

RESTRUCTURING OF ELECTRICITY SECTOR

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ABSTRACT

Traditionally Electricity Generation, Transmission and Distribution activities were considered as one vertically integrated business in the past. But, by restructuring the system these three areas can be unbundled to three separate units. This will help to introduce increased competition of the supply and choice for the customers. In general, by introducing restructuring, it is expected to bring about lower energy price and lower capital expenditure for governments. Some countries have already achieved successful results by restructuring the electricity sector but some have come across various problems and difficulties. The aim this project is to study the restructuring process of the electricity sector in detail and to suggest a suitable model for Sri Lanka. In order to achieve this different industry structures have been analysed to study the different alternatives of restructuring. Also, legal and economic framework of restructuring, experiences in different countries and various other factors to be considered in restructuring have been discussed. By critically analysing the preset position in the electricity industry in Sri Lanka, important factors to be considered in the process of restructuring the electricity sector have been identified. Finally a suitable model for Sri Lanka has been suggested. This project has been conducted mainly using the published material and information accessible in the environment.

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