

Source: Karobar; 14 March 2015

Construction of Upper Tamakoshi stopped due to share dispute

DIL BAHADUR KC

DOLAKHA, March 14

Struggle committee of Singati and Khare demand special shares on February 17

Political parties in the district issue threatening press statement on February 26

Workers of contractor Sino Hydro issue a statement on March 1

Two lawmakers from Ramechhap demand shares for locals of Ramechhap district on March 2

Dolakha district committee of CPN Maoist issues a letter listing demands on March 8

The joint struggle committee at Singati issues a threatening letter on March 11

Work of Upper Tamakoshi Project has been stalled once again as workers have also started agitation less than three weeks after locals of the affected area started agitation demanding additional shares. Continuous obstruction in the project—started four years ago—in the past three weeks has raised doubts about the project's future.

The biggest hydropower project to be constructed with domestic investment in Nepal looks set to be delayed due to self interest of a handful of individuals. The working schedule will be affected due to the obstructions, according to project officials. The project has already been delayed by one and half years due to different reasons. Project cost also rises along with the delay affecting the return for investors. The current obstruction will also provide pretexts to the contractor to claim compensation.

Around 850 workers working in the project have started strike stopping work for the past two days demanding they be allocated 500 units of shares each. President of the Nepal Electrician, Painter, Plumber and Construction Worker Union Sonam Dorje Sherpa states that the workers have started strike demanding they be given shares like locals, staffers of loan investors and others.

Apart from obstructing electricity supply and communication the workers working for Sino Hydro have not even allowed Chinese workers to work. The project management has already

made it clear that the workers cannot be allotted shares as the Article of Association of the Upper Tamakoshi Hydropower Limited does not mention about share allotment for workers.

Around 600 workers Sino Hydro Bureau-11 working for penstock, dam site, tunnel at Lamabagar, and 250 workers of Sino Hydro Bureau-6 working in the underground powerhouse at Gongar are involved in strike.

Project spokesperson Dr Ganesh Neupane says the company cannot fulfill the demands and their demands hence would be forwarded to the higher authorities. He reveals the company is holding dialogue with the workers but have yet to reach agreement.

Threatening share demands

Different groups unhappy with share distribution process have started to issue statements threatening to obstruct the project. Locals of Singati and surrounding area, who had obstructed project work for four days until February 23 claiming that the spirit of environmental impact assessment (EIA) has been neglected, have again been obstructing road for the past two days. Work of transmission line to the north of Singati has also been stopped due to the strike leading to obstruction of vehicles carrying staffers and lack of cement.

The locals of Singati, who had relented after the district level coordination committee decided to make efforts to that regard, had prevented even Managing Director (MD) of Nepal Electricity Authority (NEA) Mukesh Raj Kafle from going to the project site. Project Chief Bigyan Shrestha even had to apologize after the political parties in the district issued a statement accusing him of speaking against the decision made on share allocation.

Managers of the project to staffers have been scared after the CPN Maoist led by Netra Bikram Chand registered a threatening letter to put pressure. The letter issued by the party's district committee has asked for reasons of problems in the project right from change of design. It has also sought clarification for cracks on tunnel.

Eight writ petitions have been filed about the project until now including shares and other issues. The locals have not stopped agitation despite the Supreme Court ordering that collection of share applications need not be stopped. Locals of Singati are demanding that they be allowed additional shares from the quota of 15 percent (15.885 million units) allocated for commoners across the country on top of 70 units that they are entitled to as locals of Dolakha. The company has allocated 10 percent (10.59 million units) shares for locals of Dolakha. Locals of Lamabagar and Gauri Shankar VDCs will get 300 shares each from that while those from other VDCs will get 70 shares each.

Invitation for application for locals of Dolakha deferred

Share application for locals of Dolakha was set to be opened from Sunday but it has been deferred by a few days as the decisions made by the district coordination committee in the past have not been implemented, according to lawmaker Parbat Gurung. He reveals it has been

deferred by a week after discussion of the project with Citizen Investment Trust Saturday evening.

Project Spokesperson Dr Neupane says applications will now be taken from March 22 considering request of political parties. The meeting held on Friday, after locals and workers started agitation demanding more shares, has handed over responsibility of resolving the problem to three lawmakers from Dolakha, leaders of the major political parties in the district and project chief. The team will go to meet prime minister, finance minister, energy minister and home minister on Sunday, according to lawmaker Gurung.

Lawmakers behind unjustified demands

The project is also facing pressure from other districts and not just from inside Dolakha. UCPN (Maoist) lawmaker from Shyam Kumar Shrestha and Ang Tawa Sherpa of Nepali Congress from Ramechhap district have, writing a letter, demanded shares for locals of Ramechhap district as the river also flows through the district.

Locals around the Arniko Highway in Sindhupalchowk district have also demanded shares stating that the road to the project goes through their district. They have threatened to obstruct the road if their demand is not met. Locals of Khadichour in Sindhupalchowk had obstructed construction of Sunkoshi Diversion only a month ago.

Source: Karobar; 16 March 2015

Cost of Tamakoshi may rise due to strike

DIL BAHADUR KC

Promoter Upper Tamakoshi Hydropower Limited (UTKHPL) has expressed concerns stating that cost can rise and schedule be extended due to obstruction of project work for four days. The 456-MW project has also appealed for help in resumption of works.

Project work has been obstructed for four consecutive days due to demand for shares. “The targets and working plan both have been adversely affected due to obstruction of entry road and construction,” the appeal issued by the project reads. “This will extend the schedule and also raise cost,” it adds. It further asks for help of all the bodies concerned and stakeholders to complete construction of the national pride project that will contribute significantly to the prevailing energy crisis in the country.

Workers have stopped all kinds of work demanding that they be allotted shares even though the Article of Association of the company does not have provision for allotting shares to workers and additional shares for those affected by the project. Locals of Singati have also obstructed road for the second time demanding additional shares. They had obstructed the road for four days three weeks ago. Agitators of both types shouted slogans at project site in Gongar and Singati on Monday.

The project has been holding dialogue with the workers and locals of Singati every day but to no avail. Project Spokesperson Dr Ganesh Neupane said locals of Singati have offered to stop agitation if the process of collecting share applications scheduled to start from coming Sunday is stopped. The program to collect shares for locals from Dolakha, originally scheduled to start from February 23, has been postponed twice including March 15. The project will be completed within two years, according to the latest working plan.

Projects to include everyone

This is the first hydropower project with share investment from all the citizens of all classes. The project started the practice of offering 10 percent shares to locals. The project has allocated shares for staffers across the country who save with the Employees Provident Fund (EPF), staffers of investing companies including EPF, Nepal telecom, Citizen Investment Trust (CIT) and Rastriya Beema Sansthan (RBS), staffers of the Nepal Electricity Authority (NEA) and promoter company, and the remaining citizens of the country.

There will be 70 percent of loan investment and 30 percent of equity investment. The promoters have already made share investment of 51 percent as per that. Ten percent shares have now been offered for locals of Dolakha and 24 percent for savers with the EPF, and staffers of the promoter company, shareholding institutions and loan investors. Fifteen percent (15.80 million units) of shares will be offered to the citizens across the country who cannot get shares from the allocated 34 percent.

This is how the protest started

Leaders in the district level coordination committee decided to provide additional shares to locals of project site Lamabagar after they argued that they be provided more than others in the district as they are the most affected last July. The committee then decided to provide equal shares to locals of neighboring Gaurishankar VDC after the locals warned of agitation. Locals from Lamabagar and Gaurishankar VDCs will get 300 units while others in the district will get a maximum of 70 units, according to the committee's decision.

Locals of Singati and surrounding area, after seeing locals of Lmaabagar and Gaurishankar get more shares through threats, have now started agitation citing the environmental impact assessment (EIA) report that has advised for more shares to affected areas than others in the district. Locals of neighboring districts Ramechhap and Sindhupalchowk have also demanded special shares following protest by locals in Dolakha. Workers working in the project also joined in demanding they also be provided shares like others. Political leaders have also started to hold meetings and discussions with the agitators.

The current problem has arisen as the leaders sit with agitators and then play a dual role by taking decisions by remaining in the committee. The leaders met chairman of the company and managing director of NEA on Sunday with lawmakers and project chief after realizing that shares cannot be provided to all the agitators and they cannot also rescind their past decisions.

Chairman of CPN-UML in Dolakha Ishwor Chandra Pokharel concedes that the problem should be resolved at the political level even though everyone has committed mistakes in the past. "We should reach the top bodies if we can or else go to the people and apologize. There is no alternative to that," he states.

Leaders of some parties have now demanded that share applications for locals of Dolakha should be collected only after start of generation even though there have been discussion for the past four years. A few UCPN (Maoist) leaders even opposed the current process organizing a press conference in Kathmandu after their own leaders signed on the decision.

Source: My Republica; 16 March 2015

Three Gorges asks govt to handle resettlement works

Chairman of China's Three Gorges Corporation Lu Chun has urged the government to look after resettlement and rehabilitation of the families that will be displaced by West Seti Hydropower Project.

During a meeting with Prime Minister Sushil Koirala, CEO of Investment Board Nepal (IBN) Radesh Pant and Minister for Energy Radha Gyawali, officials of the Chinese developer emphasized on resettlement and rehabilitation of people fearing that the project might have to encounter similar problems that other development projects in the country are facing.

The project is located in Doti, Dadeldhura, Bajhang and Baitadi districts. An estimated 20,000 people will be displaced by the project.

However, government officials have taken the visit of the Chairman of Three Gorges Corporation, the parent company of CWE Investment Corporation (CWEI) which is the developer of West Seti Hydropower Project, as a step ahead toward development of the project.

The 750-megawatt project is a storage type project. The government had signed Memorandum of Understanding (MoU) with the developer in 2012. As per the MoU, Nepal Electricity Authority (NEA) will have 25 percent equity investment in the project.

According to officials, Chun has sought market assurance from Nepal. He has also asked the government to build 500-km transmission line from the project site to Butwal.

Responding to Three Gorges officials, Minister Gyawali said they do not have to worry about market as there is an option of exporting power to India. She also said preparation of master plan to build cross-border transmission line between Nepal and India was under way.

Talking to Republica, IBN CEO Pant said Three Gorges wants Nepal to carry out resettlement and rehabilitation program so that they can focus on other construction works. On their concern on market and transmission line, Pant said he told the delegation that the government will stand by its words of purchasing electricity as stated in the MoU. "The signing of Power Trade Agreement (PTA) with India and Project Development Agreements with two mega projects as well as formation of stable government must have encouraged the Chinese developer," added Pant.

CWEI has already sought foreign direct investment permission worth Rs 150 billion from IBN to

invest in the project.

The Chinese delegation arrived Nepal on Friday.

Source: My Republica; 16 March 2015

Upper Tamakoshi affected as workers launch strike

RAMESH KHATIWADA

Construction work at Upper Tamakoshi Hydropower Project, a national pride project, has been halted for the past three days as workers halt work, demanding shares in the company.

Locals, too, have joined hands with the workers, demanding more shares allocation for them. Work on the 456-megawatt capacity project has come to a grinding halt as all 850 workers are on strike. The agitating workers have not even allowed workers of Sino Hydro Company, the contractor of the project, and other technicians to enter the project site.

The workers have been demanding that they be given at least 500 shares each.

“We have been working day and night. Why cannot we get shares when officials of investing institutions are getting as much as 3,500 units of share each,” Sonam Dorje Sherpa, coordinator of Workers’ Struggle Committee, told Republica.

Locals of project affected VDCs have also been halting movement of vehicles carrying raw materials to the project site, demanding hike in share allocation for them.

Source: My Republica; 17 March 2015

Lawmakers urge amending West Seti project MoU with Three Georges

Lawmakers have pointed out the need of amending the MoU reached with the Three Gorges Corporation of China nearly three years back for the construction of the 750- Megawatt West Seti Hydro Project.

In the meeting of the Agriculture and Water Resources Committee under the Legislature-Parliament today, lawmakers said the provision requiring the government to invest 25 per cent in the project was not acceptable and the MoU should be amended in tune with the time. Development in hydropower sector was the main foundation for national development therefore the sectors should be kept in utmost priority, lawmakers added.

The lawmakers further added that the people of far western region were awaiting the completion of the project for past two decades. They said that the project should begin even from national investment as it was the most essential in the development of the hydropower as the country is facing acute power shortage.

They urged the concerned authority to meet the essential requirements for land encroachment, resettlement of the project affected areas and construction of transmission line before signing the project development agreement (PDA).

Similarly, the committee directed the Ministry Of Energy Investment Board Nepal, Ministry of Energy and concerned bodies to submit the progress report with suggestion.

Prior to this, Minister for Energy Radha Kumari Gyawali said that the government was committed to the development of energy sectors and further added that the ministry was ready to take the positives sides and correct mistakes regarding the contract agreement with Three Gorges.

Similarly, Minister Gyawali informed about the recent visit of chief of Three Gorges and his delegates to Nepal.

She further added that the Chinese ambassador to Nepal also had suggested the concerned officials of the corporation regarding the project and need of the country. The meeting was presided over by committee chair Gagan Kumar Thapa. RSS

Source: The Himalayan Times; 17 March 2015

IFC and ADB sign financing mandate letters with NWEDC

International Finance Corporation (IFC) and Asian Development Bank (ADB) today signed financing mandate letters with Nepal Water and Energy Development Company (NWEDC) — the developer of the 216 MW Upper Trishuli-I Hydroelectric Project in Rasuwa district, Nepal.

The signing of the mandate letters will enable the financiers to begin the appraisal process, as per the press statement issued here today. “But this process cannot be completed unless the project development agreement (PDA) and power purchase agreement (PPA) are both signed and are satisfactory to the lenders,” the statement adds.

The company is in negotiation with the government of Nepal, Ministry of Energy for concluding the PDA, while PPA negotiation with Nepal Electricity Authority is also in process, as per the statement.

According to the release, signing of the mandate letter even before signing of PDA and PPA proves the company’s readiness to develop the project. The Korean consortium composed of KOSEP, Daelim and Kyeryong own 75 per cent stake, while IFC owns 15 per cent and local developer owns 10 per cent stakes in the company. KOSEP is the Korean government undertaking company while Daelim and Kyeryong are world renowned construction companies, according to the press release.

Upper Trishuli-I Hydroelectric Project is a run-of-river project that will generate 1533.1 GWh of electricity annually and will be sufficient to reduce current load shedding hours by around four hours daily. The signing of mandate letter will open door for conducting due diligence study of the project by the lenders, thereby towards achieving the financial closure, the statement reads.

Source: The Himalayan Times; 17 March 2015

India appoints additional CEO, director for PDA

The Indian Ministry of Water Resources has forwarded names of two officials who would be deputed as additional CEO and director (technical) at Pancheshwar Development Authority (PDA), which will oversee development of 5,600-megawatt Pancheshwar Multipurpose Project, being built in far western part of the country.

The names were forwarded almost six months after Nepal and India endorsed the statute of PDA, which paved the way for development of the mega project envisaged by Nepal-India Treaty Concerning the Integrated Development of the Mahakali River, including Sarda Barrage, Tanakpur Barrage and Pancheshwar Project around 17 years ago.

“We received the names of two Indian officials, who will join PDA in the capacity of additional CEO and technical director, around three days ago. Both the officials are engineers and are currently serving the Indian central government,” Joint Secretary at the Ministry of Energy Keshav Dhoj Adhikari said, without disclosing names of the officials.

“The Indian water resources ministry has also said it will soon forward names of two other officials who’ll be deputed as directors at PDA.”

While launching PDA’s statute in September, both the countries had agreed to form an executive committee comprising a CEO, an additional CEO and six directors. Back then, it was also agreed that the first CEO of PDA — who will be in office for a three-year term — would be a Nepali, while the additional CEO would be an Indian national.

Likewise, of the six directors, three would be from Nepal and the other three, including finance director, would be from India.

Since India has now appointed additional CEO and a director for PDA, Nepal should also finalise names for the posts of CEO and directors so that works at PDA could move ahead smoothly.

It is essential to give a full shape to the executive committee at the earliest because it has to oversee the process of drafting the detailed project report (DPR). Earlier, Nepal and India had prepared their own DPRs. However, these reports need to be updated, in view of construction cost escalation, and changes in socio-economic and hydro-meteorological data.

For this, Nepal and India have appointed WAPCOS, an Indian state-owned company, to prepare a new DPR of Pancheshwar.

“During the process of DPR drafting, the executive committee needs to give inputs to the

company and monitor and supervise its work. This will help the company to come up with a report, whose recommendations can actually be implemented,” Adhikari acknowledged.

Yet, the government has not initiated the process of selecting the CEO and three directors. Earlier, both Nepal and India had agreed to depute government officials in the executive committee of PDA.

Source: Karobar; 17 March 2015

Tamakoshi losing Rs 30m a day

DIL BAHADUR KC

DOLAKHA, March 17

Upper Tamakoshi Hydropower Limited (UTKHPL) has been suffering daily loss of Rs 30 million due to obstruction of project work by workers and locals who are demanding allocation of shares for them. The project has suffered loss of over Rs 150 million due to obstruction of work for five consecutive days, according to the UTKHPL.

The 456-MW project will lose Rs 25 million in revenues a day due to the delay. Project Spokesperson Dr Ganesh Neupane said that interest on loans taken from different bodies for the Rs 35.29 billion project will also have to be accounted. "It is necessary to complete this national pride project, that will significantly contribute toward minimizing the current energy crisis in the country, as soon as possible," he stated. The contractor can also claim for compensation of up to Rs 25 million due to obstruction of works for five days. Both the project and shareholders will be affected due to that. The project has already been delayed by nine months due to different reasons.

Four companies were working at full pace at the project site. "There is a risk of these contractors seeking a huge compensation. The companies demand claims by calculating every minute of obstruction of work. The project will face further financial burden as the staffers alone have to be paid millions a day," he added.

Hundreds of 12-wheel trucks carrying construction materials have been obstructed due to strike along the Singati road and they are calculating compensation for lost fare. The trucks carrying cement, iron rods, and other materials to Lamabagar from Birgunj have been left stranded in the road. Contractors claim for variation if work is not allowed to be done as per contract agreement. The contractors must be paid after recommendation by the consultant.

Civil, hydromechanical, electrical and electromechanical works were being done at rapid pace. Lawmaker and politburo member of the CPN-UML Pashupati Chaulagai said that each Nepali across the country was losing Rs 1 a day due to the obstruction. "A handful of individuals and groups must never stop work of the project with share investment of citizens from across the country," he opined.

Source: The Himalayan Times; 18 March 2015

'Don't delay construction of West Seti project'

Parliamentary Committee on Agriculture and Water Resources today instructed Investment Board Nepal (IBN) to identify problems hindering development of West Seti Hydropower Project within a month so that the construction of the 750-megawatt project could be expedited.

In this regard, the IBN, which oversees hydro projects of over 500MW and investments of over Rs 10 billion, should hold dialogues and coordinate with the Ministry of Energy (MoE) and other relevant government authorities, says a directive issued today by the parliamentary committee.

Earlier in November, the parliamentary committee had asked the IBN and the MoE to work together to frame a common concept on the proposed project.

Although the two agencies had held two rounds of meetings, nothing concrete had come out. This was largely because IBN and MoE have been holding divergent views on development of the project for long.

MoE has been saying that the memorandum of understanding (MoU) signed with CWE Investment Corporation (CWEI), the Chinese developer of West Seti project, in February 2012 is faulty.

This, according to Energy Secretary Rajendra Kishore Kshatri, is because the MoU mentions energy produced by the project is meant for domestic consumption. “But by the time the project is ready, Nepal may not need its electricity, since the country is expected to meet power demand of wet season by 2017.”

Nepal Electricity Authority, the sole energy buyer here, also holds the same view. Because of this, it has not shown keen interest in signing power purchase agreement with CWEI, a subsidiary of China Three Gorges Corporation.

IBN also considers these concerns valid. But it holds the view that these issues can be addressed while holding negotiations for signing of project development agreement with the Chinese company.

This means there are chances of West Seti project turning into an export-oriented hydro project, like Upper Karnali and Arun-III.

If that happens, government should not make 25 per cent equity investment in the project as mentioned in the MoU, some of the lawmakers have argued.

It is said the government will have to invest around Rs 40 billion just to build transmission lines to evacuate power generated by the project. “But if the project is export-oriented, why should such a big investment be made by the government?” lawmakers asked.

Despite this, many lawmakers are in favour of building the project. In its verdict, the

parliamentary committee today said: “There should be no delay in construction of the project.”

West Seti project, located in far-western region of the country, will spread in four districts — Doti, Dadeldhura, Baitadi and Bajhang. The project has the capacity to generate electricity for 24 straight hours throughout the year, except in dry season when power generating capacity is expected to dip to eight to nine hours a day.

Last week, Lu Chun, chairman of China’s Three Gorges Corporation, parent company of CWEI, had met PM Sushil Koirala to discuss development of the project.

Source: My Republica; 18 March 2015

UTKHPL opening IPO for general public from mid-July

Upper Tamakoshi Hydropower Project Ltd (UTKHPL) is planning to issue its Initial Public Offering (IPO) to general public by the end of the current fiscal year 2014/15.

According to officials Citizens Investment Trust (CIT) -- the issue manager for the IPO, the hydropower company will open application for the country's biggest IPO to general public by mid-July if the process goes as planned.

CIT is accepting applications for IPO from depositors of Employees Provident Fund (EPF) and staff members of the lending institutions, including EPF, in the first phase. "In the second phase, we will launch IPO for locals of project hit district. It will begin on March 22 and continue till March 31," the official said, adding, "Then we will start the process to open IPO for general public."

The company is issuing 15.89 million units, or 15 percent of shares, to general public.

In the first phase, the company is accepting applications from depositors of EPF, staff members of lending institutions -- EPF, Nepal Telecom (NT), Rastriya Beema Sansthan (RBS), CIT and EPF, and staff members of its main promoter Nepal Electricity Authority (NEA) and UTKHPL.

The allocation of primary shares, however, has fallen into controversy as project-affected locals are complaining about 'unfairly' high allocation of shares to staff members of lending institutions. Meanwhile, workers of the UTKHPL have also been halting construction works at the project site in Dolakha, demanding shares allocation for them as well.

Work on the 456-megawatt capacity project has come to a grinding halt as all 850 workers are on strike. The agitating workers have not even allowed workers of Sino Hydro Company, the contractor of the project, and other technicians to enter the project site. The workers have been demanding that they be given at least 500 shares each.

"If there is no obstruction from any sides, we will issue the shares to the general public within three months," the official added.

IPO for depositors, staffs oversubscribed by three times

The initial public offering (IPO) of Upper Tamakoshi Hydropower Project Ltd (UTKHPL) for locals, and depositors and staff of lenders, including Employment Provident Fund (EPF), has already been oversubscribed by three times even though the deadline is still two weeks away.

The application for locals will open from March 22 and continue till March 30.

According to officials of the UTKHPL's issue manager Citizens Investment Trust (CIT), they have already collected Rs 9 billion as of Sunday afternoon. UTKHPL has allocated shares worth Rs 3.6 billion to locals and depositors and staffs of lenders as well as its main promoter Nepal Electricity Authority (NEA) as well as its staff members.

The 456-megawatt hydropower company has allocated 10.59 million units of shares to the locals of Dolakha, 18,299,520 units to the depositors of the EPF (as of July 30, 2010) and 3,049,920 units to the staff of lending institutions and 4,066,560 units to the staff of UTKHPL and its largest promoter NEA.

Sushil Kumar Aryal, chief manager of CIT, said that they have collected Rs 8.3 billion from 73,000 applications from EPF depositors alone. Similarly, Rs 700 million has been collected from 12,000 applications from staff members of EPF, NT and RBS.

Staff members of CIT and locals are yet to file application for the shares.

Source: Karobar; 18 March 2015

Energy Ministry against West Seti

BABURAM KHADKA

KATHMANDU, March 18

Proposed West Seti Reservoir-based Project again faces uncertainty with the Energy Ministry, responsible for development of energy sector in the country, obstructing it.

The dispute has escalated with the ministry taking a stance that the Memorandum of Understanding signed between the Investment Board (IB) and CWE Investment Corporation of China two years ago to develop the project be amended and a new agreement be signed. Energy Secretary Rajendra Kishore Chhetri has suddenly brought proposal to amend the MOU approved by the then cabinet.

Uncertainty about the project has increased with the dispute between the ministry and IB, about whether to move the project forward or not, becoming public. The ministry is not positive about moving this project forward citing provisions of the MOU but the Agriculture and Water Resources Committee of the parliament has already instructed the IB to move the project forward.

Secretary Chhetri is opposing even as Energy Minister Radha Kumari Gyawali is positive about moving the project forward. The project now looks set to be stalled after opposition by the ministry unless Prime Minister Sushil Koirala were to intervene. CWE, a subsidiary company of the China Three Gorges, can step back from the project due to the escalating conflict between the line ministry and the IB.

The parent company China Three Gorges has already made formal decision to develop the project and applied at the IB to bring foreign direct investment (FDI) of Rs 150 billion through CWE for the purpose. The company has submitted working schedule to the IB to complete formation of a joint company for construction and investigation of the project site before monsoon. Chairman of Three Gorges Lu Chun, who visited Nepal last Friday, had also expressed commitment to develop the project but had sought commitment from the government on construction of transmission line, resettlement and rehabilitation of the displaced, and power purchase agreement (PPA).

IB officials say everybody from the ministry including secretary has not been cooperating as projects bigger than 500 MW will be moved through the IB. Both the ministry and the IB have not complied more than two months after the Agriculture and Water Resources Committee directed the two bodies to form a common position about the project. IB claims that common position could not be formed as the ministry does not seem positive to move the project forward even after two stages of discussions between officials of the two bodies.

Secretary Chhetri during the parliamentary committee's meeting on Tuesday stated that the MOU must be amended before approving FDI, forming the joint company and starting study of the project site. Arguing that he is not against the project he urged to move forward only after amending the provisions of MOU. Arguing that the electricity to be generated by the project will not be needed for domestic consumption, he opined that the government should not make 25 percent of equity investment and construct transmission line.

He insisted that the company should take complete responsibility for resettlement and rehabilitation of over 20,000 families to be affected by the project. But the MOU states that the government will manage resettlement and rehabilitation of over 20,000 families of Doti, Dadeldhura, Baitadi and Bajhang districts and the company will only bear the expenses incurred, as pointed by Chief Executive Officer (CEO) of IB Radhesh Panta. The locals will be provided up to 10 percent shares in the project that will have 65 percent shares of CWE and 25 percent of Nepal government, according to the MOU.

Panta says the project should be moved forward immediately. Stating that the give and take by the state will be discussed during negotiation for the project development project agreement (PDA), he opines that it is more important to move the project forward now than amending the MOU. "MOU with promoters of Upper Karnali and Arun III have been amended during the negotiations for PDA. We can also amend it for West Seti and the process cannot be stopped by citing this reason," he adds. He clarifies that discussions will be held on the issue of free energy and equity during the negotiation for PDA. He reveals it will take another one and half years to start PDA negotiation after completing pre-construction works. He says proposal will be taken to the board meeting of IB for approval of FDI and formation of the joint company as directed by the parliamentary committee.

Talks about construction of the 750 MW project have been going around for around two decades and the government commits to move the project forward in every annual budget. But the project has not moved forward due to maneuvers by different interest groups. Preliminary study by CWE has showed the project to be financially attractive.

Lawmakers of the districts to be affected by the project say it should be constructed at any cost as it is the backbone for development of the Far West region. "The project has been promised for over two decades. We should now decide once and for all whether the project will be constructed or not," lawmaker Bir Bahadur Balayar says. "Many games have been played in West Seti. We should not play more and construct the project. The affected locals are eager to cooperate."