

Renewable Energy for Rural Economic Development Project

**MINUTES OF THE QUARTERLY STAKEHOLDERS MEETING
HELD ON 2 JUNE 2010 AT HOTEL TAJ SAMUDRA, COLOMBO**

Present:

Participating Credit Institutions (PCIs)

Alliance Finance Company Plc	Sujan Cooray, Tharindu Mallawarachchi
Commercial Bank of Ceylon Plc	Sarani Bandara, Sampath Perera
DFCC Bank	Senaka Jayasinghe, Surani Hewawellalage
Hatton National Bank Plc	Hemantha Bandara
Lanka Orix Leasing Company Plc	<i>Absent</i>
NDB Bank Plc	Shehara Fernando
Sampath Bank Plc	Pinipa Pathirana
SEEDS (Gte) Limited	Alex Jayawardena

Other Credit Institutions

Kandurata Development Bank
Sabaragamuwa Development Bank
Uva Development Bank

Solar Companies

Access Solar (Pvt) Ltd	<i>Excused</i>
Alpha Solar Energy (Pvt) Ltd	<i>Excused</i>
E B Creasy & Co Ltd	
Environ Energy (Pvt) Ltd	Arun Gamalatge
HPI Solar (Pvt) Ltd	Manjula Wickramatillake
Softlogic Solar (Pvt) Ltd	Thushara Thalagala, Upul Chandraratne
Suryavahini (Pvt) Ltd	Pradip Jayewardene
Vidula Energy (Pvt) Ltd	Herath Dissanayake
Wisdom Solar (Pvt) Ltd	Herath Dissanayake

Village Hydro Developers and Suppliers

CAPS Ltd	<i>absent</i>
EDEN	
ENCO (Pvt) Ltd	Kasun Perera
Hettigoda Energy Technologies	
Katulanda Brothers	
Lionel Hydro Power Industries	U G Lionel
Manatunga Hydro	
Ranasinghe Electronics	
REDCO (Pvt) Ltd	<i>Excused</i>
REECS	

Village Hydro Developers and Suppliers (cont'd)

Samanala Agencies

S M S G Samaraweera

Shirley Tech

Shirley Gunaratne

Srimali Motors & Engineers

S S Ranasinghe

System Engineers

VH Developer

P G Ajith Kumara

VH Developer

K H L C K Kariyawasam

VH Developer

K A N Kodituwakku

VH Developer

Pulasthi Ekanayake

VH Developer

M Navaratne

Consultants, NGOs and other Suppliers

Consultant

Dr Priyantha Wijesooriya

Consultant

T A Wickramasinghe

Energy Forum

Bandula Chandrasekara

Industry Associations

BEASL

FECS

M K Pathmasiri, Y P Dasanayake

SHPDA

Rekha Karunaratne

SIA

Government Organisations

Ceylon Electricity Board

Absent

Department of External Resources

Department of Treasury Operations

Eastern Provincial Council

Ministry of Power & Energy

National Council for Economic Development

NERD Centre

G B Wimalaratne

Northern Provincial Council

Sabaragamuwa Provincial Council

Southern Provincial Council

Sustainable Energy Authority

Uva Provincial Council

Auditors

PricewaterhouseCoopers

W A M Thawfeek, Fatema K Hussain,

S M Siraj

Ernst & Young

Buwanesh Wijesuriya, Nalaka Chandrasiri

Administrative Unit (AU)

Kapila Subasinghe, Nalin Karunatileka,

Lalanika Herath, Chinthika Pathiraja,

Vidarsha Dharmasena

1. On behalf of the Administrative Unit (AU), RERED Project Mr Kapila Subasinghe, Vice President (Project Management), DFCC Bank / Project Director, RERED welcomed the stakeholders and thanked them for their participation. Those present then briefly introduced themselves.
2. There were no matters arising from the minutes of the last Quarterly Stakeholders Meeting held on 19 March 2010.
3. There were no matters arising from the Financial Monitoring Report (FMR) for the quarter ended 31 March 2010 that had been sent to selected stakeholders including the World Bank, Government and participating credit institutions (PCIs).
4. Solar PV
 - (a) SHS sales:

A total of 66 solar home systems (SHS) applications were processed for subsidy payments during the quarter, bringing the cumulative number of installations under RERED to 106,673 by 31 March 2010.
 - (b) Solar lanterns:

The AU noted that no solar lanterns had been marketed under the RERED Project so far. The applicable standard is PVRS 11A.
 - (c) RERED SHS Technical Specification:

The RERED SHS Technical Specification is now revised and includes Plug & Play systems and LED lights
 - (d) The RERED Review Mission in April 2010 requested the Government to inform them of its decision whether off-grid services will be part of the household electrification plan or grid would be extended to 'last mile' customers to meet the electrification target.
 - (e) Awareness Creation

A press notice providing contact details of service outlets of all RERED solar companies will be published in Sinhala and Tamil newspapers soon.
 - (f) Repossessed SHS of SEEDS (Gte) Ltd.

Further to RERED stakeholder discussions with Sustainable Energy Authority (SEA), SEEDS (Gte) Ltd. was requested to discuss with the SEA the possibility of using the repossessed PV panels in other solar projects
 - (g) Training for solar companies and PCIs available at request

5. Community Based Electrification

5.1 Hydro

- (a) Approvals:
The AU has approved 166 VH projects by 31 March 2010. 47% of these projects are approved by Non-PCIs.
- (b) Installations:
By 31 March 2010, 138 off-grid village hydro schemes with a total capacity of 1,380 kW had been completed under RERED providing electricity to 5,074 households.
- (c) Registration:
It was noted that the number of AU-registered village hydro developers (project preparation consultants) and equipment suppliers now stand at 9 and 10 respectively.
- (d) Performance of equipment:
The NERD Centre is in a position to test and certify micro hydro turbines and induction generator controllers (IGCs). The village hydro developers are to ensure that suppliers of turbines and IGCs had their equipment tested prior to installation. The RERED Project will, until further notice, meet the cost of testing at the NERD Centre.
- (e) The VH developers were requested to make use of VH technicians trained under the Project during project implementation, so that they can attend to any repairs subsequently, if necessary.

5.2 Biomass

- (a) Installations:
By 31 March 2010, two off-grid biomass schemes with a capacity of 22 kW had been completed under RERED providing electricity to 39 households.
- (b) Stakeholders were reminded that all biomass projects are subject to environmental prior review of the World Bank. CEA approval and preferably, the report of the RERED environmental consultant should be obtained prior to commencement of work at site, as a negative report could make remedial measures difficult or meaningless. PCIs may engage consultants for environmental assessment even before loan negotiations. The consultant's fee shall be borne by the RERED project

6. Cross-sectoral Energy Applications and Rural Development

(a) Cross-sectoral energy applications:

The assignment to provide electricity to a hospital and a school located in an off-grid area in the Eastern Province will not proceed due to the proposed grid electricity expansion programme in the Province.

(b) Rural Development

All innovation solicitation contracts under Rounds #1 and #2 are complete.

7. Grid-connected Projects

(a) Mini hydropower:

By 31 March 2010 an aggregate 123 MW of capacity had been added through 51 grid-connected mini hydro projects, with another 16.2 MW under construction through 6 projects.

(b) Wind power:

The first wind project of 10 MW with RERED assistance is now commissioned. The Project can assist PCIs during evaluation by engaging a consultant for an independent due diligence study, on a cost-shared basis for the first few wind subprojects, if necessary.

(c) Biomass:

Technical assistance is available on a cost-shared basis for any due diligence study at the request of PCIs.

(d) PCI pipeline of grid-connected projects (as per inquiries received at PCIs)

40 small hydro projects with an aggregate capacity of 75 MW

2 wind power projects with an aggregate capacity of 20 MW

2 biomass power projects with an aggregate capacity of 21.6 MW

8. Energy Efficiency

The AU reiterated energy efficiency subprojects are eligible for refinancing under the RERED Project. PCIs were requested to inform their clients of this facility.

9. Training and Capacity Building

The AU reiterated that technical assistance for training and capacity building is available to all stakeholders, typically cost-shared, based on their needs. Stakeholders are encouraged to identify their needs and contact the AU with draft proposals.

10. Project Performance as at 31 March 2010

The AU presented statistics, charts and graphs on the current position of the RERED Project. Key statistics are summarised below. Stakeholders were invited to visit the project website www.energyservices.lk for more details.

Physical progress (cumulative):

Grid-connected	Target: 135 MW (by 30 June 2011) Accomplishment: 123 MW; 91% (31 March 2010)
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Off-grid	Target: 160,000 households (by 30 June 2011) Accomplishment: 111,786 households; 70% (31 March 2010)
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11. Participating Credit Institutions

Seven PCIs, namely, Alliance Finance Company PLC, Commercial Bank of Ceylon PLC, DFCC Bank, Hatton National Bank PLC, Lanka Orix Leasing Company PLC, National Development Bank PLC and Sampath Bank PLC, are participating in RERED Project (Additional Financing). The AU also held discussions with four other prospective PCIs.

Kapila Subasinghe
AU – RERED Project
04 June 2010