

Source: The Himalayan Times; 6 September, 2014

CIAA tells govt to build Lower Arun project

Six officials face action

Orders termination of hydropower licences

KATHMANDU: The CIAA has instructed the Ministry of Energy to take departmental action against six government officials for failing to penalise hydro companies that had neglected to execute tasks mentioned in licences they were extended. The officials who face action are: Anup Kumar Upadhyaya, former DG at the Department of Electricity Development; Rabi Sharma Aryal, former joint secretary at the Ministry of Energy; Sundar Shyam Shrestha, former deputy director general at the DoED; DoED engineer Gokarna Raj Pantha; and DoED senior divisional engineers Ramesh Ratna Staphit and Durga Narayan Bhusal. According to Om Bandhu Karki, press coordinator of CIAA chief, they have been accused of not taking action against 10 hydro companies that had failed to fulfil their obligations mentioned in survey and power generation licences. – HNSKATHMANDU: The CIAA has instructed the Ministry of Energy to terminate survey licences of three hydropower companies and generation licences of six other hydro companies, stating that they failed to meet deadlines issued by the government to expedite power generation.

Three hydropower projects whose survey licences were asked to be cancelled are: 36 MW Karuwa Khola, 60 MW Bhotekoshi-5 and 6 MW Buku Khola. They had failed to meet the five-year deadline to fulfil obligations mentioned in the survey licence.

Similarly, six hydro projects whose generation licences were asked to be terminated are: 4.5 MW Lower Indrawati, 17.5 MW Chhahare Khola, 3.4 MW Midim Khola, 14.3 MW Upper Mailun Khola, 18 MW Upper Solu Khola (Small) and 6.8 MW Upper Khoranga Khola. Most of these companies had either failed to conclude power purchase agreement or financial closure, or both, within the stipulated time.

The government has issued survey licences to 103 hydro projects with capacity to generate 6,600 MW of electricity and power generation licences to 83 projects with capacity to produce 5,300 MW of electricity.

“Most of the projects are being delayed because developers are only holding licence and not doing any work to produce electricity. We won’t tolerate this and take action against other companies that are deliberately delaying project implementation,” CIAA Investigation Officer Govinda Bahadur Shrestha said. –

The Commission for Investigation of Abuse of Authority has instructed the Ministry of Energy to terminate power generation licence extended to 400-megawatt Lower Arun hydropower project and pave the way for the government agencies to build the project.

The corruption watchdog took the decision after the project developer continued to miss deadlines of power generation ‘despite the possibility of building the project at a very low cost’.

Lower Arun Hydroelectric Pvt Ltd, the developer of the hydro project, had obtained survey licence to build Lower Arun around 14 years ago.

As per the Electricity Act, companies should complete works such as environmental and feasibility studies and design drawing within five years of obtaining the survey licence. The term of the licence, however, could be extended by another five years.

“But the company took around 11 years to complete works mentioned in the survey licence,” CIAA Investigation Officer Govinda Bahadur Shrestha told journalists today in Kathmandu.

Upon fulfilling obligations mentioned in the survey licence, the company was

given power generation license in November 2012.

As per the agreement reached then, the company had to seal power purchase agreement and conclude financial closure within 18 months of obtaining power generation license.

“The deadline has already expired, but the company has not completed any work till date,” Shrestha said, adding, “We cannot allow companies to hold power generation licenses without doing any work, while the country reels under the problem of load-shedding.”

The Himalayan Times could not establish contact with the project developer, which, according to sources, is a subsidiary of Braspower, a Brazilian company.

Shrestha informed that the company should have no reason to put the construction work on hold, as the project could be built at a very low cost.

The project has been deemed ‘low-cost’ because the company does not have to build access road to the project site and transmission lines to evacuate power, as the project developer can share these infrastructure built by Arun III project, Shrestha informed. However, Arun III project is yet to build access road and transmission lines.

Also, the project developer does not have to build a dam, as it can produce electricity by channeling water that Arun III project has pumped out after generation of power. “Since the water pumped out through Arun III’s tailrace would be clean enough to produce power, the company will not have to spend money to build desanding basin as well,” Shrestha said.

Despite these features, Shrestha added, the company had failed to implement the project citing ‘it can be turned into a 600 MW or 650 MW project’.

“These are tricks to hoodwink us and we won’t tolerate this behavior,” Shrestha said, adding, “The energy ministry should immediately terminate its generation license and allow government agencies to build Lower Arun project.”

Source: My Republica; 6 September, 2014

Upper Bhotekoshi may resume by Oct 25

Officials of the 45 MW Upper Bhotekoshi Hydropower Project have said that the disrupted power supply from the project will resume only by October 25, if everything goes as planned.

The transmission line damaged by the August 2 Sunkoshi landslide is now being rerouted through the left bank of the river.

Narendra Prajapati, the general manager of the project, said that the landslide had damaged only four pylons but they chose to reroute the transmission line by erecting seven pylons in view of the mounting losses caused by the supply disruption.

"We have started foundation works to erect pylons and have promised extra incentives to the contractor if the work is completed ten days before the October 25 deadline," added Prajapati.

The project has stated that by October 25, which will be 79 days since the supply disruption, the project will suffer a total loss of Rs 600 million. NEA on Friday increased the weekly load-shedding to 58 hours citing disruption in power supply from Upper Bhotekoshi.

The August 2 landslide had damaged two powerhouses and the transmission lines of four projects. Officials of the affected projects complained that the government has not been doing enough to drain the lake formed by the landslide. Upper Bhotekoshi Hydropower Project said will cost the project around Rs 70 million to resume the disruption.

"If the authorities had drained the lake by 25 meters then it would be easier for the projects and the transmission lines to resume operations," said Khadga Bahadur Bista, the president of Independent Power Producers' Association Nepal. The water level in the lake formed by the landslide had reached 55 meters.

Chief of the Load Dispatch Center of the Nepal Electricity Authority Bhuwan Kumar Chhetri said that load-shedding will not increase further until October 25 if there is no disruption in other hydropower projects.

"However, we will have to postpone a planned maintenance of the Lower Marshyangdi Hydropower Project during the festive season of Dashain and Tihar if the Upper Bhotekoshi fails to resume operation by October 25," said Chhetri.

Meanwhile, a unit of the 3.5 MW of NEA's Sunkoshi Hydropower Project (10 MW) has been restored. The project's iron gates that divert the water into the intake were swept away by the flood and landslide of August 2. NEA's system is currently supplying 650 MW including imports from India.

Source: The Himalayan Times; 7 September, 2014

PTA will open door to development: Gyawali

Energy Minister Radha Gyawali said the power trade agreement initialled by high ranking officials of Nepal and India would open the door to development.

Addressing an interaction here today, Gyawali said the initial PTA was signed with India with the consent of all political parties including the Unified CPN-Maoist. She said the agreement would pave the way for foreign investment, including investments from India, China and other SAARC countries in Nepal's hydropower sector.

Gyawali said the next meeting of the Council of Ministers would endorse the initial paper of the PTA. "Further process on the PTA will be determined as per the instruction of the Prime Minister," Gyawali told THT.

She said the Investment Board was also making preparations to sign the project development agreement related to Upper Karnali hydel project.

"PDA does not fall under the ministry's jurisdiction, but I personally believe PDA should also be signed without delay," Gyawali told THT.

She said the instruction of the Commission for the Investigation of Abuse of Authority (CIAA) to cancel the licences of those who are holding hydropower project licences for unnecessarily long periods of time would be implemented soon.

Source: The Himalayan Times; 7 September, 2014

NT staff protest non-engineer MD

Pyakuryal to lead NEA's new executive committee

Minister Rijal stands by govt decision



The 25th annual general meeting of Nepal Economic Association (NEA) has unanimously elected its executive committee headed by Bishwambher Pyakuryal as honorary president, here, today.

Other honorary vice presidents of the association who were elected unopposed are Bhawani Dhungana and Chiranjibi Nepal. Similarly, Gopal Prasad Tiwari has been elected as honorary secretary general. Khom Raj Kharel and Shanta Singh, have been elected as honorary secretary and honorary treasurer, respectively. Other honorary executive members of the association are Prithvi Raj Ligal, Posh Raj Pandey, Bijaya Shrestha, Keshav Raj Khadka, Madhav Prasad Dahal, Mani Kumar Nepal, Shivaraj Adhikari, Yadavmani Upadhyaya, Nabin Adhikari and Jamuna Shrestha.

Election Officer of NEA Advocate Saroj Nepal announced the result of the elected executive committee members.

Speaking after being elected president of NEA, Pyakuryal said that NEA is now at a stage of moving to a higher level with various activities in the

pipeline and resource mobilisation drive in full swing. He stressed on bringing out a special publication on issues of national importance in coordination with prospective national and international institutions.

Earlier, in the meeting, Chiranjibi Nepal, newly elected vice president of NEA, also presented the progress report of NEA and proposed new provisions in the association's constitution such as opening up regional branches and membership fee adjustments, among others. NEA Treasurer Singh also presented the income and expenditure details of the past fiscal years.

Speaking at the annual general meeting, Dahal, immediate past president of NEA, stressed on increasing activities of NEA at the local and international level, along with research and development in association with government and non-governmental organisations.

Bishwambher Pyakuryal, newly elected President of Nepal Economic Association, flanked by other executive committee members of NEA, posing for a picture after the association's 25th annual general meeting, in Kathmandu, on Saturday.

Source: The Himalayan Times; 9 September, 2014

MoE all set to forward PTA to expedite implementation

Nepal can use facility to draw investment in hydro sector

The Ministry of Energy is all set to forward the power trade pact signed by Nepal and India to the Cabinet to expedite implementation of the deal that allows the country to purchase electricity from the southern neighbour during lean seasons and sell power whenever there is a surplus.

“The document would be tabled during the upcoming Cabinet meeting, if not the next one,” Energy Secretary Rajendra Kishore Kshatri said. Cabinet meetings are generally held on Mondays and Thursdays.

Energy Secretary Kshatri and his Indian counterpart Pradeep Kumar Sinha initialled the Agreement on Electric Power Trade and Cross-Border Transmission Interconnection and Grid Connectivity in the Indian capital of New Delhi last Thursday.

Now, Cabinets of both the countries need to put a rubber stamp on the deal to fast-track the implementation.

However, it is still unclear whether the Cabinet’s approval would be enough to implement the pact here, as some of the politicians are demanding that the government present the document before the House — although agreement of this kind does not need Parliament’s ratification.

Earlier, Energy Minister Radha Kumari Gyawali had told The Himalayan Times that Cabinet would take a decision in this regard. This means if Cabinet deems that Parliament’s ratification is not necessary, then the approval extended by Council of Ministers would be enough to implement the power trade agreement (PTA).

Once this issue is sorted out and the agreement is duly approved, Nepal will invite the Indian side here to sign on the final version of the pact. “The final agreement would most probably be signed at the secretary level,” said Energy Secretary Kshatri.

For now, early endorsement of the document by the Cabinet or the Parliament is essential, as it would pave the way for early implementation of the pact. Otherwise, the possibility of repetition of the situation of 1996 could not be ruled out.

On February 17, 1996, Nepal had signed a similar power trade pact with the Indian government. At that time DN Dhungel, secretary of Nepal’s Ministry of Water Resources, and Indian Power Secretary P

Abraham had initialled the 'Agreement on Electric Power Trade' in Mumbai. But that agreement was never implemented due to political wrangling. The government has pledged that it would not let such a situation to repeat again and implement it as soon as possible.

Implementation of the agreement, which will remain in force for 25 years and automatically renewed every 10 years, will pave way for Nepal to purchase electricity from India when production here falls and sell power to the southern neighbour whenever there is a surplus. The deal would also provide access to domestic and international hydro project developers to the vast market in the south, where they can sell electricity generated here.

Nepal can use this facility to draw foreign investment in the hydro sector, as electricity produced here can now be officially sold in India.

Source: The Kathmandu Post; 10 September, 2014

PTA likely to be signed by deadline, say officials

Officials at the Ministry of Energy are optimistic that the much talked about Power Trade Agreement (PTA) between Nepal and India will be signed within the 45-day deadline set during Indian Prime Minister Narendra Modi's visit to Nepal in August.

The two countries

initialled the PTA at the secretary level last week in New Delhi during the visit of a Nepal team led by Energy Secretary Rajendra Kishore Kshatri. The pact now needs to be approved by the cabinets of both the countries. The document will be signed either by the ministers or secretaries of the two countries to give formal shape to the PTA, according to Kshatri.

“An Indian team is likely to arrive in Nepal before September 20 to sign the final accord,” said Kshatri. “Things in India too have been speeded up.” Meanwhile, the Energy Ministry is preparing to send the PTA initialled between the two countries to the Cabinet for its endorsement within a week.

The pact entitled Electric Power Trade, Cross-Border Transmission Interconnection and Grid Connectivity will pave the way for trading electricity between the two countries.

“Due to the occurrence of several holidays, we could not send the document to the Cabinet as soon as we would have liked,” said Kshatri. “The process will be accelerated from Tuesday, and we are hopeful that it will be dispatched this week.”

Keshav Dhowj Adhikari, spokesperson at the Energy Ministry, said upon his return from India on Friday that the final agreement that will be signed after being okayed by the cabinets of the two countries will not contain any changes.

“Apart from a few punctuation marks, no significant changes have been made in the draft PTA sent by the Nepali side,” said Adhikari.

Energy Ministry officials are optimistic about the quick approval of the pact since India has agreed to the draft prepared by the cross-party political committee comprising NC leader and Finance Minister Ram Sharan Mahat, CPN-UML leader Bhim Rawal and UCPN (Maoist) leader Narayan Kaji Shrestha.

The much talked about

deal will allow the two countries to develop transmission interconnections, grid connectivity, power exchange and trading through governmental, public and private enterprises on mutually acceptable terms.

Likewise, the agreement allows licensed electricity producers, buyers or traders of the two countries to engage in cross-border electricity trading, including that through power exchanges, and to seek cross-border transmission access as per the laws of the respective country. Any governmental, public or private sector enterprise of the two countries can engage in planning and constructing interconnection facilities and power trade.

A joint communiqué released on August 4 during the visit of Indian Prime Minister Narendra Modi in Nepal had directed the concerned authorities to conclude the negotiation on an agreement on power trade within 45 days. The authorities are likely to meet the deadline if things move as planned.

Source: My Republica; 10 September, 2014

Himal Power offers free energy from Khimti

Himal Power Ltd (HPL) has said that Khimti Power plant will run at maximum capacity for the entire wet season to help cope with the acute power shortage.

According to a statement issued by the company, chairperson of the company Tima Iyer Utne made the announcement amid a program recently organized by HPL.

The power plant will generate an estimated excess of more than 8 GWh of free wet season energy this year.

“This free power will come in addition with the approximately 87 GWh of free power that Himal Power has been contributing to the national grid. This is a significant increase in the amount of free energy normally provided,” reads the statement.

Source: The Rising Nepal; 10 September, 2014

PDA anti-national: says Lohani

Lumbini, Rupandehi, Sept. 10: Leader of the Rastriya Prajatantra Party Dr. Prakash Chandra Lohani has said Power Development Agreement (PDA) will not be in the interest of Nepal.

The government should sign the agreement to be signed with Indian company GMR after extensive discussion with the people immediately.

Lohani commented that although the PTA signed with India was positive; the PDA however, is anti-national.

Talking to journalists at the Gautam Buddha Airport, he said Nepali side will have to bear a great loss if the agreement of PDA with the private company is implemented without amendment. Stating that foreign investment should be attracted to Nepal, but it should not be against national interests.

The PDA proposal has conditions that infringe upon Nepal's right to water resources and there will be monopoly of Indian companies and is thus anti-national and should not be implemented without discussion, Lohani said.

He also said as Constituent Assembly could not work deftly, there are doubts of constitution not being promulgated by the stipulated date of January 22 next year. He also criticized the government for failing to provide law and order. RSS

Source: The Rising Nepal; 10 September, 2014

Feasibility study of 13 new hydel projects

Baglung, Sept 10: A detailed feasibility study of 13 new micro hydropower projects to be constructed in seven districts of the western region has been carried out.

Preparation was underway to construct the projects in Baglung, Parbat, Myagdi, Mustang, Palpa, Gulmi and Kaski districts. The projects are to be constructed under the National Renewable Energy Programme of the Alternative Energy Promotion Centre (AEPC).

According to the Regional Service Centre of Dhaulagiri Community Resource Development Centre (DCRDC), Baglung, the hydel projects are to be constructed with the grant assistance of the AEPC, investment of respective District Development Committees, VDCs and locals.

Feasibility study of the 165 KW-Daramkhola III, the 33 KW-Neupane Deurali, the 69 KW-Bhimghatkhol, the 360 KW-Tamankhol in Baglung district and the 15.3 KW-Lungdikhol in Parbat district was carried out.

Similarly, detailed feasibility study of the 30 KW-Dhostekhorkhol in Myagdi district, the 500 KW-Chhoserkhola in Mustang, the 14 KW-Nistikhola I and the 10.05 KW-Nistikhola II in Gulmi district was completed.

Likewise, feasibility study of the 12 KW-Kundarkhol and the 26 KW-Baudikhola in Palpa district, and the 63.1 KW-Modikhola in Kaski district was also carried out.

A total of 1,272.19 KW electricity would be generated from all these projects which would directly benefit 3,254 households.

DCRDC Chairman Ishworlal Rajbhandari said that the DCRDC had carried out the feasibility study of the projects with a target to generate 2,500 KW electricity within the next three years.

As part the new projects, construction works of 11 hydel projects were underway with the objective of producing 356 KW power within the current fiscal year.

Source: The Kathmandu Post; 12 September, 2014

Himal Power bid to support government

Himal Power Limited has offered support to the Government of Nepal after a massive landslide near the Khimti Hydropower Project that has affected power generation.

Himal Power Chairman Tima Iyer Utne made the announcement amid a programme.

In a statement, the company said to help partially mitigate the acute shortage of power, the Himal Power board has decided to run the Khimti plant at maximum capacity for the remainder of the wet season and thus contribute an estimated excess electricity of more than 8GWh for free. This is a significant increase in the amount of free energy normally provided. This energy will be supplied free of charge in order to help Nepal Electricity Authority reduce load-shedding hours, especially during the festive season. “This free power will come in addition to the approximately 87GWh of free power that Himal Power has been providing to the national grid.”

Source: My Republica; 12 September, 2014

Upper Bhotekoshi and Khimti PPAs cannot be revised: Officials

Officials of Upper Bhotekoshi Company and Himal Power Ltd have clarified that their Power Purchase Agreements (PPAs) cannot be revised. They say the PPAs were signed in foreign currencies through negotiations and the risks were shared in order to bring in the foreign investment.

Speaking to a subcommittee of the Public Accounts Committee of parliament on Thursday, both project-developers refused to revise PPA rates signed a decade and a half ago.

Earlier, the government called on them to sit for dialogue for revising the PPA rates as this meant huge losses for Nepal Electricity Authority (NEA). The subcommittee, led by Post Bahadur Bogati, has been looking into PPAs signed in foreign currencies.

Developers of the 45-MW Upper Bhotekoshi and 60-MW Khimti projects were invited for discussions. They also said that 'rumors' making the rounds that their projects meant huge losses to NEA were baseless.

Upper Bhotekoshi General Manager Narendra Prajapati said PPAs are long term agreements and normally such agreements are never revised. He also ruled out that his project was causing huge losses to NEA saying that his company may have got only an additional Rs 200 million in the last fiscal year due to differential rates caused by currency exchange and said the amount was peanuts in NEA's total loss of Rs 5.75 billion in the year.

Himal Power Ltd General Manager Tom Kristian Larsen said their PPA was completely transparent and on commercial parameters. "There was no experience of project-financing in Nepal at the time, and everything was agreed upon," Larsen added.

In the beginning of the discussion, CA members had argued that the PPA rates should be revised as the developers have earned a lot of money and NEA has born the losses.

CA member Mohan Bahadur Basnet said NEA started registering a deficit from the very year both projects were connected into the national grid and the same continues.

Both projects started operation in Fiscal Year 2000/01.

CA members also questioned why both projects were earning good profits but shunned from distributing shares to locals.

Sandip Shah, the project director of Khimti, told the subcommittee that the developers were not liable to issue shares to the public and they will hand over half the ownership to NEA after 20 years of operation at zero cost. Likewise NEA will own half Upper Bhotekoshi after 25 years.

Officials of Khimti also said that paying royalty should not be looked at in isolation but along with risk sharing. NEA pays all the royalty and other taxes for Khimti hydropower project.

Both projects also complained that two years ago NEA decided not to sign any agreement with them until they came to revise PPA rates.

Prajapati said their project faced an uncertainty after a sort of blacklisting.

Anil Sinha, the legal advisor to Khmiti, said that revising such agreements could not happen by twisting arms.

NEA signed a PPA with Upper Bhotekoshi at 6 cents US per unit in 1997 and with Khimti at 5.9 cents US in 1996. NEA statistics say that it has born huge losses due to the devaluation of the Nepali currency. At around the time of the PPAs, one US dollar was going at Rs 48 but now the exchange rate hovers at around Rs 95.