

Source: Karobar; 5 March 2016

DPR puts installed capacity of Pancheshore at 5040 MW

The detailed project report (DPR) for Pancheshwore Multi-purpose Project has been completed showing it can generate 5040 MW. The DPR prepared by consultant WAPCOS India Limited has put the installed capacity of the project at 4800 MW and showed that the regulating dam at Rupaligad will generate 240 MW.

The project will cost Rs 500 billion and will generate 12.20 billion units of electricity annually. The DPR has put the per MW cost of the project at Rs 99.20 million. The earlier DPR has put installed capacity of the project at 6480 MW and annual generation at 12.33 billion units.

WAPCOS gave additional information about the installed capacity and cost of the project presenting the draft of DPR in the third Nepal-India Secretary Level Joint Governing Council meeting that started in Kathmandu on Thursday. Energy Secretary Suman Prasad Sharma and Secretary of the Indian Ministry of Water Resources Shahsi Shekhar led the two countries in the meeting.

Chief Executive Officer (CEO) of Pancheshwore Development Authority (PDA) Mahendra Bahadur Gurung said the DPR is in final stages and will be completed in two months. WAPCOS has said, according to him, that the project will be completed within 10 years of starting work. The meeting has approved the institutional structure of PDA and vacancy for staffers. He argued that annual energy generation will be more important than installed capacity as the project is reservoir-based.

He revealed that the Indian side is positive about moving the project forward, and the two countries will further discuss on cost and other issues once the DPR is finalized. Consultant, he said, has sought additional suggestions to finalize the DPR. The project will move forward with agreement between officials of the two countries and the PDA after completion of the DPR.

The Mahakali Treaty was signed on February 12, 1996 and endorsed by the then parliament of Nepal. Both the countries will equally share water and electricity from the project as per the treaty. "Both the parties may form project specific joint entity/ies for the development, execution and operation of new projects including Pancheshwore Multipurpose Project in the Mahakali River for their mutual benefit," the treaty states.

The project will move forward only after the two countries accept the integrated DPR. Both the countries must agree to move the project forward. Preliminary study has showed that billions can be earned from the project also through irrigation, navigation and fishery. The project will be developed in Darchula, Baitadi and Dadeldhura districts of Nepal.

Source: Karobar; 6 March 2016

No reprieve from load-shedding until April

BABURAM KHADKA

There will be no reprieve in load-shedding despite import of additional 80 MW from India until April.

The Nepal Electricity Authority (NEA) had hoped to cut it by up to two hours a day after import of additional 80 MW but it could not be cut with the system still short by almost 800 MW at a time when demand is 1350 MW, according to Chief of the System Operation Department of NEA Bhuwan Kumar Chhetri. "Demand has increased in comparison to the last year. Additional import from India has stopped the rise in load-shedding. Load-shedding would have increased to up to 16 hours a day but for import of additional 80 MW," he added.

He stated that demand rises annually by 80-100 MW but supply does not rise in the same proportion creating problems in the distribution system. The NEA is currently importing almost 300 MW from India while generation in Nepal is just around 250 MW including that generated by projects developed by the private sector. The NEA faced problem in managing distribution also as the water level of Kulekhani reservoir was 10 meters lower than that in the last year. The problem has worsened, according to him, as the reservoir of the only reservoir-based project in the country was not filled, run-of-the-river projects generate just one-third of installed capacity, and 10 projects were destroyed by the earthquake. The Kulekhani reservoir currently has water up to 1,518 meters. It had the same water level after mid-April.

The NEA in June had projected that load-shedding will be limited to 14 hours a day this dry season. It says load-shedding can be reduced for a few days by running Kulekhani but the problem can compound once the water level in the reservoir recedes. Consumers currently are dependent on electrical appliances due to scarcity of cooking gas owing to the Indian blockade. The current demand (20.20 million units a day) is higher than the NEA's projection by one million units as a result.

The country is now becoming more dependent on India even in energy like in other items. Import from India currently is more than 25 percent of the annual supply by NEA. The NEA is currently importing electricity worth over Rs 16 billion a year from India. The current installed capacity of Nepal is 767 MW excluding thermal plants.

Additional 16 MW generated this year

Additional 16.50 MW has been added to the national grid after completion of three projects in the first seven months of the current fiscal year. Api Power Company has completed 8.50 MW Naugad Project, Sanima Mai Hydropower has completed 7 MW Mai Cascade and 1 MW Kusurimukhi Project.

The NEA had hoped that 15 projects, with combined installed capacity of 120 MW, will be completed in the current year and added to the national grid. But the projects have been delayed due to fuel crisis and lack of supply of construction materials like cement and others due to the Indian blockade. Construction of many projects has not started with fuel supply yet to ease even after lifting of blockade.

Source: The Kathmandu Post; 7 March 2016

Delay in erecting power lines worries hydro developers

Investors who have sunk money in hydropower projects are concerned whether they will be able to sell the energy generated by their plants immediately after they come online because the Nepal Electricity Authority (NEA) has been slow in installing transmission lines and building substations.

A number of hydropower projects are currently being built in Gandaki and Dhaulagiri zones while construction and survey licences have been issued to many others. Hydropower developers are worried by the delay in building substations for various capacity transmission lines in the Kali Gandaki corridor.

The installation of substations for transmission lines with capacities of 220 kV, 132 kV, 33 kV and 11 kV has fallen behind. The substations are scheduled to be finished by mid-April this year. "The completion of a hydropower project alone does not make sense if there is no transmission line to evacuate its power," said Dolendra Sharma, director of under-construction Mistri Khola Hydropower Project. "Even after the financial closure, it is risky to develop a project until there is an assurance that a transmission line will be available before the plant is completed."

The NEA said that it had completed environment impact assessments (EIA) and land acquisition in Dana and Kusma for the transmission lines. It has started awarding contracts to build a 220 kV transmission line from Dana to the Kusma substation and from there to the Modi Khola substation. The NEA plans to deliver the power generated from the 300 MW Uttar Ganga Hydropower Project in Baglung to Butwal and Bardaghat in Nawalparasi.

"As land acquisition has been completed for the Kali Gandaki transmission corridor, we are in the process of awarding contracts to complete the project in the next three years," said Chandan Kumar Ghosh, an engineer with the transmission project. "If we complete the project in three years, there will not be any complaints about lack of power lines."

Hydropower projects with a combined capacity of 114.2 MW are being built on the Kali Gandaki corridor. A new contract process has begun for the under-construction 32 MW Rahughat project while the 5 MW Ghalemdi, 42 MW Mistri Khola, 20 MW Upper Myagdi and 10 MW Thapa Khola are under construction.

The energy generated by the 8.5 MW Ghar Khola, 64 MW Kali Gandaki Upper, 146 MW Kali Gandaki Gorge, 38 MW Nilgari, 2.4 MW Tangchhar Khola in Mustang and the 450 MW Kowang-Kali Gandaki will also be transmitted through with the Dana substation.

Likewise, survey licences have been given to the 48.5 MW Upper Rahughat, 72 MW Kali Gandaki Upper and 25 MW Darwang Khola and 12 other projects in Myagdi with a combined capacity of 280 MW. The construction of the transmission lines has moved ahead after compensation-related disputes were resolved. Work had stalled for one and a half years due to disagreements over the compensation amount. Four substations are being built in Kusma, Parbat with funding from the Asian Development Bank (ADB).

The NEA has acquired 154 ropanis of land to set up the substations. The landowners received

compensation at the rate of Rs1 million per ropani in places connected by roads and Rs800,000 in areas without a road connection. The disgruntled landowners had initially gone to court but later agreed to receive the compensation amount fixed by the Compensation Determination Committee.

“The dispute over compensation has finally been resolved,” said Jhanka Nath Dhakal, chief district officer of Parbat.

According to Govinda Prasad Sharma, the site-based accountant of the transmission line project, a sum of Rs150 million has already been distributed in compensation to 74 landowners, and the remaining 10 landowners will get their money soon.

Hydropower projects with a combined capacity of 500 MW are under construction in Dhaulagiri. Likewise, a large number of hydro projects are being built in Lamjung, but lack of transmission lines could result in the wastage of electricity. Due to this reason, hydropower projects have been working to erect transmission lines on their own.

Himtal Hydropower Company is conducting a survey for a 400 kV Marsyangdi transmission line with funding from an Indian company GMR. According to a company official, it wants to build the transmission line to export power to India from its Upper Marsyangdi II Hydropower Project. Likewise, the 50 MW Upper Marsyangdi A is constructing a 132 kV transmission line. Sino-Hydro Sagarmatha Power Company is implementing the project.

(Reporting by Lal Prasad Sharma in Pokhara, Ghanashyam Khadka in Myagdi, Agandhar Tiwari in Parbat and Aash Gurung in Lamjung)

Source: My Republica; 7 March 2016

Govt eyes implementation of energy crisis work plan

The government has started preparatory process for laying the groundwork for policy level management with a goal set on implementing the 'Energy Crisis Related Work Plan 2072'.

The government announced the energy crisis related work plan during mid February with objective to generate 10,000 megawatt of electricity in a decade and fully end the energy burden within the next two years. The Ministry of Energy has formed three various committees to proceed with the implementation phase of the work plan.

Energy Ministry Spokesperson Dr Sanjaya Sharma said the committee under coordination of Joint Secretary Dinesh Ghimire has been delegated the task of making necessary management related to transmission line.

Another committee headed by Spokesperson Sharma will oversee Power Purchase Agreement (PPA) while a committee under coordination of Joint Secretary Kailash Chandra Subedi will do the works related to formulating various laws and acts.

The government has advanced the concept of construction and ownership transfer system in connection of construction of the transmission line. The private sector's involvement in constructing transmission line will be sought by the government.

The government also plans to finalize a work plan for allowing the private sector to import electricity through the transmission line they develop by paying the transmission charge. The government will appoint Nepal Electricity Authority deputy executive director duo Surendra Raj Bhandari and Kanhaiyalal Manandhar as members under a coordination led by Joint Secretary in this regard.

The committee headed by Spokesperson and Joint Secretary Sharma has already expedited works for developing necessary work plan to purchase all energy and thereby end the controversy marring the subject of PPA.

The committee will create a base for decision on whether or not to hold PPA in foreign currency, the sort of process to be adopted in the case, and setting benchmark on evaluating the losses. The country has witnessed widespread clamour from various sectors in opposition to holding PPA in USD. RSS

Source: My Republica; 8 March 2016

Benefit-sharing of Pancheshwar project to be decided within three months

RUDRA PANGENI

The sharing of water and its benefits after the Pancheshwar Multipurpose Project between Nepal and India and putting a value to the benefits in the project's Detailed Project Report (DPR) are the major issues that need to be agreed, experts and government officials say.

Energy from the project that is to be developed jointly by India and Nepal will be divided equally as per bilateral treaties. However, the sharing the benefits and water from the reservoir -- like irrigation and flood control -- are yet to be agreed in terms of price and quantity. The issue is likely to draw major debate as the Pancheshwar Development Authority -- a joint entity to develop the project, plans to give it final touches within three months to determine the project's viability and feasibility as well as the confidence of both countries to move forward.

"The project demands a rigorous discussion on counting the benefits for both countries on irrigation facility and benefits of flood control, among others, before entering into final agreement," Surya Nath Upadhyaya, a former government secretary who was one of the negotiators for the Mahakali Treaty -- signed between Nepal and India in 1996 -- on the basis of which the project is now being developed, says.

With finalization of the draft DPR prepared recently, Pancheshwar Development Authority has now started evaluation of the bulky DPR reports that define all the details of the benefits.

The countries will invest in the project based on these benefits, which will be about 4,800 MW as per the draft report. An additional 240 MW will be generated from a re-regulating dam.

The Water and Power Consultancy Services (WAPCOS) submitted its draft report to Pancheshwar Development Authority two weeks ago, just before a meeting of the governing body of Pancheshwar Development Authority held in Kathmandu.

As per the Mahakali Treaty, investment will be made by the countries on the basis of the benefits they get but a value on benefits like irrigation facility and flood control is likely to be an issue of controversy, a government official who preferred not to be named, says.

A 1995 study said that the project's water can irrigate about 1.6 million hectares of land while the irrigated land will be merely 93,000 hectares of the land. The benefit of flood control for India is expected to be huge and government officials say the benefit of flood control should also be counted in monetary terms.

As per bilateral treaties, Nepal will have first right to use half of the water. But many believe Nepal cannot use all the water on its own, so the country should now separately seek a price for its water from India.

Government officials also say that the price of the energy should be determined and agreed on by both sides while finalizing DPR as the price also determines the overall project cost. The draft-DPR has not been made public.

“Project agreement should be endorsed by a two-thirds majority of the parliament,” former secretary Upadhyaya says.

Mahendra Gurung, the CEO of Pancheshwar Development Authority, says the authority will send the reports to both the governments and their opinion will be collected to be incorporated in the draft DPR before coming out with a final report.

“As per the requirements, experts will also be consulted for assessment of the documents and WAPCOS will give the final touches to it,” Gurung says.

Energy Secretary Suman Prasad says that the government will use all the experts from the Department of Electricity Development, Nepal Electricity Authority, and the Water and Energy Commission Secretariat, among others, for the DPR.

Upadhyaya also says that there are experts in the country who should be consulted properly before taking a decision.

The project’s development was stalled for nearly two decades until India Prime Minister Narendra Modi took up the project forward after his visit to Kathmandu in August 2014.

Source: The Kathmandu Post; 8 March 2016

Unknown gang torches GMR vehicle in Dailekh

PRAKASH ADHIKARI

An unidentified group on Monday torched a Jeep of GMR Upper Karnali Hydropower Limited that is developing a 900-MW project. The Bolero jeep (BA 8 CHA 1585) was set on fire last evening when it was parked at the project site in Saattalla-1 nearby the Ramghat River.

GMR is an Indian multinational company. Police have suspected the hands of the parties protesting against Indian investment in the arson incident.

A security team led by Dilekh Police Chief Bir Bahadur Oli has intensified the search operation.

It has been learnt that two unknown person came and sprinkled petrol and set the jeep ablaze while it was parked alongside a river. Local traders and policemen doused the fire but the Jeep was completely damaged. The accident occurred two kilometres away from the project.

Meanwhile, the locals expressed their surprise that the accident took place amid tight security. “It was a lapse of project officers and the APF personnel deployed for the project security,” said a local over telephone. “It seems like the incident is part of GMR strategy to put the project on hold.”

The accident has sparked speculations among the locals that the GMR wants to hold the river in its name rather than completing the project on time.

The government and GMR signed the Power Development Agreement (PDA) in September, 2015, for construction of 900-MW Upper Karnali project. The company is currently preparing the groundwork for pre-construction financial and technological preparations of the project.

Source: Karobar; 8 March 2016

Projects not using HIDCL loan

BABURAM KHADKA

The promoters, who have signed loan agreement with the Hydropower Investment and Development Company Limited (HIDCL) to construct hydropower projects, have not used the loan.

The HIDCL has signed loan agreements worth Rs 4.16 billion for projects with combined installed capacity of 350 MW in almost four years but just Rs 50 million (by 23.5 MW Solu Hydropower Project) out of that has been used until now. Studies by the promoters have put estimated cost of constructing these 10 projects at Rs 59.68 billion.

The HIDCL has not even borrowed Rs 5 billion from the Asian development bank (ADB) in soft loan as the promoters have not used the loan amount with construction of the projects yet to start owing to the earthquake on April 25 and Indian blockade. The HIDCL, in co-financing with banks and financial institutions, has signed loan agreements from Rs 150 million to Rs 1 billion with each project depending on installed capacity.

Chief Executive Officer (CEO) of HIDCL Deepak Rauniyar says promoters will take the loan amount once construction of the project starts as fuel supply is easing. He claimed that trust of investors and bankers toward the HIDCL is rising thereby increasing the amount of loan agreements. He revealed that the HIDCL is preparing to sign loan agreements with another seven projects.

Promoters, who have been complaining about lack of capital to invest in the sector, have not been able to use loan as per agreement. Dozens of financially attractive projects also have not been constructed with the promoters failing to make financial arrangements. The government had formed the HIDCL with an aim of investing only in the hydropower sector. The HIDCL signed loan agreement in co-financing with different banks and financial institutions after starting operation in 2010.

The HIDCL has signed loan agreement worth Rs 900 million for 30 MW Nyadi and 49.6 MW Super Dordi. It has also formed Remit Hydro Limited and made share investment of Rs 50 million to manage investment for Ghunshakhola (71 MW) in Taplejung and Simbuwakhola (53 MW) from youths who have gone for foreign employment.

The HIDCL has also signed investment agreement for 40-kilometer 400 kVA transmission line from Dhalkebar to Bhattamode under the Nepal-India Trans-national Transmission Line, and agreement for 14 percent of equity investment in the Power Transmission Company Nepal (PTCN).

Work of Mistrikhola and Lower Solu projects has yet to start due to the delay in construction of transmission line. The HIDCL had signed the first loan agreement for Mistrikhola. There are also problems in transmission line for other projects.

Capital of the HIDCL has increased to Rs 11 billion after issuing shares worth Rs 2 billion to the public. It is currently earning interest by depositing money in banks. It can now issue bonds and take soft loans from banks and financial institutions, and invest on hydropower projects after issuing shares for commoners.

Projects with loan agreement

Projects	Installed Capacity	Loan Amount
Mistrikhola	42 MW	Rs 1 billion
Dordikhola	27 MW	Rs 500 million
Solukhola	23.5 MW	Rs 200 million
Khanikhola	30 MW	Rs 400 million
Bagmatikhola	20 MW	Rs 200 million
Kaveli B	25 MW	Rs 200 million
Lower Solu	82 MW	Rs 600 million
Lower Hewa	21.6 MW	Rs 150 million
Nyadi	30 MW	Rs 500 million
Super Dordi	49.6 MW	Rs 400 million

Projects with Share Investment

Remit Hydro Limited	Rs 50 million
Power Transmission Company	Rs 36.40 million

Source: My Republica; 10 March 2016

Govt eyeing fuel, hydro deals during PM's China visit

The government is hoping to make the prime minister's upcoming China visit a historic success signing some important deals with the northern neighbor.

Officials at the Prime Minister's Office (PMO) said that concerned government bodies from both sides have been working to give final touches to some key bilateral agreements likely to be signed during PM Oli's weeklong visit starting March 20.

While the prime minister's visit to India last month aimed at improving the bilateral relations with the southern neighbor that had soured during Madhes protest, his China trip would focus on clinching some important achievements, said an official at the PMO.

"The trade transit treaty to be signed between the two sides is in its final stage," said Gopal Khanal, foreign affairs expert to the prime minister.

Likewise, the memorandum of understanding on importing fuel from China signed during the visit of Deputy Prime Minister and Foreign Minister Kamal Thapa is likely to be turned into a bilateral agreement.

According to Khanal, talks for importing 30 percent of fuel from the northern neighbor are underway. China had also pledged to help in the construction of oil storage facility for the purpose.

After his visit in December, Thapa had said that a bilateral agreement on fuel trade with China was being worked out as per the government's policy of diversifying the country's fuel trade.

Similarly, the officials expect to sign a free trade agreement with China during the visit.

Nepal is also planning to seek China's support in developing some mega hydroelectric and other infrastructure projects.

Khanal said the agenda items for PM Oli's visit were being worked out as per the understanding reached between the two sides during Thapa's visit.

Source: The Himalayan Times; 11 March 2016

PM to seek Chinese investment in hydropower

Prime Minister KP Sharma Oli is all set to embark on a week-long official visit to China on March 20 with a long wishlist of Chinese support for building mega hydro-electricity, road and gasoline exploration projects.

He is scheduled to hold bilateral talks with Chinese Premier Li Keqiang and call on President Xi Jinping in Beijing on March 21.

Officials said the Nepali side would seek Chinese investment in harnessing about 2,200 MW hydropower projects that include Budhigandaki (1,200 MW), Sunkoshi III (585 MW) and Kimathanka-Arun (400 MW).

Prime minister's foreign relations expert Gopal Khanal told The Himalayan Times that Nepali side would seek Chinese support for these projects. It is yet to be confirmed if any MoU would be inked in this regard during the visit.

Nepal will also seek China's help to upgrade Araniko Highway and remaining parts of the Ring Road in Kathmandu and speed up work to build Pokhara International Airport.

It is learnt that Chinese side has proposed to seal two agreements the extradition treaty and the mutual legal assistance treaty, which, according to sources, however, are unlikely to get inked in the course of this visit.

The two sides are positive on inking at least seven bilateral agreements, including import of petroleum products from China, Free Trade Agreement and Transit Treaty, according to Khanal. Initial groundwork for importing at least one third of Nepal's domestic need of petroleum goods from China was laid when Deputy Prime Minister and Foreign Minister Kamal Thapa visited Beijing in December.

Other likely deals include MoU on the issue of trademark registration and protection, Chinese technical and financial support for exploration of oil and gas in Nepal and sister-city agreements between Pokhara and Shannan of Tibet, as well as Bhaktapur and Yushu County of Qinghai Province of China, according to a foreign ministry source.

The two sides are likely to agree on Chinese involvement in building petroleum storage facilities at Panchkhal of Kavre and Nuwakot district to meet at least three months' national demands during the period of crisis.

During the visit, the two sides will also dwell on enhancing the connectivity between northern districts of Nepal and southern parts of Tibet.

The issue of trans-Himalayan power trade and building of necessary transmission lines would also be taken up, according to sources.

While returning from Beijing, the PM will stop over at Hainan Province of China and attend the annual Boao Forum for Asia conference slated for March 22-26.