

Development and Technology



"It is my belief that it is impossible to transform the economy of any country today without establishing science as a vital force".

*His Excellency,
J. R. JAYEWARDENE*

Selected Speeches

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**DEVELOPMENT
AND
TECHNOLOGY**

**ENERGY COORDINATING TEAM
MINISTRY OF POWER AND ENERGY**

**SENIOR EXECUTIVE SEMINAR ON
ENERGY DEMAND MANAGEMENT AND
CONSERVATION**

**Held on 14th July 1983, at the
PRESIDENTIAL SECRETARIAT CONFERENCE
HALL**

Ladies and Gentlemen, I am pleased to have this opportunity of addressing you, Senior Executives and decision-makers of Sri Lanka, on the important topic of energy demand management and conservation. I also look forward to hearing your own views on the subject.

During the last decade or so, the world has seen rapid increases in the price of oil, from below \$ 2 per barrel prior to 1970 to around \$ 30 per barrel after 1980. The costs of other forms of Energy have also increased commensurately, resulting in an international energy crisis. Oil importing developing countries like Sri Lanka, which have had to expend large amounts of foreign aid to meet their petroleum needs, have been hardest hit. Most experts have predicted steady increases in energy prices, through the next 15 years.

Energy is the life blood sustaining Sri Lanka's development efforts. It keeps the wheels of our industry turning and supplies the basic energy needs and comforts of our citizens. In the coming decades, Sri Lanka will need more energy resources to maintain and accelerate economic growth. This government is committed to doing everything possible to sustain the momentum of national development, improve the quality of life of our people, and meet their aspirations.

We have made strenuous efforts to expand the supply of all forms of energy over the past few years including electricity, petroleum and fuelwood. However, energy facilities such as large hydro-electric installations, power stations and fuelwood plantations take many years to complete. Thus, the major projects in the energy sector such as the Victoria and Kotmale dams will come into fruition only towards the middle of the 1980's. Meanwhile, the threat of poor rainfall resulting in diminished hydro-electric capability, the very high foreign exchange costs of importing oil, and the continuing depletion of our forests, require all Sri Lankans to co-operate in balancing energy supply and demand through energy conservation and the efficient use of energy.

Energy conservation does not require us to deprive ourselves of energy. It means that we should seek to produce the same output and carry out the same activities, but using less energy. In other words, we should avoid waste and use our limited energy resources as efficiently as possible. You, the Senior Executives and decision-makers of our nation have a key role to play in demonstrating to others, through your leadership and guidance, how this can be carried out. Over the next few years, saving energy through conservation will usually be the most cost-effective or cheapest way of gaining additional energy resources to meet further consumption.

While the existing energy sector organizations have been making every effort to solve our energy problems, we face especially difficult short as well as long-term energy challenges in the coming years, especially with respect to policy co-ordination in an increasingly complex field. In order to better co-ordinate and support the activities in the energy sector, I have recently appointed a Senior Energy Advisor, who is seeking to accomplish the following tasks within a two year period :-

- (a) Establishment of an effective organizational framework for overall energy co-ordination and integrated national energy policy analysis and planning ;
- (b) Creation of an energy data base and analytical procedures ; and
- (c) Setting up and training of a team of energy specialists and other staff.

In addition to this longer run overall programme, the initiation of a number of urgently needed specific activities is under way, which are expected to yield significant benefits in the short run. These include our industrial and commercial energy conservation programme including training seminars and creation of an Energy Conservation Fund, loss reduction in electricity supply, promotion of selected new and renewable energy options, creation of an energy data base, and so on.

To accomplish these tasks, a new Energy Co-ordinating Team (ECT), supervised by the Senior Energy Advisor, has been created in the Ministry of Power and Energy. The ECT is not intended to be another bureaucracy. Its objective is to co-ordinate and facilitate the work of relevant Ministries and existing line agencies working in the Energy area, prevent duplication of effort and policy conflicts, and supplement weak or neglected areas in the energy sector. Many institutions, including the Ministries of Industries and Scientific Affairs, Lands and Land Development, Mahaweli

Development, and Finance and Planning, as well as the Natural Resources, Energy and Science Authority, the Ceylon Electricity Board, Ceylon Petroleum Corporation, Forest Department, and other bodies, are actively involved in the work of the ECT.

The ECT consists of three major Task Forces formed from among Senior Managers of relevant organizations within the energy sector. The Energy Planning and Policy Analysis Task Force seeks to first identify the overall objectives of national energy policy and then define a viable energy strategy that meets these objectives. Another Task Force is looking at New, Renewable and Rural Sources of Energy, and is seeking to find out ways in which these technologies can be harnessed for Sri Lanka's benefit. The third Task Force which deals with Energy Efficiency, Demand Management and Conservation (EDMAC) has been particularly active in devising programmes to increase energy efficiency and eliminate waste in both energy supply and use. Energy conservation measures are being studied in various sectors including industry and commerce, transport, households, and agriculture. The sooner that these programmes can be implemented, the better will be the prospects for Sri Lanka's development in the second half of this decade.

This seminar is a part of the EDMAC Task Force's effort to focus attention on the importance of managing energy demand and improving the efficiency of energy use among large industrial and commercial energy using organizations. Specialists estimate that within the next four years, the implementation of relatively inexpensive conservation schemes among these energy intensive consumers will yield national energy savings amounting to several hundred million rupees per annum. EDMAC's programme of activities will seek to achieve these goals by training engineers from your organizations, and helping you to carry out energy audits, and prepare energy conservation projects. The government will also give priority to seeking ways of financing and assisting the many energy conservation activities expected to be generated

through this programme. In particular, Cabinet recently approved my recommendation to set up an Energy Conservation Fund that will finance conservation projects and other energy programmes in Sri Lanka.

While seeking to provide all the necessary technical, legislative and financial incentives to promote efficient use of energy, we are also studying the appropriate use of pricing policy, to manage demand. It is very important for energy consumers to receive the correct price signals in making their decisions regarding the amounts and types of energy they will use. The Government, therefore, has a responsibility to communicate to the consumer, especially one who is engaged in productive activity, the high costs of meeting their energy needs. In other words, energy prices must be linked to supply costs, in order to avoid misleading energy users, to reinforce the message of energy conservation, and to provide sufficient revenues for ensuring the financial viability of energy supplying organizations like the CEB and CPC. At the same time, we will do everything possible to protect poor and needy consumers, by providing their basic energy needs at an affordable price.

Ladies and Gentlemen, in conclusion let me urge you to participate actively in this Seminar, and frankly exchange views among yourselves on this vital topic. I hope that when you return to your respective organisations, you will be able to provide added impetus to existing demand management and conservation programmes and also launch new initiatives in this area. The ECT and the Government stands ready to assist you in all possible ways.

I wish you all success in your deliberations, and hope to see a vigorous follow-up campaign to implement the important conclusions that I am confident you will reach, at this Seminar. Thank you very much.