

Source: The Rising Nepal; 29 Nov, 2014

### **NEA pressed to conduct feasibility of hydro projects**

The Trade Unions at Nepal Electricity Authority (NEA) have demanded that the NEA immediately conducted a feasibility study of the hydro projects it owned.

The five Unions have demanded with the Energy Ministry, besides NEA, to further the feasibility study of the hydro powers as Dudhkoshi, Upper Arun, Tamakoshi-V, for the swift address on the prevailing power crisis in the country, said Khagendra Shahi, the Chairman of the Association of National Employees.

The Unions have it that the NEA should first take on the hydro projects that are 'easy' and 'less costly'; so as to accelerate the hydro projects which have been in the paper for long but not executed.

A press statement released by the employees' association today urged the NEA and Energy Ministry to give high priority to the development of hydro projects by augmenting investment in this sector.

Also recommended by the Unions were to commence the three hydro projects under three different model as public, private and partnership.

The World Bank has expressed its willingness to invest in these hydro projects with the total capacity of 335 MW.

The projects were stagnant although the feasibility study was conducted in 1999, stating the estimated project cost at Rs 5.34 billion.

Experts opined that the electricity would cost Rs 2.74 per unit once the projects start producing electricity.

The employees' association has also appealed to the government to help NEA fend off the blame of being a 'talking shop'.

Source: My Republica; 29 Nov, 2014

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Source: My Republica; 30 Nov, 2014

## **Sunkoshi Power House starts generating power**

The Sunkoshi Power House, which was damaged by landslide, occurred on August 2 at Jure in Sindhupalchowk district, has started generating power.

The 10.05 MW-project was obstructed around four months following the damage caused by landslide.

Engineer Sanjay Pathak said that the House has been brought into operation in a temporary manner.

Only two machines are on operation from which 7.2 MW to 8MW electricity is being generated, according to the House.

The power is being generated by operating the House in temporary manner and the produced power has been linked to the Central Transmission Line as it would take a huge budget and a long time to carryout repair and maintenance of the damaged House. RSS

Source: My Republica; 3 Dec, 2014

## **Rs 540 million corruption in Chameliya hydel project**

It has been confirmed that corruption of Rs 540 million took place under variation number 3 of the under construction Chameliya Hydropower Project in Darchula district.

A meeting of the Parliament's Public Accounts Committee (PAC) on Wednesday confirming the massive irregularities took decision to initiate process for action against concerned ministers, secretaries and employees of the project among others.

The PAC had conducted investigation into the irregularities in the hydel project since two months forming a sub-committee led by lawmaker Rajendra Kumar KC.

The sub-committee concluded misappropriation during purchase of construction material, wages and salaries to employees along with variation order to contractors of civil and electro-mechanical works.

The PAC has decided to write to the Commission for the Investigation of Abuse of Authority (CIAA) for action against corruption-accused ministers, secretaries, hydel project employees, acting directors at Nepal Electricity Authority (NEA) involved in directing and implementing orders from 2001 to till now.

The project with the initial investment of Rs 8 billion was scheduled to be completed in 2011. However, even with the capital leapfrogging to Rs 15 billion, the project is yet to complete.

Source: My Republica; 3 Dec, 2014

## **MoE's study report excludes status of Kabeli 'A', three other projects**

A study report on status of different hydropower projects, which was tabled by the Ministry of Energy (MoE) to Agriculture and Water Resources Committee (AWRC) of legislature-parliament on Tuesday, excludes status of four hydropower projects including the controversial Kabeli 'A'.

Along with Kabeli 'A' (37.6 MW), the report does not mention anything at all about Balefi B (4.53 MW), Lower Balefi (20 MW) and Upper Ingwakhola (9.7 MW) hydropower projects.

The ministry prepared the report to implement the directions of the Commission for the Investigation of Abuse of Authority (CIAA). Taking separate decision on September 5 and October 29, CIAA had directed MoE to cancel survey and generation licenses of altogether 14 projects after they failed to sign Power Purchase Agreement (PPA) with Nepal Electricity Authority (NEA) and achieve financial closure within the given timeframe.

The fate of the projects, however, has become uncertain after two parliamentary committees -- AWRC and Finance Committee -- raised questions on the jurisdiction of CIAA. MoE officials, particularly energy secretary Rajendra Kishor Kshatri, have remained indecisive on the issue.

Energy secretary is the final authority to take decision on licenses of hydropower projects.

Talking to Republica, Kshatri said the study report was prepared for internal purpose. "We submitted it to AWRC as per the demand. It is not necessary to prepare reports of other four projects," he argued.

Finance Committee directed MoE not to scrap licenses as directed by CIAA arguing that the decision will affect implementation of the projects, particularly Kabeli 'A' which is financed by the World Bank Group.

MoE Spokesperson Keshav Dhvaj Adhikari said they were not in a position to take decision on the fate of 14 projects due to conflicting directions from CIAA and parliamentary committees.

Energy Minister Radha Gyawali had told AWRC on Sunday that she would bring the agenda of licenses to the cabinet to protect the genuine developers.

Meanwhile, discussions on those projects are underway at AWRC. It has invited CIAA Chief Lok Man Singh Karki yet again to hold discussion on its directions before arriving at the conclusion.

Source: My Republica; 4 Dec, 2014

## **PAC finds huge embezzlement at Chameliya Hydropower**

**RUDRA PANGENI**

**KATHMANDU, Dec 4:** The Public Account Committee (PAC) of parliament has come to the conclusion that there has been embezzlement amounting to Rs 540 million in 'variation order 3' paid for the headrace tunnel at the Chameliya Hydropower Project.

A PAC subcommittee, in the sample variation order 3 out of a total of six such orders, found huge discrepancies in the price of the labor force and the use of cement and other construction material. The findings also show that the contractors were paid a bloated profit of up to 40 percent, contrary to the normal practice of 25 percent overhead and profit.

*Caption: This file photo shows the under-construction powerhouse of Chameliya Hydropower Project in Shikhar VDC of Darchula district. (Republica)*

The civil contractor for the 30 MW project being developed by Nepal Electricity Authority is China Gejuwa Power Company Limited. The project cost has reached close to Rs 15.6 billion from the initial cost estimate of Rs 8 billion, due to the unnaturally high variation order.

The subcommittee led by lawmaker Rajendra Kumar KC has also found that the contractor was paid before the variation order was made.

The decision on variation was made by the NEA board meeting chaired by erstwhile energy secretary Hari Ram Koirala, following recommendations from the consultant, the variation review committee and project officials.

- **Adding 40 percent profit for contractors in construction costs**
- **Labour costs counted three times higher than normal rates**
- **NEA board chairman, board members, consultant, variation review committee members behind the anomalies**
- **PAC decides to forward anomalies to CIAA for further investigation and charge-sheeting of those involved**

Under the variation order, the monthly payments to a foreman and a skilled worker were Rs 116,337 and Rs 64,699 respectively. KC's report said that the payment is far above the normal market rate of Rs 35,000 and Rs 25,000 respectively.

Variation order is paid in case of the need for unforeseen constructions during the construction phase. However, NEA-developed projects have included such constructions artificially for reaping benefits, it is stated.

After Wednesday's meeting, PAC Chairman Janardan Sharma said that there is massive corruption in the variation order payments, and all the decision-makers including board

members, the consultant and the variation review committee should be subjected to action. PAC has decided to direct the Commission for Investigation of Abuse of Authority (CIAA) and the government to take action against them.

Talking to Republica, KC said that unnatural payments took place and additional works were created for all the variation orders. “The powerhouse has been shifted near by a hill leading to additional constructions, and the construction of the headrace tunnel for project peaking for 6 hours and the squeezing also raise the question whether such constructions were unavoidable and the calculation of unit construction costs were not bloated,” added KC.

The latest decision by Energy Minister Radha Gyawali, as head of the NEA board, to pay Rs 1.09 billion for the tunnel squeezing treatment work drew the attention of PAC and led to rounds of meetings and discussions.

NEA has already approved payments worth Rs 2.54 out of a total of Rs 5.42 billion claimed in variation orders for an access road to the headworks, the powerhouse and tail race, for the connecting tunnel, for access to the tunnel and desander, the flushing tunnel, the vertical penstock, the horizontal penstock and tailrace and the audit tunnel, among other works. The cost of civil works increased by 160 percent to Rs 7.50 billion from the initial civil works cost figure of Rs 4.62 billion.

