

Source: Karobar; 12 March 2016

Investment of Rs 650m for Lower Indrawati under risk

BABURAM KHADKA

Investment of Rs 650 million is under risk after the government revoked electricity generation license for 4.5 MW Lower Indrawati Project. The Energy Ministry had revoked the license in January, 2015 on instruction of the Commission for Investigation of Abuse of Authority (CIAA) after promoter Sunkoshi Hydropower Company Limited could not complete the project even in a decade.

Nepal Bank and Rastriya Banijya Bank under leadership of Nabil have made loan investment of Rs 300 million in the project while National Hydropower Company Limited, which has 97 percent stake in the project, has mobilized equity of Rs 350 million. National had started construction through subsidiary company Sunkoshi but the project is in a limbo after completion of half of construction.

Chairman of National Kumar Pandey said the company has applied with the ministry for revival of the revoked license. "Investment of Rs 650 million in the project will be lost if the ministry does not reissue the license. The government must issue license as half of the construction has been completed and we will complete the project by constructing the remaining structures," he added.

He revealed that the project will be completed after additional investment of another Rs 600 million. National, after getting new board of directors and management, has agreed with the banks to repay Rs 119 million within five years. It will have to repay bank loan even if the project were not completed. He claimed that the project was not completed due to weakness of the previous board of directors and management that stopped work citing problems in investment. He revealed that decision has been taken to move the project forward as the company's financial state has improved after the new management and board of directors took over and it has also repaid bank loans. National is currently earning Rs 190 million a year by selling electricity from 7.5 MW Upper Indrawati.

The then Water Resources Ministry on June 4, 2004 had issued generation license for Lower Indrawati to Sunkoshi that had signed power purchase agreement (PPA) with the Nepal Electricity Authority (NEA) on December 9, 2002. National had started construction of Lower Indrawati through Sunkoshi after completing Upper Indrawati.

Pandey claimed that Sunkoshi has procured 27 ropanis of land, leased another 20 ropanis of land, and completed digging of a two-kilometer tunnel, audit tunnel, and four box culverts. "We will complete the project within one and half years of receiving license by making investment arrangements," he assured.

Source: Karobar; 13 March 2016

Joint agreement to be signed for energy development

BABURAM KHADKA

Joint agreement for energy development will be signed during the China visit of Prime Minister (PM) KP Sharma Oli starting Sunday. Nepal will propose to China to develop 434 MW Arun project at the Nepal-China border in Kimathanka during the visit.

Secretary at the Energy Ministry Suman Prasad Sharma said agreements will also be signed for a 400 kV transnational transmission line connecting Tibet with Kathmandu, transmission line to bring electricity generated in the northern parts of Nepal to Kathmandu, and 132 kV monopole inside the Ring Road to improve distribution system inside Kathmandu Valley. "It is about time to improve the distribution system inside the Valley. We will propose to China for help on that. The ministry has already prepared the proposal for agreements with China," he revealed.

He added that discussions will be held on electricity generation, transmission, distribution and trade during the PM's visit. He stated that preparations for important agreements for energy development have been made. "It is necessary to have agreement with China, like that with India, on electricity generation, transmission, distribution and trade, and there is chance of agreements being signed during the PM's visit," he reasoned. He also revealed that agreement to develop 750 MW West Seti project will also be signed in Beijing, China during the visit.

"The Investment Board, Nepal Electricity Authority (NEA) and promoter China Three Gorges International Corporation are holding discussions on special purpose vehicle (SPV) and investment structure. Agreement will also be signed on the issue if the discussions conclude," he said. He stated that discussions are being held on issues including investing US\$ 150 million for 25 percent stake of the NEA and others. Three Gorges will have 65 percent stake, NEA 25 and locals 10 as per the investment structure.

Source: My Republica; 14 March 2016

NEA decreases load shedding by 1 hour

Nepal Electricity Authority (NEA) has reduced load shedding by an hour a day effective from Monday. Issuing a statement, the NEA informed to this effect. As per the NEA decision, the numbers of load-shedding hours will decrease to 12 hours a day and 84 hours a week.

The NEA had been enforcing power outage by 13 hours a day and 91 hours a week to the Individual household consumers.

According to NEA, the import of 80 megawatt of electricity from India through Dhalkebar-Muzaffarpur transmission line and upcoming SLC examination promoted the NEA to reduce the [loadshedding hours](#).

Source: The Rising Nepal; 15 March 2016

Locals press for completing DPR of Nalgadh hydel project

The local residents of Jajarkot district have asked the stakeholders to complete the Detailed Project Report (DPR) of the Nalgadh hydropower project saying that the part of hydropower project construction is delayed for long on different pretexts.

The Nalgadh Concerns Committee, Jajarkot, has urged to complete the DPR along with the investigations into the alleged corruption scam. The committee has also claimed that conspiracies were afoot to push the project back.

Chairman of the committee, Ganesh Singh, has said that the folks of Jajarkot would stage agitations if the construction of the project is delayed.

Earlier, the locals have also submitted a memorandum to Home Minister Shakti Bahadur Basnet to move the tasks of construction ahead. RSS

Source: Karobar; 16 March 2016

NEA dallies in signing deal with 3 Gorges

BABURAM KHADKA

The Investment Board Nepal (IBN) has urged Prime Minister (PM) KP Sharma Oli to intervene after the Nepal Electricity Authority (NEA) dallied in signing joint investment agreement with China Three Gorges International Corporation for West Seti Hydropower Project. Stating that the project is facing crisis due to the NEA, the IBN has written to the Office of the Prime Minister and Council of Ministers (OPMCM) to intervene and create an environment for signing the agreement.

The IBN had planned to sign it in Beijing during the upcoming China visit of PM Oli but it looks unlikely now due to lack of cooperation from the NEA. The Memorandum of Understanding (MOU) signed between the IBN and Three Gorges four years ago mentions about jointly developing the project. Three Gorges will have 65 percent stake, NEA 25 and the locals affected by the project 10 as per the investment structure. But the NEA is not positive about the issue of investment.

An IBN official said the OPMCM had to be called after dallying by the NEA. "The NEA and Energy Ministry did not cooperate despite repeated prodding. We have urged for PM's intervention as situation has worsened to a level that Three Gorges may withdraw," the official added. The IBN has accused the NEA of not showing seriousness even when the project is being developed for domestic consumption at a time when the country is reeling due to energy crisis.

The IBN claimed that the NEA is conspiring to abort the project in different pretexts when Three Gorges has already expressed commitment to make arrangements of soft loan at two percent from the Export Import (Exim) Bank of China for NEA's equity investment. NEA Chairman and Energy Secretary Suman Prasad Sharma, however, refuted the allegations and instead claimed that the IBN has not helped in arrangements of Rs 15 billion for equity investment.

"What will be the role of NEA after becoming a partner? Will the NEA have rights for opinion or not? What will be the benefits after becoming a partner? It has been delayed due to lack of clarity about such issues," he insisted. He claimed that the NEA is not obstructing West Seti. "We will pass it through the board of directors once there is agreement on equity investment and a few other issues. The IBN must create environment for that," he added and revealed that the NEA has not had direct dialogue with Three Gorges.

The Special Purpose Vehicle Company (SPVC) has not been formed in lack of joint investment agreement. Three Gorges can bring investment and import equipment only after formation of the SPVC. The government has already given permission to Three Gorges to bring foreign investment of US\$ 1.60 billion for the project. The project cost is estimated to rise to Rs 20 billion.

Three Gorges has already submitted financial and technical reports to the IBN three years ago and both the reports have showed the project to be financially attractive. The estimated financial analysis of Three Gorges states that the rate of PPA should be 5.40 cents during the rainy season and 9.50 cents during the dry season for the project to be financially lucrative. The project will annually generate 3.33 billion units of electricity, according to studies. It will be developed in Doti, Dadeldhura and Bajhang in the Far West.