

## Overview of Future Prospects and Policy

Minister of Power and Highways,  
Mr. D. B. Wijetunge

"The Energy Study Committee in its first interim report presented to Government, pointed out that further shortages of power are likely to arise in the mid - 1990's if present higher rates of increase of demand persist. The Committee therefore recommended that the balance hydro resources of the country should be taken up for investigation and programmed for development, immediately, considering that the lead time between feasibility studies, investigations, construction and commissioning of a hydro scheme takes 8 to 10 years. Government has accepted this recommendation. Financing possibilities are now being explored to undertake the investigation of all the balance hydro potential in major schemes outside the Accelerated Mahaveli Programme. An important aspect of our electric power and energy policy therefore, is the quickest possible development of all our hydro power resources. This is justified by the further fact that quite obviously, the sooner these resources are developed, the cheaper their capital costs will be. Admittedly the major constraint is finance but that, although important, is a problem to be dealt with separately. As far as policy is concerned, I am convinced that it is absolutely important to achieve the most rapid possible development of our maximum hydro electric potential."

"What do we do when our hydro resources are exhausted?"

"Here we are talking of a time horizon of around fifteen to twenty years. By that time perhaps using petroleum fuels to generate electricity may be completely out of the question. In this respect, I am comforted by the fact that this is a problem which affects not only Sri Lanka, but the entire world and in that context, I am certain that solutions will be found within the next decade or so by human ingenuity and the skills of science. There are the obvious alternatives of nuclear generation and coal based generation, as well as other alternatives like ocean thermal technology and solar technology — all fields where intensive research is now being carried out all over the world. We in Sri Lanka are lucky to be blessed with so much solar energy potential, and with potential from a rich bio-mass. I have no doubt, by the time we exhaust our hydro potential, science would have found viable ways and means of using other natural resources for the generation of electrical power".

Minister of Trade and Shipping,  
Mr. Lalith Athulathmudali

"For non-oil producing countries particularly, the problems arising out of the oil crisis are mounting gradually. From 1973-1979 the combined current account deficit of oil importing developing countries has almost quadrupled from \$11 billion to \$43 billion. The borrowings to cover these deficits, too, have risen sharply. Nevertheless, Sri Lanka has done much better than many other developing countries in external debt management".

"Sri Lanka's prospects of meeting the growing energy problem would depend on several factors, such as the likely changes in demand for and supply of commercial energy, the technological and resource limitations on development and exploitation of alternative energy sources. At present about 90 per cent of total energy consumption (excluding firewood) is met from oil products. This is despite the fact that about 85 per cent of our factories are run on electricity. In the future, however, the composition of energy consumption and the relative importance of oil could be expected to change considerably due to the substitution effect that is likely to result from higher oil prices. According to recent projections, requirements of petroleum products are expected to decline slightly in the immediate future and would increase gradually thereafter at about 3.5 per cent per year. However, the requirements of electricity are expected to grow at a much faster rate of about 12.1 per cent per year. These trends indicate that a certain amount of substitution of electricity for oil is taking place in the economy. Once other substitution possibilities such as solar energy, wind energy, biogas, fuel alcohol are under way, perhaps we may be able to reduce our requirements of petroleum products to a considerable extent."

"Among the measures for the future, an urgent need exists for an institutional arrangement for energy management and for the formulation and implementation of a national energy policy. Such a policy will have to embrace of the all aspects of ways and means of meeting those requirements within the resource limitations of the country. It will also have to recognise the constraints to development that energy availability poses and the consequent necessity for re-structuring economic policies to avoid the economic, social and even political catastrophes that otherwise await us."