

Renewable Energy for Rural Economic Development Project

**MINUTES OF THE QUARTERLY STAKEHOLDERS MEETING
HELD ON 19 MARCH 2010 AT HOTEL TAJ SAMUDRA, COLOMBO**

Present:

Participating Credit Institutions (PCIs)

Alliance Finance Company Plc	Viville Perera, Sujan Cooray
Commercial Bank of Ceylon Plc	Sarani Bandara, Sampath Perera
DFCC Bank	Senaka Jayasinghe, Amila Wijewardena
Hatton National Bank Plc	Harsha Abeyratne
Lanka Orix Leasing Company Plc	Amith Waduge
NDB Bank Plc	<i>Absent</i>
Sampath Bank Plc	Asantha Punchihewa, Pinipa Pathirana

Other Credit Institutions

Kandurata Development Bank	<i>Excused</i>
Sabaragamuwa Development Bank	<i>Excused</i>
SEEDS (Gte) Limited	Alex Jayawardena
Uva Development Bank	

Solar Companies

Access Solar (Pvt) Ltd	
Alpha Solar Energy (Pvt) Ltd	<i>Excused</i>
E B Creasy & Co Ltd	
Environ Energy (Pvt) Ltd	Arun Gamalatge
HPI Solar (Pvt) Ltd	
Softlogic Solar (Pvt) Ltd	Thushara Thalagala, Gayan Pradeep
Suryavahini (Pvt) Ltd	Pradip Jayewardene
Vidula Energy (Pvt) Ltd	<i>Excused</i>
Wisdom Solar (Pvt) Ltd	<i>Excused</i>

Village Hydro Developers and Suppliers

CAPS Ltd	S M G Samarakoon
EDEN	Nihal Wimalaratne
ENCO (Pvt) Ltd	
Hettigoda Energy Technologies	<i>Excused</i>
Katulanda Brothers	Kapila Katulanda
Lionel Hydro Power Industries	U G Lionel
Manatunga Hydro	
Ranasinghe Electronics	R D K Ranasinghe
REDCO (Pvt) Ltd	<i>Excused</i>
REECS	

Village Hydro Developers and Suppliers (cont'd)

Samanala Agencies

Shirley Tech

Srimali Motors & Engineers

System Engineers

VH Developer

VH Developer

VH Developer

VH Developer

Excused

S S Ranasinghe

P G Ajith Kumara

K H L C K Kariyawasam

K A N Kodituwakku

Pulasthi Ekanayake

Consultants, NGOs and other Suppliers

Consultant

Consultant

Energy Forum

Dr Priyantha Wijesooriya

M W Leelaratne

Industry Associations

BEASL

FECS

SHPDA

SIA

P H Nimal Dharmasiri, Y P Dasanayake

Rekha Karunaratne

Government Organisations

Department of External Resources

Department of Treasury Operations

Ministry of Power & Energy

Ceylon Electricity Board

Dharshana Senanayake, K R Gangadhara

Excused

Excused

Noel Priyantha, Sampath Fonseka,

Ravindra Weerakkody

Sustainable Energy Authority

National Council for Economic Development

Harinath Mahathanthrige, Chamath

Abeyasinghe

G B Wimalaratne

Excused

NERD Centre

Eastern Provincial Council

Northern Provincial Council

Sabaragamuwa Provincial Council

Southern Provincial Council

Uva Provincial Council

Absent

Amila Gamage

Administrative Unit (AU)

Kapila Subasinghe, Lalanika Herath,

Punitha Dahanayake, 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 11 January 2010.
3. There were no matters arising from the Financial Monitoring Report (FMR) for the quarter ended 31 December 2009 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 491 solar home systems (SHS) were processed for subsidy payments during the quarter, bringing the cumulative number of installations under RERED to 106,607 by 31 December 2009.
 - (b) The AU summarised the key points highlighted by SEEDS (Gte) Ltd. at a discussion held in March 2010
 - The customers are complaining of non-availability of service outlets (operated by solar vendors) to purchase spares. This has affected loan collection.
 - SEEDS have requested for training on technical aspects for its staff at branch offices, a programme similar to the programme conducted at the beginning of the Project. This will enable SEEDS to attend to after-sales-service needs of its customers.
 - SEEDS have also requested to consider providing seed capital to make spares available at its branch offices, to cater to customer needs.
 - There is no legally binding agreement to prevent unilateral closure of service outlets operated by solar vendors.
 - (c) Solar vendors stated that due to low volume of sales some vendors are unable to maintain all their service outlets.
 - (d) AU noted that it did not receive a positive response to its offer of seed capital to the Solar Industries Association to establish and maintain vendor-independent service outlets.
 - (e) As per request of solar vendors a meeting will be arranged with the officials of the Ministry of Power & Energy, for solar vendors and the PCIs financing SHS to discuss off-grid issues. Officials of the Ministry of Finance and the Sustainable Energy Authority will also be invited.

- (f) Solar lanterns:
The AU noted that no solar lanterns had been marketed under the RERED Project so far. The applicable standard is PVRS 11A.
- (g) Government solar subsidy scheme:
There was no backlog of Government solar subsidy payments by end of 2009
- (h) RERED SHS Technical Specification:
The RERED SHS Technical Specification is now revised and includes Plug & Play systems and LED lights
- (i) Training for solar companies and PCIs available at request

5. Community Based Electrification

5.1 Hydro

- (a) Approvals:
The AU has approved 162 VH projects by 31 December 2009. 47% of these projects are approved by Non-PCIs.
- (b) Installations:
By 31 December 2009, 136 off-grid village hydro schemes with a total capacity of 1,365 kW had been completed under RERED providing electricity to 5,032 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 December 2009, 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 December 2009 an aggregate 120 MW of capacity had been added through 50 grid-connected mini hydro projects, with another 19.2 MW under construction through 7 projects.

The 3-day workshop to build capacity of developers on low head hydro technology was successfully concluded in February 2010.

(b) Wind power:

PCIs have evaluated the first wind project of 10 MW. RERED assisted the PCIs during evaluation by engaging a consultant for an independent due diligence study, on a cost-shared basis. Technical assistance to appraise other projects can be made available to the PCIs, if necessary.

(c) Biomass:

A consultant engaged for an independent technical assessment of a project evaluated by a PCI, submitted its recommendations. 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 inquires 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 December 2009

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: 121 MW; 90% (31 December 2009)
Off-grid	Target: 160,000 households (by 30 June 2011) Accomplishment; 111,678 households; 70% (31 December 2009)

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
06 April 2010