

Source: Karobar; 25 Jan 2015

License of Kaveli set to be revived

The Energy Ministry is preparing to send the proposal to revive license of the proposed 37.6 MW Kaveli A Hydropower Project to the cabinet. The Commission for Investigation of Abuse of Authority (CIAA) in the third week of October had instructed the ministry to revoke license of a dozen projects including Kaveli stating that the projects had not fulfilled the conditions set at the time of signing agreements.

The ministry is preparing to send the proposal to the cabinet stating that the project could not be moved forward due to the ministry itself. Butwal Power Company (BPC) Limited will develop the project through Kaveli Energy Limited. BPC aims to complete the project within four years. Energy Secretary Rajendra Kishore Chhetri has already prepared the proposal and submitted it to his minister Radha Kumari Gyawali. Chhetri says the project was delayed as the government did not sign loan agreement with the World Bank (WB) in time. "The project as delayed due to the government. The project could not be developed as the government is still uncertain after five years as to whether to take loan or grant from the WB," he adds. Reminding that the company was awarded generation license as it expressed commitment to provide electricity at the cheapest rate, he says the project cannot be compared with other projects. The company has already made financial arrangements for investment and signed power purchase agreement (PPA) with the Nepal Electricity Authority (NEA). The WB and the International Finance Corporation (IFC) under it are investing Rs 7.50 billion in the project.

BPC and Infracore Asia will jointly develop the project with BPC investing 54 percent and the latter 46. Feasibility study has showed that the project will generate 200.60 million units of electricity a year. A total of Rs 10 billion will be invested for the project at Rs 265 million per MW. Work of the project has not been started even though the project was set to be completed in 2011 due to the delay in making financial arrangements. This has increased cost of the project.

Kaveli had received license to generate 30 MW through free competition but the company later upgraded the project to 37.6 MW. The ministry and the developer had signed project development agreement (PDA) in 2009. The government has issued generation license for 35 years. It has been more than eight years since the company received generation license but the date for civil construction of the project has yet to be fixed. Kaveli Energy has already completed the detailed project report (DPR) and environmental impact assessment (EIA). The road to the project site has also been already completed.

Chief Executive Officer (CEO) of BPC Uttar Kumar Shrestha says the project will be completed by the end of 2019. The contractor for the project has already been issued letter of intent while the consultant was appointed six months ago. Electromechanical procurement has been stopped as the license has been revoked. Shrestha claims civil construction will be started from April if the company again gets license.

Source: My Republica; 26 Jan 2015

Sans transmission line, Mai Hydropower's energy going to waste

Mai Hydropower Project in Ilam has not been able to generate electricity despite conducting all required tests after completion of construction works in December last year because of the delay in construction of transmission line.

Officials of Sanima Mai Hydropower Limited, which developed the project, said the project of 22-megawatt (MW) installed capacity can generate 8 MW at present. But they don't know when they will be able to connect energy generated by the project to national grid.

Officials of Nepal Electricity Authority (NEA) had told members of Water and Resources Committee (WRC) of legislature-parliament on October 20 that they would complete construction of 132 kV Kabeli Corridor transmission line up to Godak or provide alternative connection for power evacuation by December 25. But they failed to live up to the commitment.

When Republica questioned Kanhaiya Manandhar, chief of NEA's Directorate of Transmission Line, why they failed to translate into action what they had committed, he said that works were currently underway. "We are trying to find an alternative arrangement so that the power generated by the project can be evacuated," he said. He, however, did not say when the alternative arrangement -- the Godak Puwa transmission line -- will be ready.

Manandhar was among the officials who told the parliamentary committee meeting on October 20 that the transmission line project would complete in two months.

Subarna Das Shrestha, director of Sanima Mai Hydropower, said they completed all necessary tests in the second week of December itself. "We are not in a position to tell when we will be able to begin commercial generation," Shrestha said.



The Kabeli Corridor Transmission Line Project had faced problem in land acquisition in the initial phase only. Officials of Sanima Mai Hydropower said the project's work is moving ahead in a slow pace and that NEA officials were not serious about timely completion of the project.

The transmission line project is being developed targeting load centers in the eastern development region.

Mai Hydropower Project, which is promoted by Non-Resident Nepalis, annually generates 128,298 GWh of electricity worth Rs 650 million.

Gagan Thapa, chairman of WRC, said they were monitoring the progress of the transmission line project. "We have found officials of Ministry of Energy (MoE) and NEA unresponsive. They have failed to keep their word. It is serious," he said, adding that the committee will soon invite MoE and NEA officials and ask them why the project is moving at a slow pace.

The committee had asked officials of the transmission line project to submit progress report three days ago.

Source: Karobar; 28 Jan 2015

Rs 50b given by India to be used on Budi Gandaki

BABURAM KHADKA

KATHMANDU, Jan 28

Half of around Rs 100 billion (US\$ 1 billion) India has promised to give to Nepal through line of credit will be invested on reservoir-based 1200 MW Budi Gandaki Hydropower Project.

A meeting between Nepali government officials and officials of the Export Import (Exim) Bank of India has decided to select the project and invest Rs 50 billion on it. Rs 30 billion of the remaining amount will be invested on roads and Rs 20 billion on irrigation, according to Chief of the International Economic Coordination Division under the Finance Ministry Madhu Kumar Marasini. He says work will start soon as the projects have already been selected. Two dozen road and irrigation projects have been selected while the meeting also decided to resolve the problem seen in Rahughat Project, according to him. The meeting has also approved the working procedure for investment proposed by Nepal. India is providing Rs 100 billion to Nepal at the annual interest rate of one percent through the line of credit. India had earlier provided around Rs 35 billion (US\$ 350 million) at the interest rate of 1.75 percent. Marasini reveals that the previous road projects have also been approved.

Budi Gandaki Hydropower Project Development Committee can now move the project forward with Rs 50 billion available for investment. The Detailed Project Report (DPR) prepared by Tractebel Engineering of France has put the project cost at Rs 248.55 billion while the project is expected to generate 3.38 billion units of electricity per year as per a study by the consultant.

Indian Prime Minister Narendra Modi during his Nepal visit in August had announced soft loan of US\$ 1 billion while the Nepal government and Exim Bank of India had signed the loan agreement to that regard during the SAARC Summit held in Kathmandu in November. Feasibility study prepared by Tractebel has put generation cost at Rs 7.50 (7.54 cents) per unit. It has advised to keep six turbines of 200 MW each for the project. The project can generate 1.40 billion units during the five months from December to April.

Tunnel need not be constructed for the project as underground power house will be constructed within the dam. The project is situated at Salangghat of Dhading and Ghyalchowk of Gorkha. The height of dam will be 263 meters. Twenty-three VDCs of Gorkha and Dhading look set to be affected by the project and resettlement of the people displaced by the reservoir-based project will be very challenging. The country will not suffer load-shedding even during the dry season once the project is completed.

The consultant has been handed responsibility of completing detailed study as well as preparing bid documents to take the project into development stage. This project will be among 36 projects with big and high dams across the world. A lake up to 50 kilometers upstream will be formed in the river.