

Source: The Rising Nepal ; 29 April 2016

## **Hydropower project nears completion**

The construction of the 13.6 megawatt hydro power project at Tukuche area of Mustang is in final stages of completion.

Around 90 per cent of the entire construction works have been completed, the project said. The works related to tunnel, power house, dam construction and pole expansion have been carried out, said Project Site Manager, Sudeep Khadka.

Construction of only 400 meters of tunnel remains of the 830-meter length tunnel from the project's source to Tukuche-based power house.

The energy generated from the project undertaken by Mount Kailash Energy Pvt at an estimated investment of Rs 2.6 billion will be connected to the substation at Modi area of Parbat. RSS

Source: The Rising Nepal ; 29 April 2016

## **Ex- Lawmakers and ministers to press govt for Tamor project**

People from various walks of life including former and sitting lawmakers and former ministers have joined hands to exert pressure on the government to construct a reservoir in the Tamor River to generate electricity.

A gathering attended by former Speaker Subash Chandra Nembang and former and sitting lawmakers and former ministers from Ilam, Panchthar, Taplejung and Terhathum has decided to form a central concerned committee to press the government to construct the reservoir.

Around three decades ago in 1986, JICA Nepal and Nepal Electricity Authority, during the study of the development of Koshi Hydropower Project, concluded that a reservoir could be constructed in the river that could generate 762 megawatts electricity.

Speaking at the gathering, former lawmaker and minister Dambar Singh Sambahanphe said that the government should initiate the construction of a reservoir in the river to achieve the target of the government to produce 10,000 megawatts electricity in the next 10 years.

Source: The Himalayan Times; 30 April 2016

## **Lack of staff at energy ministry delays work**

*Rupak D Sharma*

Visit Sanjay Sharma, chief of the Policy and Foreign Coordination Division at the Ministry of Energy (MoE), at his office and he generally starts the conversation by asking whether the talk could be wrapped up in five to 10 minutes. “I have a lot on my plate, so I won’t be able to spare much time for you,” says Sharma, who previously served as the director general of the Department of Electricity Development.

Many civil servants generally do not make such remarks because they seem to have a lot of free time, which is spent playing computer games, like solitaire, and, until recently, browsing social media sites.

Sharma, however, does not have this luxury. Reason: his division probably shoulders the heaviest workload in the MoE.

This is because the division is the focal point for extending and renewing hydroelectricity and solar energy survey and generation licences for projects of over one megawatt (MW); granting permission for development of transmission lines; finalising agreements for development of hydroelectricity projects of less than 500MW; going through reports on Initial Environmental Examination (IEE) and Environmental Impact Assessment (EIA); dealing with development partners working in the energy sector; making recommendations for foreign exchange facility; and extending approvals for tax rebates or discounts.

But to conduct all these works, Sharma has only seven staff under him.

“The number of staff in our division was almost the same when the government formed the Ministry of Energy as a separate entity around seven years ago. Since then, the number of energy projects has gone up, but we have not been given additional human resources,” complains Sharma. “It is time the Office of the Prime Minister and Council of Ministers, and the National Planning Commission understand the gravity of our problem. If the government remains indifferent, we will fall behind on deadlines, which will delay decision-making processes and affect development of the entire energy sector.”

To gauge the workload of the Policy and Foreign Coordination Division at the MoE, one can look into the number of hydroelectric and transmission line survey and generation licences that has been issued or is in the process of being issued.

Currently, the MoE has issued 83 survey licences for development of hydroelectric projects of over 1MW. It has received another 61 applications seeking survey licences.

This means the MoE will have to go through the same number of IEE and EIA reports, which have to be prepared once projects obtain survey licence and complete feasibility study.

The MoE has also extended 102 hydroelectric generation licences so far and has received another 77 applications seeking those licences. It has also issued 107 survey licences for development of transmission lines and another 55 licences for construction of transmission lines.

The number of licences that has been issued or is in the process of being issued indicates Sharma has to go through two files every day, considering 265 working days per year and the need to conduct annual performance review of projects that have acquired survey or generation licences.

This number, however, does not include the IEE and EIA reports and copies of project development agreements that need to be scanned every now and then.

“This means I probably have to go through four to five files every day, although I have not counted them,” says Sharma.

And, mind you, each of these documents contains hundreds of pages.

For instance, a single IEE or EIA report contains an average of 800 to 900 pages, says an official of a unit under Policy and Foreign Coordination Division, which looks into the environment sector.

“We went through over 100 such documents in the first six months of current fiscal alone,” adds the official of the unit, which has three dedicated staff.

The same problem is being faced by the project promotion unit under the Division, which issues and renews hydroelectric survey and generation licences. This unit has only one dedicated staff.

“As we’ve to perform all these duties, we find very little time to engage in discussions on policies that need to be framed for sustainable development of the sector,” says Sharma, quickly adding, “Yet, we are doing all we can to fulfil our duties.”

Of course, Sharma’s division is doing its work. But the division is probably taking two months to complete a work that could be done in three weeks. This delay in completion of works and decision-making is one of the major reasons that has prevented the country’s energy sector, especially the hydro sector, from taking off.

Source: The Himalayan Times; 1 May 2016

## **85 per cent of Upper Madi hydropower project complete**

Eighty-five per cent of the construction works have been completed at the Upper Madi Hydroelectricity Project at Sildujure VDC of Kaski district. "The construction works have been pursued in a speedy manner and would be completed by the end of this year and project would start generating power by then," Project Coordinator Raj Kumar Baral said.

According to him, the construction of the 4,200-metre long tunnel of the project has been completed and works on installing two turbines in the tunnel are underway now. Similarly, construction of 20 out of the 32 pylons has been completed and the remaining 12 would also be constructed within two months. Construction of the powerhouse, dam and concrete lining of the head-race tunnel has also reached the final stages. The 25-megawatt project is being constructed at a cost of approximately Rs 5.28 billion. Eighty per cent of the investment in the project is of China Three Gorges Corporation while the remaining is of project Executive Chairman Bijaya Malla. The ground-breaking ceremony for the project was held in December 2012.

Source: The Kathmandu Post; 1 May 2016

## **Syangja fails to make max use of 24-hr power**

*PRATIKSHYA KAFLE, SYANGJA*

Load shedding-free district of Syangja has yet to make optimum utilisation of electricity supplied by local Kaligandaki A Hydropower Project due to the lack of industries and businesses, experts have said.

Despite 24-hour supply, electricity usage is limited to household purposes, and industrial development has been very slow compared to other districts that are facing power outages. Stating that businesses can cut production costs significantly due to uninterrupted power supply, Nawaraj Subedi, president of Syangja Chambers of Commerce and Industry, said: “We are making efforts to attract industries in Syangja. We have initiated discussions on how to optimally utilise electricity.”

“Plans are laid out to establish dairies, water- and agro-based industries and poultry farms,” said Dili Pratap Khadka, a civil society leader.

He said despite the 24-hour power supply and fertile soil, the locals are more interested in purchasing land plots, houses and jewelleryes, rather than investing in development projects.

“I/NGOs, government and private sector should unite to promote and develop Syangja,” he said.

“There is a growing need for manufacturing-based industries. The private sector should shift their focus in line with the facilities available in the district.”

For the last three years, the district has not seen major power outages.

n Despite 24-hour supply, electricity usage is limited to household purposes, and industrial development has remained slow compared to other districts that are facing power outages.

Source: The Kathmandu Post; 3 May 2016

## **Siraha village blames NEA for transformer installation delay**

Residents of Hanuman Chowk in Dhangadhimai municipality-7 of Siraha district have accused the Lahan-based Nepal Electricity Authority's (NEA) office of delaying the transformer installation work.

According to them, they had bought a transformer unit on their own after the NEA did not bother to install one despite their several requests, and now the latter is unwilling to help them with the installation.

“We had collected Rs 361,000 among ourselves and purchased the transformer six months ago. The electricity authority has been ignoring our request to install the system,” said Ram Chandar Mahato, a local resident.

There are 27 households in Hanuman Chowk and most of them rely on farming. They say that once the area is connected to the power grid, they could irrigate their farms.

“For us, watering our farms is more important than lighting our homes,” said Mahato.

NEA Lahan Chief Madhav Prasad Yadav denied the allegation made by the people of Hanuman Chowk. He said the delay was caused because they lacked some equipment required for installation.

“We could not buy the equipment because of prolonged protest in the Tarai region,” Yadav said. He pledged the people of Hanuman Chowk to install the transformer at the earliest.

Source: My Republica; 1 May 2016

## **Upper Madi Hydropower project 85 percent complete**

Eighty-five per cent of the construction works have completed at the Upper Madi Hydroelectricity Project at Sildujure VDC of Kaski district.

"The construction works were pursued in a speedy manner now and would be completed by the end of this year and the project would start generating power by then," Project Coordinator Raj Kumar Baral said.

According to him, the construction of 4,200 metres long tunnel of the project has been completed and works on installing two turbines on the tunnels are underway now. Similarly, construction of 20 out of the 32 pylons has been completed and the remaining 12 would also be constructed within two months.

Construction of the powerhouse, dam and concrete lining of the head-race tunnel has also reached the final stages.

The 25-Megawatt project is being constructed at a cost of approximately Rs 5.28 billion. Eighty per cent of the investment in the project is of China Three Gorges Corporation while the remaining is of project executive chairman Bijaya Malla.

The ground-breaking ceremony for the project was held in December 2012. Upper Madi is the first build operate transfer hydropower project in Nepal in which China International Water & Electric Co. (CWE) has invested, according to CWE. RSS



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Source: Karobar; 1 May 2016

## ***86% of hydropower licenses with Indian companies***

*BABURAM KHADKA*

Indian promoters lead those holding license without developing hydropower projects. The Energy Ministry has issued license for projects with combined installed capacity of 6022 MW and Indian promoters hold license for projects with capacity of 5157 MW out of that. It is 85.6 percent of the total number of licenses issued.

Construction of just the 82 MW Lower Solu, developed jointly by Esser Group and Nepali investors, has started out of that. The others have applied at the Department of Electricity Development (DOED) for generation license. The other projects are stuck in preliminary works. Many have prepared detailed project reports (DPR) and applied for license while others have applied to sign power purchase agreement (PPA) with the Nepal Electricity Authority (NEA). Many Indian companies have applied for PPA in US dollar, according to the NEA.

Many Indian companies started to acquire license for hydropower projects after the first energy conference was held in Nepal in 2006. The number was low, and that of Indian companies still lower, earlier due to the Maoist conflict. Licenses of a few big Indian investors including Jindal Power Limited have been revoked after finding that they did work after acquiring license.

GMR Upper Karnali Hydropower Limited and SJVN Arun III Hydropower—promoters of Upper Karnali and Arun III, both of 900 MW, respectively being moved forward through the Investment Board Nepal (IBN)—have been set a deadline to make investment arrangements by coming September and January respectively. The government had awarded Upper Karnali to GMR eight years ago and Arun III to Satluj Jal Vidyut Nigam (SJVN) Limited through free competition after they offered to provide more free energy and equity. The promoters have already signed project development agreements (PDA) with the IBN to develop these projects.

GMR still is looking for partners to invest. Discussions have already been started with the Asian Development Bank (ADB), International Finance Corporation (IFC) and European Investment Bank (EIB) to invest in Upper Karnali. Similarly, SJVN has said it will bring investment from Power Finance Corporation and Punjab National Bank, but has yet to sign loan agreements. Nepal representative of SJVN Hariram Subedi said understanding has already been reached with the bank, and loan agreement will be signed soon.

Bhilwara Energy Limited had taken license for 120 MW Likhu 4 and 50 MW Balefi projects over a decade ago. It had applied at the DOED over three years ago to downsize Likhu 4 to 52 MW after failing to make investment arrangements but capacity of the projects has yet to be reduced. Bhilwara had signed a fall-back PPA with NEA for some time for consumption of the generated electricity in Nepal but the PPA is no longer valid. The project is stalled now.

Similarly, Patel Engineering Limited had acquired survey license for 130 MW Budi Gandaki A and 260 MW Budi Gandaki B long time ago. But it has also not started work citing market and other financial and technical problems. Assistant manager of the project Ananda Chaudhary said the project could not move forward as it has yet to sign PPA with the NEA despite applying for one in US dollar after completing DPR.

KSK Energy Limited of Energy has acquired license for 400 MW Tila I and 420 MW Tila II. KSK is now trying to make investment arrangements by signing PPA in dollar. Nepal representative of the promoter company Harish Chandra Sah said the project will move forward after signing PPA. He argued that the project could not move forward due to problems like volatile political situation in the country and lack of policy about dollar PPA. “Foreign banks and financial institutions are reluctant to invest in Nepal due to high political risks. This has affected those acquiring license,” he reasoned.

Essar has started construction of Lower Solu after signing PPA. It has borrowed from foreign banks. Essar Power has also received license for 180 MW Kali Gandaki-Kowan but has not been able to move the project forward. Around half a dozen promoters of those that have acquired generation license until now have started to look for partners unable to make investment arrangements on their own. There is currently liquidity crisis in the Indian banking sector. The main problem for hydropower projects is investment. Many companies that have acquired generation license in Nepal have not even been able to arrange 25 percent equity as hydropower projects require big investment.

Spokesperson at the Energy Ministry Joint Secretary Dr Sanjay Sharma said the majority of Indian companies have not worked even after acquiring license. "All the promoters have prepared DPR and applied for PPA. The promoters have got a pretext to hold license also as we have failed to do some work. The Energy Crisis Alleviation Action Plan will now resolve the problems," he claimed. He added that the government has not been able to revoke license due to a few clauses of the Electricity Act. The concept paper for energy development decade brought by the government has provision for dollar PPA for 10 years for the projects to be developed with foreign investment.

### **Two projects with Chinese investment nearing completion**

Government-owned Chinese companies have acquired license for three projects and two of them—50 MW Upper Marsyangdi A and 25 MW Madi—are nearing completion.

Sino Hydro Corporation of China and Koi Group of Chitwan are developing Upper Marsyangdi A, and China Water and Electric Corporation is developing Madi. Similarly, construction of the 750 MW West Seti has also moved forward through the IBN. The project will be developed with joint investment of China Three Gorges International and the NEA.

Source: Karobar; 6 May 2016

## **Govt holds 210 hydropower projects**

*BABURAM KHADKA*

The government itself has held 210 projects with combined installed capacity of 9046 MW at a time when the country is suffering acute energy crisis. The Energy Ministry has reserved these projects with installed capacity of 1-1110 MW in the government basket.

The government has neither invested on these projects itself nor has it issued generation license to domestic and foreign investors with financial and technical capacity. The ministry is uncertain about whether or how to develop these projects itself or to award them to domestic and foreign promoters with financial and technical capacity. The ministry has also kept a few projects, whose licenses were revoked as work could not be done as per the conditions, in the basket. Preliminary study has been done in all these projects, and many of them can be moved forward by updating the detailed project report (DPR).

The private sector complains that the ministry has not showed any interest even while applying for license. Chairman of National Hydropower Company Limited Kumar Pandey said the company had reapplied for license for Sunkoshi Project, whose license was recently revoked, but could not get one. "They say they will give after formulating working procedure. But we don't know when it will be formulated and when we will get the license," he added.

The government has also revoked license of Jindal Power Company of India for 456 MW Chainpur Seti stating that it did not comply with the Electricity Act, that of Brass Power of Brazil for 400 MW Lower Arun and 164 MW Kali Gandaki Gorge Project and kept it in the basket. Survey license has validity of five years as per the act.

Director General at the Department of Electricity Development Samir Ratna Bajracharya concedes that work of many projects kept in the government basket has not moved forward. "Big reservoir based projects kept in the basket have to be developed with bilateral cooperation. We have been holding discussions with different donor agencies for that," he added. He stated that the recent action plan brought by the government for electricity development decade has also made the issue of moving the reservoir based projects forward clear. "We have been preparing standards for bidding for projects of up to 100 MW. We will select five projects and invite bids in the first stage," he revealed.

He said that internal discussions are being held about the basis and process to award license. "License will be given to the bidders that offer free electricity, free shares, cheap electricity and more advance payment," he stated.

### **Government institutions also do not get license**

The government-owned Hydropower Investment and Development Company Limited (HIDCL) established to invest on hydropower sector has asked for survey license for two projects with installed capacity of 125 MW. But the ministry has not issued a license even 13 months after the application. It had applied for license to survey 71.5 MW Ghunsha Khola and 53.4 MW Simbuwa Khola in April, 2014 to invest remittance money in hydropower.

HIDCL officials claim that the department did not show interest despite repeated reminders. The government's plan of using remittance income in hydropower sector has been affected due to that. The HIDCL has already formed Remit Hydro Limited to develop the two projects.

### **Big Projects in Government Basket**

Bheri I: 440 MW

Bheri: 243

Budhi Gandaki: 243

Chainpur Seti: 454

Bajhang Upper Seti: 80

Ghunsha Khola 78  
Humla Karnali: 274  
Humla Karnali Cascade: 916  
Kali Gandaki Gorge: 164  
Karnali 7: 330  
Lower Arun: 400  
Mugu Karnali: 400  
Nalam Karnali: 300  
Fulkot Karnali: 210  
Sunkoshi II: 1110  
Sunkoshi III: 536  
Tamakoshi I: 100  
Tamor Mewa: 101  
Thuli Bheri: 110