Source: The Himalayan Times; 2 March, 2014

Two hydro projects eager to sell power

Himalayan News Service Lamjung, March 2

Two hydro projects in Lamjung with capacity of more than 100 MW that have license to export electricity generated in Nepal to India, have expressed willingness to sell power for five months during the winter season, in Nepal.

The 282 MW Manang Marsyangdi and 138 MW Upper Marsyangdi-1 hydro projects have shown eagerness to sell electricity to Nepal during winter.

India's Rajratna Company has been permitted to construct Manang Marsyangdi and Upper Marsyangdi-1.

The share of Nepalis in the company is just five per cent.

Lamjung Electricity Development Company's Dikendra Raj Kandel said

investors and promoters were positive about supplying power to Nepal.

Kandel also added that talks between the companies and Nepal Electricity Authority would begin in this connection shortly.

Nepal Electricity Authority had estimated that power generation would meet power demand, but the country would suffer power shortage during the winter after 2017. Kandel said the two projects had asked for proposal in connection with sale of electricity in Nepal one-and-ahalf month ago.

According to Electricity Development Department, these two projects have applied for licence to generate power as well.

Nepal's total electricity generation is 750 MW against a demand of 1,163 MW.

Source: karobar; 2 March, 2014

950 m units of electricity from Rasuwagadi, Sanjen to be wasted

A total of 950 million units of electricity to be generated from Rasuwagadi, Upper Sanjen and Lower Sanjen projects is set to be wasted annually with the Nepal Electricity Authority (NEA) set to fail to construct transmission line in time.

The situation is arising as even preliminary works of the construction of 26-kilometer 220-KV transmission line to connect the generated electricity from Chilime to Trishuli 3B have not been started. The combined installed capacity of these three projects is 168 MW and the price of wasted electricity will be Rs 4.75 billion even at the rate of Rs 5 per unit. Construction of these projects has already started aiming to start generation by 2017. The upper and lower Sanjen projects are scheduled to be completed by 2016 and Rasuwagadi by 2017.

NEA has informally advised the promoters to delay construction of the project by a year stating that it will finish transmission line by 2018. NEA and officials of the promoting companies are currently holding discussions about it. Electricity from the two Sanjen projects will be wasted for two years and that from Rasuwagadi for a year if the projects are constructed in time, and the transmission line is only completed in 2018. NEA will have to compensate the promoter companies at the rate of five percent if the electricity is wasted. Even NEA officials concede that construction of transmission line will not be completed before 2018 as environmental impact assessment (EIA), detailed project report (DPR), land acquisition, permission from the environment and forest ministries, arrangement of investment, appointment of consultant, contract process and other procedural works will have to be completed. The transmission line does not look likely to be completed before four years as land acquisition, and receiving permission from the ministries takes a long time. There is currently a big problem in land acquisition.

Chief of the Chilime-Trishuli 3B Hub Kedar Silwal said that it will be hard to finish construction in the scheduled time as preliminary works have just started. “It looks difficult to complete construction of the transmission line as per the schedule even though we have started works. But we are trying to complete it within the stipulated time,” he added. The German development bank, KfW, has agreed to provide grant for construction of the transmission line while Lahmeyer International of Germany is preparing the DPR.

The place to construct sub-station hub to connect electricity generated from the three projects also has not been finalized yet. All three projects are being constructed by the companies under Chilime Hydropower Company—Rasuwagadi Hydropwoer Limited and Sanjen Hydropower Company Limited. The installed capacity of Rasuwagadi is 111 MW, Lower Sanjen 42.5 MW and Upper Sanjen 14.8 MW. Rasuwagadi will generate 613 million units of electricity a year, Lower Sanjen 251.90 million units and Upper Sanjen 85 million units, according to the feasibility reports. The estimated project cost of Rasuwagadi is Rs 13.68 billion excluding interest during the construction period and that of the two Sanjen projects is Rs 7.24 billion.

Managing Director of Rasuwagadi Hydropower Limited Madhav Koirala claimed that there will be problems due to delay in construction of transmission line though the company is fully prepared to complete the project in schedule. Chief of Sanjen Ram Gopal Shivakoti also claimed that work is being done to complete both the projects by 2016.

The majority of projects that have signed power purchase agreement (PPA) with NEA have not been constructed due to delay in construction of transmission lines. Works of many transmission lines have been stopped as contracts have been awarded without completing the processes of land acquisition and receiving permission from the forest and environment ministries.

Similar state of Sanimamai

Electricity from 22 MW Sanimamai Hydropower Project is also set to go in waste due to slow progress in construction of 30-kilometer transmission line from Damak to Godak even as promoter Sanimamai Hydropower Limited is constructing the hydroproject with an aim of completing it by July. The project will generate 128 million units of electricity a year.

NEA plans to add 40 MW of electricity to the national grid, including that generated from Sanimamai, in the current fiscal year. Director of the project Subarna Das Shrestha claimed that the project will be completed by mid-July at the latest.

Similarly, electricity generated by the 10 MW Sipringkhola Hydroproject constructed two years ago by Synergy Power in Dolakah is also being wasted. The Singati-Lamasanghu 132 KV transmission line that the government had to construct to bring the electricity generated to the load center in Kathmandu has

yet to be completed. Some of the electricity generated from the project is being used for construction of the Upper Tamakoshi Hydroproject.

Source: My Republica; 3 March, 2014

New law may discourage hydropower developers

The Water and Energy Commission Secretariat (WECS) is preparing a new law, which, if endorsed, will require hydropower developers to go through one more agency, making the hydropower development process more complex.

At present, hydropower developers have to go through a number of state agencies, ranging form village development committees (VDCs) at the local level to the Ministry of Energy (MoE) to acquire survey license.

If the plan materializes, the developers of hydropower projects above 10 MW and irrigation projects of more than 500 hectares will have to go through one more agency - WECS.
Jhamak Prasad Sharma, spokesperson of WECS, said the commission was drafting Water and Energy Commission Bill in a bid to make WECS more powerful. "We will expedite discussion with stakeholders to draft a new law which will make WECS a regulator for energy and water resources," he added.

The plan, however, has drawn flak from hydropower developers. They say if the act is endorsed, it will only add additional burden on hydropower developers.
"There already are a number of regulatory bodies, including Ministry of Energy (MoE).

Excessive red tape will only discourage investors," Gyanendra Lal Pradhan, chairman of Energy Committee at the Federation of Nepalese Chambers of Commerce and Industry (FNCCI) said. He added that developers need to spend nearly five years to seek approval from nearly a dozen state agencies before initiating development works which takes only around three years.

During the project study period, developers have to go through a lengthy process to seek permission from line agencies like the Ministry of Environment and Ministry of Forest and Soil Conservation.

"Our files remains stuck at ministries for months without any reason whatsoever," added Pradhan.
A meeting of WECS, led by erstwhile energy minister Umakanta Jha, held in December had decided to prepare new law for the commission.

When asked whether the new law will add burden on investors, Sharma said they just want to bring projects into their notice for streamlining and harmonizing hydropower development as well as promote integrated use of water resources. He said preparations were on to table the bill in the parliament in this fiscal year itself.

The recently held Nepal Economic Summit had issued a 19-point declaration, which, among others, aims to identify regulatory burden on businesses. It aims to move Nepal 10 places up in the World Bank´s doing business ranking by 2016. At present, Nepal is ranked 105 out of 189 countries.

Source: The Himalayan Times; 4 March, 2014

Upper Marshyangdi-A work yet to resume

Seven days after workers went on a strike with a number of demands, including hike in their daily wage, work at Upper MarshyangdiA hydropower project is yet to resume.

The recent strike at the 50 MW project came to a standstill one February 24. Though talks were held time and again between the project management and workers in the presence of the local administration, they have only drawn blank so far.

According to project public relations officer Arjun Gurung, the bid to end the strike failed after workers stuck to their guns and demanded that their wage be pegged at Rs 600 per day. "Workers have refused to agree to Rs 440 daily wage that the project is offering," he said, adding work at the project has been halted for two months due to frequent strikes.

Meanwhile, frequent strikes and agitation have delayed the project which started about a year ago. The project was to start generating power in three years. "On the one hand, these strikes are delaying the project, while on the other, they are causing losses to the tune of millions

of rupees," Gurung said, adding that the project has been incurring loss of Rs 400,000 or so daily.

The estimated cost of runof-the-river project is Rs 10 billion.

The Chinese Sino Hydro will be investing 90 per cent of the project cost and Sagarmatha Hydropower, a Nepali company, has invested the remaining amount.

A total of 700 workers, including 500 Nepalis, are employed in the project which will use the water of the Marshyangdi River and channel it through a 6.5 Km tunnel to a power house in Bhulbhule from the dam site.

Source: My Republica; 4 May, 2014

Energy Minister sets three priorities

KATHMANDU: Newly appointed Energy Minister Radha Kumari Gyawali has set three priorities of minimizing load-shedding, initiating to get endorsed bills related to energy form parliament, and take action against power developers who are occupying rivers but doing nothing.

Organizing a press meet on Tuesday, she said the Ministry of Energy will carry out periodic maintenance of power houses in time and do everything possible to bring down load-shedding.

Gyawali also said she would prepare a new load-shedding minimizing plan by the third week of March.

Source: The Himalayan Times; 5 March, 2014

India blames Nepal for delay in signing power trade agreement

Himalayan News Service Kathmandu, March 4

Indian power secretary Pradeep Kumar Sinha has pointed a finger at Nepal for not playing a proactive role in signing the much-awaited power trade agreement, as he called on the government to immediately take the initiative to create a joint mechanism that instantly addresses such delays.

"Nepal has been raising the issue of power trade agreement and it is said a draft has also been prepared. But frankly I haven't even seen the draft so far," Sinha said, addressing a talk session on 'Growth of Indian Power Sector' organised jointly by the Indian Embassy in Nepal and the Nepal-India Chamber of Commerce and Industry, here today.

Sinha's statement was a blow to Nepal's assertion that it has long been pushing to enter into such an agreement with India to facilitate unlimited import and export of power between the two countries.

Sinha's statement has also

exposed the indifferent attitude of the Nepali bureaucratic system, which does not even bother to find out whether important documents have landed on desks of the concerned people abroad.

Nepal has long been trying to enter into a power trade agreement with India so that it can purchase any quantity of electricity during lean seasons and sell any quantity of power during the peak seasons. Once such a pact is signed, it will replace the existing Power Exchange Agreement between the two neighbouring countries which caps electricity trading.

"One of the reasons why we have not been able to sign this agreement is due to lack of frequent communication between the power ministries of the two countries.... In fact, there is no communication at all," Sinha said, warning such a vacuum may even create misunderstanding on various issues between the two countries.

He then called on Nepal to immediately take the initiative to create a mechanism that

directly engages the energy ministries of the two countries to work on various issues of national importance.

Such a body, according to Sinha, could take crucial decisions on development of energy sectors of both the countries, including signing of the power trade agreement.

"India and Bangladesh have managed to sort out various issues related to power because of the establishment of such a mechanism," Sinha said.

Currently, India and Bangladesh have a three-tier mechanism in place — one at the secretary level, one at joint secretary level and another is the joint technical committee.

"Because of this mechanism, we were able to construct high-voltage direct current transmission lines (considered superior to alternating current transmission lines) between the two countries within the deadline of two-anda-half years," Sinha added, implying formation of such a body may also be of interest to Nepal.