

Source: My Republica, February 1, 2020

Investors still await construction of electrical sub-station at Bhairahawa SEZ

BUTWAL, Feb 1: Three years have already passed since the Special Economic Zone (SEZ) Bhairahawa has been involved in trying to complete the tender procedure for the electric sub-station. In 2016, during the second inauguration of the SEZ, former executive director Chandrika Prasad Bhatta had committed to complete the tender procedure within six months and construct the 33 KV sub-station in a year and half.

Bhatta worked as the executive director of the SEZ for two and half years but he failed to honor his commitment. Bhatta had blamed the Nepal Electricity Authority (NEA) for not finalizing the design of the sub-station. According to Sundar Thapa, the spokesperson of the SEZ, the tender process has stopped as the main position of the executive director had been vacant since September last year. Recently, Sobha Kant Poudel, Joint Secretary of Ministry of Industry had been appointed as the executive director and the tender process will be started within a week, according to Thapa.

According to Laxman Bhattarai, engineer of the SEZ, there is no electricity specialist at SEZ and taking care of all technical issues has delayed the tender process. "It is hard to work according to the plan in absence of an electricity specialist," said Bhattarai. The SEZ had recently hired an electricity specialist for drawing the design and preparing the required documents. "Tender document of the sub-station is in its final stage. The bidding process will begin from next week," said Bhattarai.

In the initial phase, the sub-station with 33 KV were to be constructed with investment of Rs 150 million but now the investment has increased to Rs 170 million.

According to the officials, they are preparing the tender procedure to complete the construction of the substation in 15 months.

According to Thapa, there is availability of five megawatts of electricity, and for present, there won't be any issues in operating industries. Investors have long demanded that there must be construction of a sub-station with other infrastructure and services for the effective management of the SEZ.

According to Rajesh Agrawal, a regional member of the Federation of Nepalese Chamber of Commerce and Industry, lack of human resources and leadership are the reasons for the SEZ not being able to move forward even after five years of its inauguration. Agrawal questioned, "Why has the SEZ not constructed infrastructure for electricity even after five years of inauguration? Head of concerned agencies and employees must be answerable as they have not been able to operate SEZ on its own concept in these years?"

There are 69 plots of 1,600 to 1,700 square meters in 52 bigha of land in the SEZ. So far, 19 industries have signed the land rental agreement and are paying the rent. Some investors have withdrawn from the agreement of SEZ as it lacks adequate infrastructure and services.

Source: Rising Nepal Daily, February 2, 2020

Construction Of Transmission Line Takes Pace After 9 Years

Dolakha, Feb. 2: Construction of 40 Kilometers transmission line from Singati of Dolakha district to Lamosanghu of Sindupalchowk district has taken a good pace after nine years.

The construction project was supposed to complete in 2012. Nepal Electricity Authority (NEA) had made an agreement with an Indian construction company, Arawali Infrapower Limited, in 2010 to complete the work within two years.

The construction of transmission line, which was being delayed due to various reasons for the last nine years, has resumed now.

Rajan Dhungel, project head of Singati-Lamosanghu Transmission Line, said that 90 per cent of the construction had been completed.

“Out of 124 towers with 132/33 substation and 132 KV transmission line, we have constructed 117 towers,” said Dhungel.

Also, 85 per cent work of substation in Singati-Lamosanghu has completed, he added.

Dhungel said that they were unable to install towers in four villages of Bhireswor Municipality-7, Jhingani and one village of Bhireswor Municipality-8, due to land dispute with the locals.

The foundation work is going on for installation of two towers, Dhungel informed.

“Around 28 Kilometers long wire has been used in one circuit of the transmission line,” Dhungel said. “The construction would complete within 3 months, if the locals stop disputing over land acquisition issues.”

He said that 84MW electricity could be supplied from one circuit after the completion of project.

The Indian construction company had contracted with NEA for construction of transmission line for management of hydro-electricity production in northern area of Dolakha.

The contract amount for construction of substation was Rs. 170.5 million and for construction of transmission line was Rs. 420 million.

Around 7 MW electricity is being wasted due to delay in construction of transmission line as the ratio of production of electricity was higher than the number of transmission lines.

NEA Dolakha Distribution Center said that the district had to observe frequent power cuts due to overload during the monsoon season.

The Singati-Lamosanghu transmission line is being constructed rapidly since last six months.

After the completion of construction, 11 MW of Sipring Hydro-electricity project, 25 MW of Singatikhola, 11 MW of Lower Kharekhola, 5 MW of Ghattekhola and 40 MW of Khanikhola Hydel would be connected to the transmission line.

If Arawali Infrapower becomes unable to construct the transmission line on time, the electricity produced from hydroelectricity projects in Dolakha would go waste and NEA should compensate the projects.

Source: My Republica, February 6, 2020

Financial closure of Arun III hydropower project signed in Kathmandu

KATHMANDU, Feb 6: The financial closure of Arun III hydropower project was inked in the capital on Thursday.

A memorandum of understanding (MoU) was signed to this effect today. The Everest Bank and NABIL Bank and five other Indian banks have pledged to invest Rs 100 billion in the project to be developed by Sutlej Electricity Corporation of India.

With the financial closure, the project is expected to gain momentum. Indian company Sutlej has established its subsidiary SJVN for the development of Arun III. So far, the project of 900 megawatts has achieved 25 percent of its physical progress and is expected to complete the end of 2079 BS. As per the information shared by SJVN's Chief Executive Officer Arun Dhimal, Nepali banks would make Rs 15.36 billion in investment.

The formal agreement on the investment was made following the approval from Nepal Rastra Bank (NRB) and the Investment Board (IB) of Nepal. The IB on Wednesday had given permission for the company to sign the MoU.

Likewise, State Bank of India, Punjab National Bank, Union Bank of India, Canara Bank and Exim Bank of India have agreed to invest nearly Rs 86 billion for the project development. The SJVN has made Rs 25 billion in equity investment for the ongoing construction works.

The total investment of the project is estimated to cross Rs 115 billion, including Rs 11 billion for the development of the transmission line. During the program organized to sign the MoU, the high-ranking officials of the banks from Nepal and India were present.

Source: My Republica, February 7, 2020

Arun-3 achieves financial closure

7 banks of Nepal, India to finance 70% of project cost or Rs 78.6 billion

KATHMANDU, Feb 7: The long-awaited Arun-3 Hydropower Project has finally achieved financial closure.

The project inked financial closure agreement with State Bank of India (SBI), Export-Import Bank of India (EXIM), Punjab National Bank (PNB), Canara Bank, Union Bank of India from India and Nepali banks Everest Bank and Nabil Bank in Kathmandu on Thursday. The seven banks have pledged a total of Rs 101.34 billion to the project in the form of structured debt. The total debt tied up with the banks is Rs 78.60 billion plus Rs 22.74 billion stand-by line of credit (if required), according to a statement issued by the project.

While Indian banks are lending Rs 85.98 billion, Nepali banks will be extending credit of Rs 15.36 billion to the mega project. The Indian banks will levy interest rate of 8.35% whereas Nepali banks are charging 8.80% interest rate. While banks are financing 70% of the project cost, remaining 30% will be direct equity from Sutlej Jalvidyut Nigam Ltd of India.

The mega project is estimated to cost Rs 111.36 billion. It's per megawatt generation cost is Rs 123.7 million which is among the cheapest in Nepal.

Speaking at the signing ceremony, Nand Lal Sharma, chairman and managing director at SJVN Ltd, said that the construction work will expedite with the

signing of financial closure agreement. "The project has already achieved about 30% work progress," he added.

The government awarded generation license to the project in May 2018, and transmission license in last February.

According to the project, it has obtained all requisite clearances and approvals for execution of the project from the governments of Nepal and India.

"The project started full-fledged after Prime Minister Khadga Prasad Oli and his Indian counterpart Narendra Modi jointly laid the foundation stone in 2018," Sharma added.

The company claims that Nepal will get financial benefits of up to Rs 338.6 billion before the project is handed over to the government after 25 years of operation. It will provide 21.5% of energy, or 197.1 MW, to Nepal free of cost.

The project currently employs over 2,000 workers including about 1,000 Nepalis, according to Sharma. Around 3,000 people are expected to be directly employed during the project construction period, he added.

Also speaking at the program, Minister for Energy, Water Resources and Irrigation Barshaman Pun said that Arun-3 will be a milestone in hydropower development in Nepal.

The project has minimum peaking capacity of 3.40 hours.

It project will build 217-kilometer transmission line to evacuate generate power to India. Altogether 536 transmission towers will be erected for the transmission line in districts like Sankhusabha, Mahottari, Udaypur, Siraha, Bhojpur, Khotang, Dhanusha.

The construction of the project has to be completed within five years of the signing of financial closure agreement.