

CHAPTER 5

CONCLUSION



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5.1 CONCLUSION

The study reveals that the GOSL will be expending the following amounts of additional foreign money in each year in real time, which would successively participate to broad the burden of balance of payments in the upcoming years.

Year	US\$ Million
2003	23.18
2004	17.08
2005	17.30
2006	16.95
2007	8.84
2008	21.16
2009	19.67
2010	18.96
2011	18.98
2012	17.28

In other words the economy will be pressurized by to the value of US \$ Million 179.41 over the years.



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The study indicates that the following variables play a major role in the economical picture of the country and each parameter is linked to the other parameter by composite phenomena, which is difficult to abstract in mathematical form.

- i. Exchange Rate.
- ii. Energy Consumption (kWh)
- iii. United State Consumer Price Index
- iv. Colombo Consumer Price Index
- v. Industry Energy Consumption
- vi. GDP and percentage share of Manufacturing
- vii. International Diesel Oil Price FOB

On the other hand the organization has to incur the following additional payments in view of the higher tariff of IPP and this would lead to most terrible severe cash flow status of the organization.

Year	Burden to the Organization Rs
2003	2,087,909,982
2004	1,845,131,239
2005	1,890,011,604
2006	2,641,578,965
2007	2,525,958,606
2008	4,721,793,031
2009	4,578,449,886
2010	5,571,875,572
2011	5,461,213,544
2012	6,024,895,231
2013	3,450,059,776
2014	4,194,493,736
2015	4,383,007,682
2016	5,002,407,678
2017	5,427,149,028
2018	6,351,169,740
2019	6,593,038,905
2020	7,362,463,976
2021	7,579,955,411
2022	9,021,387,965



In order to arrest the situation the organization would definitely propose the tariff increase to the GOSL and this would initiate the burden of industrial sector much more harder than presently due to the nature of existing tariff structure. In the past it has been observed that always the tariff increments were fallen to the industrial sector much wider than the household tariff due to the reasons of mainly politics. Failing to make the products competitively and economical way have closed down many industries and this phenomenon made the path of struggling Sri Lanka industrial sector worst. However always passing household burden to the industrial sector gain blessings of consumers towards the authorities and however long term impact to the economy has been neglected for short-term benefits like keeping the population happy.

The study foresees that if the existing tariff structure and inclined higher tariff of industry eventually leads to zero contribution in year around 2015 to the GDP and hence further deterioration of the economy of the country.

Finally the study indicates that the higher plant tariff of IPP over the GOSL will initiate a chain reaction of effect to the manufacturing share of GDP to the national economy, and the following economic performance indices would be affected which in turn reflects weak economic stability of the country. Further due to the very complex and hidden behavior of the following parameters the study is unable to determine the quantitative values of the effect and only a clue can be indicated.

1. Manufacturing share of GDP
2. Domestic Investment
3. Unemployment
4. Employed percentage of manufacturing
5. Inflation (CCPI)
6. Balance of payments
7. Exchange rate



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APPENDIX A

NOMENCLATURE

GDP – Gross Domestic Product

HDI- Human Development Index

CCPI – Colombo Consumer Price Index

GCPI – Greater Colombo Price Index

WPI – Whole sale Price Index

GDPD - Gross Domestic Product Deflator

PPA- Power Purchase Agreement

GOSL – Government of Sri Lanka

RFP- Request for Proposals

O&M – Operation and Maintenance

BOO- Build Own Operate

BOOT- Build Own Operate Transfer

BLT- Build Lease Transfer

FSA-Fuel Supply Agreement

IA-Implementation Agreement

LCA-Land Conveyance Agreement

FO-Furnace Oil

HFO-Heavy Fuel Oil

LAD- Lanka Auto Diesel

LO-Lub Oil

USCPI-United States Consumer Price Index

JCPI- Japanese consumer Price Index

FGRPI-Federal German Republic Price Index

DFOM-Dollar Component of Fixed Operation & Maintenance

RFOM- Rupee Component of Fixed Operation & Maintenance

IHR-Incremental Heat Rate

AAMA-Actual Achieved Monthly Availability

NDC-Net Dependable Capacity

DVOM- Dollar Component of Variable Operation & Maintenance

RVOM - Rupee Component of Variable Operation & Maintenance



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CCR-Capital Cost Recovery Rate

Eh-Energy

PHm-Number Hours in a month

Phy-Number Hours in a year

FERm-Fuel Energy Rate



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