



Introduction of Liquefied Natural Gas (LNG)

To

DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA



The GoSL wishes to **introduce natural gas** as an alternative to liquid petroleum and coal into the energy mix by 2020, **in the form of re-gasified LNG**, as part of a strategy for pursuing cleaner energy options and creating demand for the future production of indigenous gas reserves.

Under this strategy, it is proposed to import and re-gasify liquefied natural gas (LNG) to SL under suitable contractual arrangements, initially to meet the needs of power generation. It is expected that this will help to spur additional industrial and commercial growth that would benefit from the availability of natural gas at a competitive price, and expand the market to receive future production from Sri Lanka's offshore gas reserves.

The scope of work of which may involve identifying suitable locations, conducting appropriate environmental studies, presenting different business model options, the selection of the appropriate LNG import scheme, whether land-based or floating, which matches the volume, flexibility, and timing of the gas turbine power plants as an immediate requirement by 2019 and recommending the optimum mode of receipt of LNG and delivery of gas to the Site.

This supply will initially be used to operate existing gas turbine power plants after conversion as required, and also to feed a new 300 MW Combined Cycle Gas Turbine power plant to be built within this time frame.

The initial throughput of **LNG is expected to be nominally 1.0 million tonnes per annum (mtpa)**, while the future demand for electricity generation alone by 2030 is currently projected to be 2.25 mtpa.

The GoSL is pursuing to **finalize a co-working arrangement for a joint project between the Govt of India & Japan**, where the respective countries/Govt would propose and nominate the selected companies to represent and take part in the Sri Lankan LNG Project.

The current market conditions of declining energy prices and a higher global emphasis on environmental sustainability present a compelling opportunity to switch Sri Lanka's base-load power generation to gas technology, and later increase penetration of gas and gas-derived liquids into other sectors.