ADB ASIAN DEVELOPMENT BANK

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

Project Name	Supporting Feasibility Study and Survey to Adopt Liquefied Natural Gas (LNG) Power Generation to Diversify Energy Mix
Project Number	53193-001
Country	Sri Lanka
Project Status	Active
Project Type / Modality of Assistance	Technical Assistance
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.
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.
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 Outcome	
Description of Outcome	Increased viable options to diversify primary energy sources in power generation of Sri Lanka.
Progress Toward Outcome	
Implementation Progress	
Description of Project Outputs	Feasibility study to identify optimal LNG facility and site completed Site survey and hydrodynamic studies to confirm feasibility study for LNG infrastructure completed Assessment of CEB's technical and procurement capacity for implementing LNG infrastructure and its associated facilities conducted
Status of Implementation Progress (Outputs, Activities, and Issues)	
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	
Consulting Services	yes
Procurement	Not required

Responsible ADB Officer	Kolantharaj, Jaimes
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	
Concept Clearance	-
Fact Finding	-
MRM	-
Approval	06 Jun 2019
Last Review Mission	-
Last PDS Update	06 Jun 2019

TA 9741-SRI

Financing Plan/TA Utilization							Cumulative Disbursements	
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
225,000.00	0.00	0.00	0.00	0.00	0.00	225,000.00	-	0.00

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