


SOUTH ASIA



# Sri Lanka

GDP: **\$74.9bn**

Five-year economic growth rate: **8.6%**

Population: **20.6m**

Total clean energy investments, 2009-2014: **\$1.3bn**

Installed power capacity: **4.0GW**

Renewable share: **17.9%**

Total clean energy generation: **1.9TWh**

Top energy authority:

**Ministry of Power and Energy**

**OVERALL RANKING**                      **OVERALL SCORE**  
2014                      2015                      2015

**31      25      1.19**



PARAMETER	RANKING	SCORE
<b>I. Enabling Framework</b>	<b>40</b>	<b>0.89</b>
<b>II. Clean Energy Investment &amp; Climate Financing</b>	<b>11</b>	<b>0.85</b>
<b>III. Low-Carbon Business &amp; Clean Energy Value Chains</b>	<b>12</b>	<b>3.31</b>
<b>IV. Greenhouse Gas Management Activities</b>	<b>45</b>	<b>0.58</b>

## SCORE SUMMARY

Sri Lanka scored 1.19 in *Climatescope* 2015, placing it 25<sup>th</sup> on the list of countries overall. The country's ranking rose six places on the list from 2014, thanks largely to strong improvement of its score on Clean Energy Investment Parameter II in general and on the Growth Rate of Clean Energy Investments Indicator, in particular.

On Enabling Framework Parameter I, Sri Lanka scored 0.89, down from 1.08 in 2014, due to a lack of policy activity and the expiration and non-renewal of a feed-in tariff.

On Clean Energy Investment and Climate Financing Parameter II, the country scored 0.85. Its parameter score rose

primarily due to jump in its clean energy investments. In fact, it had the fourth highest score on Parameter II among all nations in APAC.

On Low-Carbon Business & Clean Energy Value Chains Parameter III, the country saw its score unchanged at 3.31.

On Greenhouse Gas Management Activities Parameter IV, Sri Lanka scored just 0.58 because of its lack of effective emissions reduction policies and very few offset projects currently in operation.

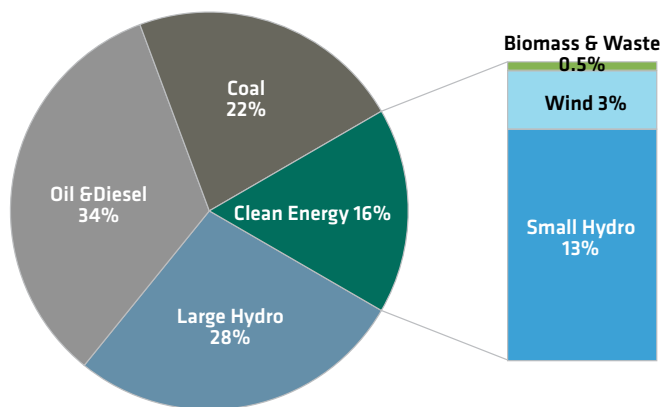
**For further information, access [www.global-climatescope.org/en/country/sri-lanka](http://www.global-climatescope.org/en/country/sri-lanka)**

## OVERVIEW

Sri Lanka – a tropical island nation in the Indian Ocean – boasts a 96% household electrification rate. The country has enough installed capacity (3.9GW) to meet its peak demand (2.2GW) but a third of this capacity comes from diesel-burning plants dependent on imported fuel.

### INSTALLED POWER CAPACITY BY SOURCE, 2014 (%)

4.0GW total installed capacity



Source: Bloomberg New Energy Finance, Sri Lanka Sustainable Energy Authority, Ceylon Electricity Board

Note: Negligible values for solar cannot be graphically represented due to scale, see source data for the complete numbers.

Sri Lanka is trying to reduce its dependence on oil – in part by using more coal. In 2014, a 600MW unit of the LakWijaya Coal Power Project was commissioned, and a 500MW power station at Trincomalee is expected to be operational by 2017.

Of the total 651MW of Sri Lanka’s renewable energy installed, mini hydro represents 80% (523MW). The monsoons and highlands in south-central Sri Lanka favor the development of hydro projects. Although wind has strong potential, a limited grid network in high-resource zones constrains its development.

### KEY POLICIES

<b>Energy Targets</b>	The 2010 Development Policy Framework sets a renewable energy generation target of 10% of overall generation by 2016 and 20% by 2020.
<b>Feed-in-Tariffs</b>	FiTs were offered for projects under 10MW between January 2012 and December 2013, with an option of a three-tiered or flat tariff.
<b>Net Metering</b>	For renewable plants under 10MW, consumption from the grid can be offset. However, there will be no payment for electricity exported to the grid.
<b>Tax Incentives</b>	There is a range of incentives including tax holidays, import duty waivers, VAT & Port and Airport Development Levy exemption for renewable energy developers.

Source: Bloomberg New Energy Finance Policy Library

Driven by feed-in tariffs that expired in December 2013, the country reached 108MW of wind capacity by 2014. Projects under 10MW qualify for pre-determined feed-in tariffs, whereas larger projects must seek project tariffs in consultation with the Ministry of Power and Energy. A follow-up feed-in tariff has not been announced; concerns by the Ceylon Electricity Board about grid instability due to more intermittent wind generation has limited new build.

Sri Lanka has one 1.4MW solar photovoltaic power plant and 18MW of biomass capacity. Solar is perceived as expensive, although there is a net-metering policy to encourage rooftop installations. Biomass growth has been constrained by high levels of moisture content, which poses a challenge in tar disposal.

In 2008, the country set a target of 10% renewable energy generation by 2015 and 20% by 2020. It has already achieved the 2015 target and is considering whether to increase the 2020 target.

Sri Lanka’s transmission and distribution sectors are state-owned, while 48% of its generation is owned by independent power producers. For generation projects larger than 25MW, partial government ownership is compulsory.