

My Republica 21, Dec, 2013

Upper Trishuli 3A work resumes, but at tardy pace

The construction works of the Upper Trishuli 3A, a hydropower project of 60-Megawatt capacity, have begun, albeit in a snail's pace.

The works of the project have failed to move ahead as the China Gezhouba Group Company, project's developer, demanded the term extension of the project and submitted the claims for the payment.

The project hit the snag also due to the controversy pertaining to the upgradation of project to 90-MW capacity.

Gezhouba has submitted the claims of payment worth US \$ 90 million and extension of 30 months, claiming that the project was affected due to various reasons.

The project is unlikely to be completed by May 31, 2014 - the deadline set for the completion of the project.

Though the company has started the construction of the access road, the construction of tunnel and dam is moving in a slow pace by employing a very few workers.

The project was delayed as the Nepal Electricity Authority (NEA) could not make a decision regarding the demands of the Gezhouba.

Hundred of Chinese and Nepali workers, who returned home after Gezhouba stopped the project works, have not come back yet.

Only 35 percent works of the project has been completed despite NEA's repeated requests to the developer to meet the deadline.

The Kathmandu Post 21, Dec, 2013

[GMR Energy Limited](#), the energy arm of the GMR Group of India, has signed a Joint Development Agreement (JDA) with International Finance Corporation (IFC), a member of the World Bank Group, to jointly develop the Upper Marsyangdi 2 hydropower project.

The 600 MW project, located on the Marsyangdi River in Manang and Lamjung districts in western Nepal, is already at an advanced stage of development. The project is being built through Himtal Hydropower, a Nepali subsidiary of [GMR Energy Limited](#).

The Upper Marsyangdi project has completed all survey and investigation work, finalized the feasibility studies and received most of the required clearances from the government, said the company in a press statement. "The Project Development Agreement is expected to be signed early next year," reads the statement.

"We are pleased to have IFC as our partner in the Upper Marsyangdi 2 hydropower project. Apart from investing in the company, IFC will also bring its vast experience in financing similar large and complex infrastructure projects which will add value to the project. We believe that with the continuous support of Investment Board Nepal, both GMR and IFC shall be able to implement this project in an accelerated manner," said GBS Raju, chairman, Energy Business, GMR.

"Nepal government is pleased at the induction of an institution like IFC in the Upper Marsyangdi 2 Project and we are hopeful that the GMR and IFC team shall be able to give the much needed impetus to large-scale hydropower development in Nepal through the development of this project in a world class manner," said Radhes Pant, CEO of Investment Board Nepal.

The project has aimed at a total investment of around US\$ 1 billion and is targeted for completion by fiscal 2021.

The Himalayan Times

GMR, IFC sign pact on Upper Marsyangdi-2 hydro project 21, Dec, 2013

Himalayan News Service Kathmandu, December 20

GMR Energy Ltd, the energy arm of the GMR Group of India, today signed a joint development agreement (JDA) with the International Finance Corporation (IFC), a member of the World Bank Group, to jointly develop the 600MW Upper Marsyangdi-2 hydropower project.

The project located on the Marsyangdi River in Manang and Lamjung districts is already in an advanced stage of development, says a statement issued by GMR. The project is being undertaken through a Nepali subsidiary of GMR Energy, Himital Hydropower Company.

The government has identified the proposed project as one of the national priority projects and is being facilitated by the Investment Board of Nepal.

The project has completed all survey and investigation works, finalised the feasibility studies, and has already received a majority of the clearances from the government. The project development agreement is expected to be signed early next year.

Speaking during the agreement signing ceremony, chairman, energy business, at GMR Group GBS Raju said: "We are pleased to have the IFC as our partner in the project. Apart from investing in the company, the IFC will also bring its vast experience in financing large and complex infrastructure projects, which will add value to the project." CEO of Investment Board Nepal Radhesh Pant said: "The Nepali government hopes GMR and the IFC will be able to give Nepal much-needed impetus to large scale hydropower development in the country by developing the project in a world class manner."

The Himalayan Times 22, Dec, 2013

Govt summoned for extending Upper Trishuli-1 contract

The Supreme Court today summoned government authorities for renewing a contract with Nepal Water and Energy Development Company Pvt Ltd, a joint venture of Korea-based Z Power Company, to produce electricity from 216 MW Upper Trishuli-1 Hydropower Project.

A single bench of Justice Prakash Oti issued the order to the Office of the Prime Minister and Council of Ministers, the Ministry of Energy, Electricity Development Department, Energy Secretary, Director General of Electricity Development Department and the Z Power Company to be present during the hearing on whether to stay the extension of the contract or not.

The five-million dollar project has kicked up a row, as the contracted company could not produce a survey report even after its survey licence expired and yet its contract was renewed twice.

The apex court has sought an explanation from the authorities within 15 days on why they renewed the contract second time on November 14.

A public interest litigation challenging the decision of the government has been filed, stating that the company's survey licence was terminated after it could not meet the five-year deadline to produce a survey report till January 6, 2011, as per Section 5 of the Electricity Act, but the government renewed the contract going against Section 21 of the Act.

The government had issued the survey licence to the company on January 7, 2006, giving it five years to produce a survey report but when it could not do so, the government extended its contract for a year in November 2012. When it could not produce a survey report even during that period, the government again extended the contract on November 14.

Stating that the extension of the contract by the Cabinet and the department on November 14 was against Sections 18 and 19 of the contract signed between the government and the company on November 18, 2012, senior advocate Mithilesh Kumar Singh and advocate Amarjiwi Ghimire filed a petition demanding to annul the extension of the contract.

The petitioners have claimed that the renewal of the contract time and again even after the company's failure to produce a survey report is illegal and the apex court intervention is a must. The petitioners have claimed that it was wrong to extend the contract after the company's survey licence had expired.

The petitioners have also stated that on August 21 they had filed a writ petition against the extension of the contract last year and while the case was subjudice in the apex court, the government and the company signed another contract, undermining the apex court.

The petitioners also stated that the company has been occupying a potential electricity producing river without producing any electricity. Electricity Act violated · Section 5 of the Electricity Act states that the term of licence to be issued for the survey of electricity cannot exceed five years · Section 21 of the Act states that the licensee shall have to start the physical works within three months in case of survey and one year in case of production, transmission or distribution from the date of obtaining the licence and shall have to inform the Electricity Development Department about the same Argument against the company · Nepal Water and Energy Development Company Pvt Ltd, a Korean joint venture, failed to produce a survey report even after its five-year survey licence expired · In violation of Section 5 of the Electricity Act, the government extended its contract twice in November 2012 and November 2013 · The government entered into a contract with the same company while the case was sub-judice in the SC

The Himalayan Times 27, Dec, 2013

IPPAN seeks revision of PPAs with 16 projects

The Independent Power Producers' Association-Nepal (IPPAN) has called on the government to revise power purchase agreements with 16 hydropower projects of less than 25 megawatts as per the commitment made over two and a half years ago.

In March 2011, when the then deputy prime minister and minister for finance and energy Bharat Mohan Adhikari, had declared an 'energy crisis' in the country for the next four and a half years, he had pledged to purchase power from projects of less than 25MW at Rs 8.40 per unit during the dry season and Rs 4.80 per unit during the wet season, as against prevalent rates of Rs seven and Rs four, respectively.

But there was a caveat: the higher prices applied only to projects that pledged to start commercial operation within mid-April 2015.

At that time, 23 projects had filed applications, of which seven projects have already signed power purchase agreements with Nepal Electricity Authority at 'posted rates' of Rs 8.40 per unit during the dry season and Rs 4.80 per unit during the wet season. However, power purchase agreements of 16 other projects — that have also pledged to launch commercial operation within mid-April 2015 — have not been revised so far.

"We want the Finance Ministry to make necessary efforts so that their agreements can be revised at the earliest," IPPAN president Khadga Bahadur Bisht told finance minister Shanker Koirala, today, during a meeting.

Bisht added that the delay on this part will only discourage project operators, which will ultimately force the country to reel under power crisis for a longer period.

He also asked the finance minister to push for implementation of agreements on upward price revision reached with 27 hydro projects that are now classified as 'sick'. "The government had previously signed power purchase agreements with those projects by promising to purchase electricity from them at a higher price. But the decision has not been implemented," Bisht said.

In response, the finance minister said the first priority of the incumbent government was to solve the power crisis faced by the country. "I am willing to take whatever step in this regard," the minister assured the delegation led by Bisht.

Finance secretary Shanta Raj Subedi also echoed the minister. "A government which has shouldered billions of rupees of losses incurred by the state-owned Nepal Electricity Authority will not back down from making additional investment in hydropower sector," he said.