structure has been changed to vertical and horizontal separation of the operations and then privatised. The key factors for restructuring of the industry especially in the developing world are inability of the state owned power utilities to finance for the capacity additions required by the increased demand, inefficiencies of the state owned utilities and management weaknesses .

It has been observed that all developing countries in the region had faced power crisis in 1990s. Different countries have adopted deferent principles to readjust the industry to meet such crisis. Sri Lankan power utility identified their power crisis in advance and planned out the remedial measures to overcome the expected difficulties. However, lack of visionary leadership in the country, indecision, political interference, and interventions from some social groups and environmentalists delayed the plans. This situation has lead the country into a long-term power crisis, financial crisis and capacity crisis which ultimately lead into a management crisis.

This study attempt to observe the strategies adopted by developing countries under a similar socio- political environment and suggest recommendations to be followed by Sri-Lankan power utility to solve the present crisis critically.

The suggestions for the present crisis in the power industry are; gradually relive the state owned power utility (CEB) from the present role as a generator and distributor and convert as the regulatory authority. Fully open the power industry with all possible concessions to private sector until the present crisis is solved. Make all possible strategies to create a competitive local power market and fuel market avoiding single buyer model. Privatise transmission and distribution on regional basis. Allow generators to sell the power directly to the distributors and large consumers.



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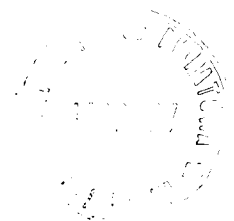
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ACKNOWLEDGEMENT

I would like to express my sincere thanks for the help and guidance given throughout the research by my supervisor Prof. Malik Ranasinghe, Dean Faculty of Engineering, University of Moratuwa.

Further, I must acknowledge all help given by head of the department Dr. S W S B Dasanayaka and the staff , Department of Management of Technology, University of Moratuwa.

Thank you to all concern.

M A S Pinto.
December 2003



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ACRONYMS

GOSL	-	Government of Sri Lanka
BOO	-	Build Own and Operate
BOOT	-	Build, Own, Operate and Transfer
CEB	-	Ceylon Electricity Board
IPP	-	Independent Power Producer
NEA	-	Nepal Electric Authority
LRMC	-	Long Range Marginal Cost
LCGEP	-	Least Cost Generation Expansion Plan
PSEP	-	Power Sector Efficiency Project
PPA	-	 University of Moratuwa, Sri Lanka Power Purchase Agreement www.lib.mrt.ac.lk
TNB	-	Tenga National Bhd
USD	-	United State Dollar
EPU	-	Economic Planning Unit
SPP	-	Small Power Project
EGAT	-	Electricity Generating Authority of Thailand
NPC	-	National Power Corporation
WAPDA	-	Water & Power Development Authority
KESC	-	Karachi Electric supply Corp.
PPIB	-	Private power and infrastructure Board
FDI	-	Foreign Direct Investment
PV	-	Photovoltaic

GEF	-	Global environment facility
UNEP	-	United Nation's Environment Program
Pacret	-	Pakistan Council of Renewable energy Technologies
CWPPP	-	Commercialization of Wind Power Potential in Pakistan
IMF	-	International Monetary Fund
WB	-	World Bank
SEBs	-	State Electricity Boards
NTPC	-	National Thermal Power Corporation
NHPC	-	National Hydro Electric Power Corporation
NEEPCO	-	North East Electric Power Corporation
THDC	-	Tehri Hydro Development Corporation
NJPC	-	Nathpa Jhakri Power Corporation
NPTC	-	National Power Transmission Corporation
PTC	-	Power Trading Corporation
CERC	-	Central Electricity Regulatory Commission
SERC	-	State Electricity Regulatory Commission
CTU	-	Central Transmission unit
STU	-	State Transmission unit
BPDB	-	Bangladesh Power Development Board
PGCB	-	Power Grid Company of Bangladesh
ADB	-	Asian Development Bank
GOSL	-	Government of Sri Lanka