Sri Lanka: Supporting Feasibility Study and Survey to Adopt Liquefied Natural Gas (LNG) Power Generation to Diversify Energy Mix

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Supporting Feasibility Study and Survey to Adopt Liquefied Natural Gas (LNG) Power Generation to Diversify Energy Mix</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Number</td>
<td>53193-001</td>
</tr>
<tr>
<td>Country</td>
<td>Sri Lanka</td>
</tr>
<tr>
<td>Project Status</td>
<td>Active</td>
</tr>
<tr>
<td>Project Type / Modality of Assistance</td>
<td>Technical Assistance</td>
</tr>
</tbody>
</table>
| Source of Funding / Amount | TA 9741-SRI: Supporting Feasibility Study and Survey to Adopt Liquefied Natural Gas (LNG) Power Generation to Diversify Energy Mix  
Technical Assistance Special Fund  
US$ 225,000.00 |

Strategic Agendas
- Environmentally sustainable growth
- Inclusive economic growth
- Regional integration

Drivers of Change
- Governance and capacity development

Sector / Subsector
- Energy - Energy sector development and institutional reform

Gender Equity and Mainstreaming
- No gender elements

Description
The proposed feasibility study is to identify the optimal LNG facility for Sri Lanka (i.e., land-based LNG terminal or floating storage and regasification unit) and the most suitable location for the development of new LNG-fired power plants and its associated facilities. This will include detailed study by considering the demand for natural gas in Sri Lanka, global LNG market, LNG pricing and contracts, possibility of supplying LNG to regional markets, and other social and environmental aspects. Maldives is considering importing LNG for power generation and other uses. LNG terminal in Sri Lanka with sufficient storage and adequate supply will benefit from lowering the energy cost of both countries.

The site selection requires offshore survey and hydrodynamic studies to ascertain technical parameters required for LNG power generation infrastructure and its associated facilities, therefore it is recommended to engage a firm with expertise, equipment, and experience working in Sri Lankan ocean waters to carry out this marine survey assignment.

The TA will help provide necessary support for the feasibility study including marine survey for developing LNG based power generation and its value chain. CEB, a state-owned electricity utility, has already carried out a preliminary feasibility study with support from ADB exploring the possibility of LNG for Colombo-based power plants. The findings of the pre-feasibility study recommend the necessity to set-up an LNG terminal and other infrastructure on an expeditious basis for supplying LNG for power generation.

Impact
Inclusion of cleaner energy resources and climate change mitigation actions in Sri Lanka government’s priority to diversify the power generation mix achieved

Project Rationale and Linkage to Country/Regional Strategy
The Government of Sri Lanka, through the External Resources Department (ERD), has requested ADB via letter dated 11 March 2019 to support Ceylon Electricity Board (CEB) urgently in exploring LNG as a fuel for power generation. The Ministry of Power and Renewable Energy (MPRE) also sees a greater role for LNG in its goal of reducing the use of oil and coal in the country, particularly for power generation. This is also in line with the government’s key development priority to diversify the existing generation mix to include cleaner energy resources and climate change mitigation actions. A small-scale TA was preferred to initiate the necessary activities for LNG study quickly as requested by the government. CEB currently does not have in-house capacity to undertake these tasks since LNG is entirely new to Sri Lanka. The TA will provide external consultants to assist in preparing the feasibility and survey report for LNG import, LNG terminal and sea side facilities, infrastructure and other allied facilities for LNG transmission to the prospective power plants.

Geographical Location
Nation-wide

Summary of Environmental and Social Aspects

- Environmental Aspects
- Involuntary Resettlement
- Indigenous Peoples

Stakeholder Communication, Participation, and Consultation
During Project Design

During Project Implementation

Business Opportunities

<table>
<thead>
<tr>
<th>Consulting Services</th>
<th>yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement</td>
<td>Not required</td>
</tr>
</tbody>
</table>

Responsible ADB Officer: Jaimes Kolantharaj
Responsible ADB Department: South Asia Department
Responsible ADB Division: Energy Division, SARD
Executing Agencies: Ceylon Electricity Board
3rd Floor, G.O.B.A. Bldg.
#50, Sir Chittampalam A. Gardiner Mawatha
Colombo 02, Sri Lanka

Timetable

<table>
<thead>
<tr>
<th>Concept Clearance</th>
<th>Fact Finding</th>
<th>MRM</th>
<th>Approval</th>
<th>Last Review Mission</th>
<th>Last PDS Update</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>06 Jun 2019</td>
<td>-</td>
<td>06 Jun 2019</td>
</tr>
</tbody>
</table>

TA 9741-SRI

<table>
<thead>
<tr>
<th>Approval</th>
<th>Signing Date</th>
<th>Effectivity Date</th>
<th>Closing</th>
</tr>
</thead>
<tbody>
<tr>
<td>06 Jun 2019</td>
<td>06 Jun 2019</td>
<td>31 May 2020</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ADB</th>
<th>Cofinancing</th>
<th>Counterpart</th>
<th>Total Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Gov</td>
<td>Beneficiaries</td>
</tr>
<tr>
<td>225,000.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Project Page: https://www.adb.org/projects/53193-001/main
Request for Information: http://www.adb.org/forms/request-information-form?subject=53193-001

Date Generated: 16 August 2019

ADB provides the information contained in this project data sheet (PDS) solely as a resource for its users without any form of assurance. Whilst ADB tries to provide high quality content, the information are provided “as is” without warranty of any kind, either express or implied, including without limitation warranties of merchantability, fitness for a particular purpose, and non-infringement. ADB specifically does not make any warranties or representations as to the accuracy or completeness of any such information.