Source: The Kathmandu Post; 4 Jan, 2015

MoE starts scrapping hydropower licences

Besides the Kabeli-A project, all others on the CIAA list are likely to face action

Amid controversy over the Commission for Investigation of Abuse of Authority's (CIAA) direction to scrap licences of hydropower projects, the Ministry of Energy (MoE) is doing what the anti-graft body has ordered.

The ministry has started scrapping licences of hydropower projects that were under the CIAA list.

Ministry sources say except for the Kabeli-A project, licences of all other 13 projects are most likely to be terminated. The ministry has already scrapped licences of three projects—Karua Khola (36MW), Lower Arun (400MW), and Balefi-B (4.53MW). The anti-graft body had directed the ministry to cancel more than a dozen hydropower projects, including the World Bank-funded Kabeli-A, for their failure to sign power purchase agreements (PPA) with Nepal Electricity Authority (NEA) and to complete financial closure in time.

Energy Secretary Rajendra Kishore Kshatri said almost all the projects are likely to face cancellation in the near future. "The minitry will move ahead as per legal interpretation of the CIAA directive," Kshatri said. The ministry's move can be altered only if the CIAA issues a fresh directive.

Other projects on the CIAA list are Kabeli-A (37.6MW), Bhotekoshi-5 (60MW), Buku Khola (6MW), Lower Indrawati (4.5MW), Chahare Khola (17.5 MW), Midim Khola (3.4MW), Upper Mailung (14.3MW), Upper Solu (18MW), Upper Khorunga (6.8MW), Lower Balefi (20MW) and Upper Ingwa (9.7MW). Kabeli-A Hydropower Project, however, is likely to survive as it marks the World Bank's entry into Nepal's hydropower development after the Arun III debacle. The Hydroelectric Investment Development Company (HIDCL) has also funded the Kabeli-A, promoted by Butwal Power Company. "Factors such as the completion of the Project Development Agreement in 2010 and involvement of the World Bank and HIDCL will save Kabeli-A," said ministry sources.

The Agriculture and Water Resource Committee (AWRC) on December 17 had directed the ministry to decide the fate of the 14 hydropower projects, following a verbal relaxation of the orders from the CIAA. At the meeting, CIAA's acting secretary Prem Kumar Rai had said the anti-graft body's directive was not mandatory.

Ministry officials, however, have said the CIAA directive is obligatory and that they have no other option but to abiding by it. The ministry has said the scrapped projects will be kept in the government's basket and will be awarded to the new developers.

Source: The Kathmandu Post; 4 Jan, 2015

Bajura sees over Rs 1b poured into micro hydro

The district has witnessed an investment of over Rs 1 billion in micro hydropower projects.

Of the total 49 such projects, 29 projects (1.16MW combined) are already in operation, illuminating remote villages of the district. Once the under-construction projects are completed, the district will generate 2.33MW energy. Total investment has reached Rs 1.14 billion. Although the estimated cost of per MW energy was around Rs 165,000, most of the projects seem to have exceeded the amount.

These projects has brought a significant change in the lives of the general people. “The availability of energy has made a significant impact on our lives. It has helped us in many ways,” Bishu Aidi, a resident of Kailashmandu VDC, said.

Villages like Manakot, Kolti, Pandusen, Dogdi, Jay Bageshwari, Gudukhati, Kotila, Kuldevmandau, Budhiganga, Kada, Dahakot, Toli, Aatichaur, Chhatara, Martadi, Jugada, Kailashmandau and Baghu are largely load-shedding free.

“There is no load-shedding, unless these projects have to undergo repairing,” Ratan Bahadur Aidi, another local said. Around 11,000 families from the district have been benefited by these projects. Once the under-construction projects complete, 23,000 families (almost 90 percent) will get the facility.

Source: The Himalayan Times; 5 Jan 2015

Committee recommends power purchase prices

Suggestions

A task force formed to fix power purchase tariff for hydropower projects with installed capacity of over 25 megawatts to up to 100 MW has recommended that Nepal Electricity Authority (NEA) buy electricity from such power producers at flat rates of Rs 8.40 per unit during dry season and Rs 4.80 per unit during wet season.

The five-member task force formed under NEA Board Member Manoj Kumar Mishra submitted a report in this regard to the NEA management today.

"The recommendation will now be tabled at the board of NEA. These rates will be introduced only if the board approves them," Mishra told The Himalayan Times.

Once the new rates become effective, NEA will start signing power purchase agreements (PPAs) with independent power producers seeking to build hydro projects with installed capacity of over 25 MW to up to 100 MW. So far this fiscal year, NEA has not signed any PPA with projects exceeding capacity of 25 MW, as it was awaiting introduction of new tariffs.

NEA currently purchases electricity from projects with installed capacity of up to 25 MW at a flat rate of Rs 8.40 per unit during winter and Rs 4.80 per unit during summer.

"We have recommended that base prices for signing PPA with projects exceeding 25 MW in capacity to up to 100 MW be no different than for projects of up to 25 MW," Mishra said. "But we have suggested that the prices be reviewed a year after these projects start generating electricity at commercial level."

In this regard, audits would be conducted by an independent body upon completion of one year of electricity generation.

"Based on the body's report, NEA can raise power purchase prices by three per cent for a maximum of 11 times and a minimum of five times," Mishra said.

But the prices will not be escalated by referring to the compound price but on the basis of original price at which the PPA was signed, according to Mishra.

This means if the power purchase price is raised by three per cent, from, original price of, say, Rs 8.40 per unit, the power producer stands to get Re 0.25 extra, or Rs 8.65 in total, after a year of electricity generation.

But the escalated price of Rs 8.65 will not be used as a reference rate while raising the price by

three per cent the next time. Instead, the original price of Rs 8.40 will be taken into account and only Re 0.252 extra will be provided to power producer on top of Rs 8.65.

Source: The Himalayan Times; 5 Jan 2015

RENDEZVOUS: 'Consultant for Tanahu hydro project would be selected within March'

Energy Minister Radha Kumari Gyawali took a controversial decision by scrapping the consultant selection process for the 140MW reservoir-type Tanahu Hydropower Project, creating doubts over implementation of the project, which was crucial for the country facing 10 hours of power cuts per day. The consultant selection process was executed by the Asian Development Bank, one of the financiers of the project, based on a request made by Tanahu Hydropower Ltd, a state-owned special purpose vehicle formed to implement the project. Then on December 24, the Ministry of Finance, which had mobilised $505 million to build the project, wrote a letter to the Ministry of Energy stating that the energy minister's decision was 'unilateral' and 'not agreeable' to the finance ministry. As the two ministries came up with divergent views, the Cabinet, on January 1, took up the issue and instructed that continuity be given to the consultant selection process initiated by the Bank. In an e-mail interview with Rupak D Sharma of The Himalayan Times, Asian Development Bank's Country Director Kenichi Yokoyama talked about how the Bank was planning to meet crucial deadlines for implementation of the project following the Cabinet's decision.

(The interview had to be conducted through e-mail as Yokoyama was outside of Kathmandu.)

The Cabinet has cleared the decks for the Asian Development Bank (ADB) to move ahead with consultant selection process for Tanahu Hydropower Project. By when are you planning to appoint the consultant?

After the Cabinet decision, the immediate task is now for Tanahu Hydropower Ltd (THL), the executing agency of the project, to resume contract negotiation with the selected consortium of consultants. We have already suggested THL to do so after the government completes all the formalities. The ADB will facilitate THL to negotiate and sign the contract at the earliest. We expect THL to mobilise consultants within February or latest by March 2015.

What are the responsibilities of the project supervision consultant (PSC)? By when will the consultant prepare tender documents to begin construction of the project?

The primary tasks of the consultants are (i) finalising the detailed design and bidding documents that have been prepared by design consultants earlier; (ii) assisting THL in tendering process to select the contractors for the main procurement packages including (a) headworks, (b) waterway, powerhouse, and related equipment, and (c) transmission line and substations; (iii) supervision of construction works of these main packages; and (iv) operation and maintenance of the reservoir and power plant in the first five years after commissioning. As a basis for immediate implementation, the detailed engineering design for the project has been done through a separate

ADB grant approved in 2010. Nepal Electricity Authority (NEA) engaged Electric Power Development Co Ltd (J-Power), which has prepared draft design documents for headworks, including sediment flushing facilities, and powerhouse, as well as draft bidding documents including prequalification documents. After the contract is signed between THL and the PSC and the latter mobilised, we expect that PSC, in close collaboration with J-Power, will finalise the design and the bidding documents within two months of their mobilisation and the bidding process to start thereafter.

Do you think the cost of building the project would escalate because of the delay in consultant selection? If yes, by how much?

The PSC engagement could not proceed in the past seven months. ADB is working closely with THL to bring project implementation back on track as soon as possible. The immediate focus will be to expedite the PSC mobilisation and procurement process of headworks and powerhouse. In this respect, selecting highly qualified and competent contractors for the main packages are also very critical.

The Ministry of Energy (MoE) has repeatedly said that the consultant that the ADB chose for the project does not have adequate experience in sediment management. This concern seems genuine as Seti River, where the project is being built, has excess amount of sand and other particles. Can ADB assure that the selected PSC would be able to properly address this issue?

The consultant selection was done based on holistic criteria including international tender and construction supervision, and facilitating operations and maintenance (O&M), among others. The sedimentation issue of the Seti River has been considered crucial, and a lot of work has been done during project preparation. Specifically, NEA engaged J-Power as a highly experienced firm on reservoir sediment management, conducted sediment studies including hydraulic model tests, and completed detailed design for sediment flushing facilities and their operational planning. The PSC will start from this point, ie, review and ascertain the design, support tendering and supervise international contractors for implementation of the project. They will also do further surveys and morphological analyses to optimise the reservoir operational plan including sediment flushing. Our headquarters have confirmed that the selected consultant has the technical capacity to undertake these tasks. To ensure high quality in ascertaining the detailed design, implementing the works, and establishing and ensuring sound O&M, the ADB will support THL in selecting a highly professional Panel of Experts (PoE). This will double the assurance that key technical issues, including sediment management, dam safety, etc, will be sufficiently addressed.

MoE has also said that the ADB should not have

undertaken the consultant selection process as the

project was being built through loan extended by development partners, not grant. Against this backdrop, MoE has argued, the recipient of the loan, or the

government, should have led the consultant selection process. Can the ADB assure full

involvement of concerned government

agencies in future procurement and consultant selection processes as mentioned in the report prepared by the joint review committee?

According to ADB's procurement guidelines, ADB can undertake consultant selection on behalf of the borrower, provided it is requested by the borrower and endorsed by the ADB. This is practiced in many countries, such as Bangladesh, Indonesia and Vietnam, particularly for large and complex assignments for which ADB's selection can lead to much faster recruitment. Having said that, high ownership of the executing agencies is desirable, and we appreciate the intention of MoE. But their efforts to expedite the consultant selection are also essential. In our experience, NEA is taking a very long time in engaging consulting firms — example, more than two years in one recent case. At present, based on financing agreements signed in fiscal year 2013-14, NEA is also selecting detailed design consultants for DudhKoshi Hydropower project and PSC for $450-million transmission project. Yet, we have not seen much difference in their progress so far. We would like to ask the MoE and NEA to fast track the process and select consultants within fiscal 2014-15.

Don't you think engaging someone from NEA or officials of executing agencies in consultant selection process would build the capacity of these officials? And as they gain experience, the government can eventually carry out such jobs on its own in the future?

Yes, building the capacity of the project executing agencies is very important, so that the agencies can implement the projects on their own. We are stepping up efforts to this end by supporting procurement, contract management, and other processes with on-the-job advice. In case of energy sector, on top of capacity building, there is also a need for streamlining the decision making process. At present, each procurement step has to go through several rounds of review including NEA Board. I understand streamlining this process is under active consideration by NEA and MoE, which provides a good signal for future.

You had recently said that ADB was ready to finance more storage-type hydro projects. Which projects are you eyeing?

The storage based hydropower projects that we are envisaging at this stage are 350MW DudhKoshi and 440MW NalsinGhad hydropower projects. These may possibly be developed under public private sector partnership (PPP) mode. We are already supporting and carrying out detailed engineering design studies for the DudhKoshi project. ADB's Office for PPP is examining the possibility of providing transaction advisory services for NalsinGhad. ADB's private sector department is also considering supporting other hydropower projects.

Source: My Republica; 5 Jan 2015

Local demand share in Khimti hydel project

Locals here have demanded 10 per cent shares in the Khimti Hydropower project.

The Nepali Congress, Dolakha, on behalf the locals here, today submitted a memorandum to Himalpower Limited, demanding a portion of the project´s share.

The 60-MW Khimti Hydel Project is in operation in Dolakha and Ramechhap districts since July 2000.

According to Tara Bahadur Koirala, the Chairperson of the Nepali Congress, Dolakha, the demand has been placed with a reference to the certain portion of the shares offered by the Upper Tamakoshi Hydel Project, now under-construction in the district, to the locals.

Nepali Congress, Dolakha, has warned of staging a stern protest if their demand goes unheeded. RSS

Source: The Himalayan Times; 6 Jan 2015

Water resources development

Lack of political will

SURYA NATH BASTOLA

The power development agreement with India is but one facet only. Nepal has to be able to attract more foreign direct investment from other countries including that from China for water resources development

Humans had started water resources development from the time they established water supply systems for irrigation and drinking purposes. In Nepal, irrigation covers around 50 per cent of the irrigable land of Nepal.

The planned development of water resources in Nepal has a history of about 50 years, It was in 1911 that the first hydropower station at Pharping (500 kw) started to supply electricity to the Kathmandu valley. This was supplemented in 1935 with Sundarijal hydropower station (1500 kw).

The domestic generation of electricity in Nepal is only about 500 MW, whereas the maximum demand is nearly 700 MW during the summer season which soars to more than 1200 MW during the winter season when the power generation falls as most of the hydroelectric projects are run-of-the-river types. The consequence is a deficit leading to a perpetual cycle of load-shedding from 10 to 18 hours a day as per the season. One of the chief problems acting as hindrance is the very slow progress on the construction of transmission lines in many places which if completed could go a long way in evacuating electricity from the power projects as well as for the supply of electricity purchased from India, that is 200MW at present. It is a bitter truth that even for our own consumption, we have to invite foreign capital and also mobilize the private sector to invest heavily in hydropower projects. Industries are suffering heavily due to power shortage. We have the potential but tapping the water resources has hit snags of different kinds including interference of the political parties and the lack of political stability.

There has been a lot of political ups and downs

and lots of changes in

the government and systems. Different models of constitution were experimented with. We have brought about revolutionary changes in the country and the society, but the living standard of the people has not seen an upward change. A stable government and a new all inclusive democratic constitution could help the country get over this backward state.

For the country to overcome its ills, development of water resources, tourism, agriculture, human resources, etc has to be speeded up on a priority basis. There are intricacies and complexities in politics which have the country's progress in a fix.Modernization is not an easy process. It takes time, energy and effort but political will is of utmost importance over and above.

If Nepal wants to develop big hydroelectric projects, it should be proactive with investor-friendly environment especially when the construction phase is ongoing. Nepal itself has to develop a high powered independent power commission under laws created to formulate plans for development. We have studied all our river systems and there are medium and big sized projects already identified and studied for negotiations with India.

We can start preparation for strengthening our own existing power development, distribution and transmission agencies. We have to create specialized agencies for electricity generation, transmission, and distribution so that they can develop their planned programs independently. Proper coordination among them is essential.

Basically, Nepal and India should agree to take further steps in power generation besides the ones which have been agreed upon recently. Of course, it is a long-term perspective but it will bring results. If that can be done with more hydroelectric ventures coming up, in the future Nepal will be witness to electric trains running from east to west or north-south with all hills and valleys lighted up with electric lamps. In this context, it is a matter of pleasure that some big projects are making a headway like the Arun III (900 MW) and Upper Karnali. They are just the tip and more development will be followed through commitment and effort.

Indian Prime Minister Narendra Modi has openly talked about hydroelectricity development in Nepal which in fact goes to augment the power supply in India which wants to spearhead its development at a faster pace than before. Power is its immediate need, and with Nepal having the potential, India by fostering better relations than during the past ten years would stand to benefit by the power sector development in Nepal. It will be mutually beneficial. Nepal should grasp this tremendous opportunity for the country's overall development by the next decade. Of course, Nepal will have to sell the electricity generated through foreign investment. Nevertheless, it will also earn though to only a certain extent in the initial phase. One thing that must be borne in mind today is that the Indian Prime Minister has mitigated Nepal's grievances to a significant extent but there should be no turnaround within a short period of time.

The power development agreement with India is but one facet only. Nepal has to be able to attract more foreign direct investment from other countries including that from China for water resources development. This has to be done because Nepal on its own cannot undertake big hydropower projects for which heavy investments are required. What it only requires is a proactive line of thought and tackling the political adventurism against the foreign investment in the power sector in the country.

Source: The Rising Nepal; 7 Jan 2015

Personal details registration up due to Tamakoshi share

Charikot, Jan 7: Number of people registering their personal details has increased in Dolakha during November-December.

The trend of registration has gone up after Upper Tamakoshi Hydropower Project being constructed in Lamabagar of Dolakha has started collecting data for the purpose of distributing its share to the district people.

The project has handed over the responsibility of personal data collection to Dolakha District Development Committee as the share is to be allotted based on citizenship certificate and birth registration of the person.

According to the Population and Registration Management Section of the District Developmetn Committee, total 9,308 people had registered their personal details in the month of Mangsir (November-December).

The Jiri municipality has the highest registration while Kalinchowk VDC has the lowest in the district. Total 1,552 had registered their details in Jiri municipality alone and Kalinchowk has only five registration case. RSS

Source: My Republica; 8 Jan 2015

'EIA report fails to address concerns of locals'

Locals of the villages to be affected by the proposed Arun III hydropower project have claimed that Environmental Impact Assessment (EIA) report of the project was prepared in a hurry and that it has not addressed issues raised by the locals during public hearing.

The EIA report of Arun III is awaiting endorsement by the Ministry of Environment, Science and Technology.

Speaking at an interaction on ´Arun III Project: Concerns and Challenges´ organized in Kathmandu on Wednesday, locals, including those who are to be displaced by the project, said they still do not have any idea about the project´s social and environmental issues mitigation plan.

Indramani Yamphu, who hails from the project site, said the government was only highlighting benefits that the project brings. "It is bypassing people in the affected areas," he said. "The EIA report, which has been prepared by using the data of 2005, has not made proper assessment of the people´s cultural, environmental and religious aspects, among other”."

Minister for Energy Radha Gyawali (left) speaks at an interaction on Arun-3 Hydropower project, organized by SJAJ at New Baneswor, Kathamndu, on Wednesday

Though the EIA report includes plan to mitigate impacts in affected areas, it has failed to address specific concerns of the locals, Yamphu claimed.

"After studying the report, we had registered a 26-point demand at the MoEST. But we don´t know whether or not our concerns have been addressed," Yamphu said. "We are not against the project. We only want to see our genuine concerns duly addressed."

The interaction was organized by Sankhuwasabha Journalists Association. People of six project affected village development committees (VDCs) of Sankhuwasabha participated in the interaction.

Another local Hom Yamphu also said the EIA report have several errors like wrong census data. "Public hearing was organized without giving locals information about the impacts of project, including the number of households to be displaced," he added.

According to Investment Board Nepal (IBN), which signed Project Development Agreement (PDA) with Satluj Jal Vidyut Nigam Limited (SJVNL) for the development of the export-oriented project, altogether 203 households will be affected by the project.

Speaking at the interaction, Hare Ram Subedi, SJVNL´s representative, maintained that they had done rigorous discussions with the locals while preparing EIA.

EIA report determines all social and environmental safeguard measures as well as local development programs.

Meanwhile, locals have demanded the project developer to connect all six affected VDCs -- Pawakhola, Pathibhara, Num, Makalu, Yamphu, Diding -- by motorable roads, reconstruct school buildings destroyed by the earthquake of 1988, conduct technical trainings for locals, and build health facilities.

LOCALS IN DARK ABOUT ARUN III PDA

The locals of project affected VDCs have demanded that IBN make public PDA signed with SJVNL, saying that they still do not know the details of PDA which, among others, defines the benefits that the locals will get.

Parshuram Meghi Gurung, CPN-UML leader of from Sankhuwasabha, said people are still in dark about the PDA.

Presenting a working paper on the project, Bal Bahadur Parajuli said he does not have comprehensive information about the project even though he applied for the PDA document a day after the signing of PDA.

IBN´s Under Secretary Khagendra Prasad Rijal said a non-disclosure agreement between IBN and SJVNL bars them from making PDA document public. "Also the issue is sub-judice at the Supreme Court," he said.

Among others, the PDA document states that the developer will provide 30 units of electricity to every household in the affected VDCs. Similarly, the developer will also float Rs 1.6 billion worth of shares to the people of affected VDCs.

The project, which is estimated to cost Rs 104 billion, is expected to start generation by 2020.