

Source: My Republica; 24 April, 2015

'Delay in signing of PDA, PPA a hurdle in attracting foreign investment'

Lenders have said that the delay in signing of Project Development Agreement (PDA) and Power Purchase Agreement (PPA) is the only hurdle in attracting foreign investors and international lenders for Upper Trishuli-1 (UT-1) hydropower project in Rasuwa.

They arrived at the conclusion at the end of a four-day due diligence program for (UT-1) project with prospective lenders held in Kathmandu from April 20 to 23. The program was coordinated by Nepal Water and Energy Development Company (NWEDC) to expedite the process of achieving financial closure for the project.

NWEDC is working to develop the 216-MW capacity project.

"The prospective lenders are ready to invest if the project shows significant progress in signing of project documents," a statement issued by NWEDC said.

According to the statement, 'All Lenders' Appraisal' meeting was held in Kathmandu to relay overall idea of the project to the lenders. Representatives from world's renowned international lenders, inclusive of commercial banks, attended the meeting, according to the statement. The participants included representatives from International Finance Corporation (IFC), Asian Development Bank (ADB), FMO, Proparco, OPEC Fund for International Development (OFID), Sumitomo Mitsui Banking Corporation (SMBC), BTMU, SocGen, International Bank for Reconstruction and Development (IBRD), Multilateral Investment Guarantee Agency (MIGA) and European Investment Bank (EIB).

Discussion on general, technical, environmental and social aspect of the project and project documents were held during the meeting, according to the statement.

The team of lenders, who visited project site to acquire brief information about the project, appreciated the work at the site.

Members of the team also held a meeting with Ministry of Finance (MoF) officials to ensure commitment from government side for UT-1 project. "In the meeting Finance Minister Ram Sharan Mahat welcomed funding from international financial institutions and committed that there will be no hurdles to bring back their investment return, interest return and debt clearance. Such positive message from MoF has increased the confidence level of the lenders, said the statement," the statement added.

The UT-1 project is being promoted by Korea South East Power Company (KOSEP), Daelim and Kyeryong Companies of South Korea, IFC and a Nepali promoter. The project will generate 1,533 GWh of energy every year. It is expected to start commercial operation by December, 2020.

Source: The Kathmandu Post; 25 April, 2015

Locals upbeat as Arun III gains momentum

DIPENDRA SHAKYA

The village of Num where Tara Bahadur Gurung lives will be inundated by the [Arun III](#) Hydropower Project which is planned to be built on the Arun River in Eastern Nepal. But his concern is that the project may never get implemented.

The 900 MW scheme was planned long ago but it has not progressed beyond discussions. In 1994, the financial closure of the project was almost concluded, but nothing happened due to political wrangling.

It is not only Gurung who is worried that the project will not be built. Other locals too are keen on seeing the hydropower project being implemented for the development of the region. Speaking at an interaction programme held by the Investment Board Nepal (IBN) at Num on Thursday, they called for prompt implementation of the project.

The dam will be constructed at the area as per the plan. The signing of a project development agreement (PDA) between the IBN and India's Satluj Jal Vidyut Nigam to build the [Arun III](#) project has raised the hopes of the locals.

"I have been waiting for 31 years for this project to become reality," said Gurung. "There is nobody now to protest against the development of this project like in the past."

Likewise, Durga Bahadur Parajuli, another local from Num, urged an early start of the work and demanded that Sankhuwasabha and Bhojpur districts be declared load-shedding free.

The project has pledged to provide 30 units of free electricity monthly to the project affected people. "We are excited at the news that locals will be provided employment, shares and free energy," said Parajuli. Chairman of the Arun Stakeholder Committee (Bhojpur-Sankhuwasabha) said that the project should be started without delay. The IBN had collected the opinions of the local people near the proposed dam site in Num, the powerhouse site in Diding and the district headquarters of Khandbari through a public hearing.

Residents also demanded that there should be a good resettlement plan for the people who will be displaced by the dam. The project will affect 203 houses located in six VDCs of Sankhuwasabha village development committee, namely Makalu, Pathibhara, Pawakhola, Yafu, Num and Diding. Local people, political leaders and lawmakers were all hopeful that the project would benefit the country as a whole. Lawmaker Taraman Gurung said that the improvement of the roads and the construction of a training centre would start soon. "The project will now definitely be developed," a confident Gurung declared.

Similarly, National Planning Commission Secretary Sharada Prasad Trital said that they visited the project site to hear what the locals had to say one last time before starting the construction of the project.

IBN CEO Radhes Pant said that they would work as per the suggestions of the locals after the signing of the PDA. “As per the PDA, the construction work will start soon and it is scheduled to be completed in the next two years,” he added. The developer Satluj will evacuate the power generated by the project through the Dhalkebar substation to Muzaffarpur in India leaving behind Nepal’s share of the output. According to the IBN, Nepal is set to receive Rs348 billion over 25 years from the project. Satluj will provide 21.9 percent free energy worth Rs155 billion and another Rs107 billion in royalty. More than 3,000 people are expected to get jobs at the project.

As per the PDA, the Indian company will allot Rs1.6 billion worth of shares to the locals, 50 percent of which will be issued within two years of the commencement of the project. The rest will be provided at a later date at a premium.

The IBN and Satluj started PDA talks in 2013 after Nepal and India signed a memorandum of understanding for the project’s construction in 2008.

Source: The Kathmandu Post; 25 April, 2015

Construction resumes at hydel project sites

AASH GURUNG

Construction work at the 25 MW Upper Dordi A, 27 MW Dordi River and 2 MW Chyangdi River projects has resumed after a three-day stoppage with the developers agreeing to address most of the 10 demands put forward by agitating locals within the month.

“Some of our demands have been addressed, while a few are on the verge of being addressed,” said Chin Bahadur Gurung, chairman of the struggle committee formed by the locals. He added that the committee was forced to launch an agitation after the developers turned a deaf ear to their demands.

The 25 MW Upper Dordi A is being developed by Liberty Energy Hydropower and the 27 MW Dordi River project is being developed by Himalayan Developer Partner. The struggle committee had put forward demands like coordinating with the locals while importing construction materials, providing employment to them based on their skills, providing training suitable for hydropower project development to locals, forming a committee to study the impact on houses while blasting a tunnel through the hills and fulfilling past agreements including building a local road, among others.

According to Rajendra Wasti, the developer of Upper Dordi A, there isn't much issue with the locals. “We are moving as per our plans and are also committed to fulfilling the valid demands put forward by them,” Wasti said. He added that the project would fulfill most of their demands in course of time. According to Gurung, the 27 MW project has agreed to hold a public hearing. However, Guru Prasad Dhakal, the project developer, said that there is no requirement for a public hearing for projects that have a capacity of less than 50 MW.

“We have already notified the public about the project. And we are committed to fulfilling their demands apart from a few ones,” Dhakal said, adding that they had agreed

to fulfill eight of the demands while two demands put forward by the locals regarding providing 2 MW of free energy to the locals and paying wages higher than the rate in the district needed further discussion.

Source: My Republica; 5 May, 2015

Earthquake damages over dozen hydropower projects

Projects of independent power producers affected by the earthquake		
PROJECT	CAPACITY	STATUS
Upper Bhotekoshi	45 MW	Penstock burst due to the rock slide; power house submerged due to penstock burst; rock slide continues after earthquake; no excess to power plant
Sunkoshi Khola	2.5 MW	Power-house wall has fallen inside power-house room, landslide at penstock alignment and landslide at headwork areas, no access to plant
Indrawati-III	7.5 MW	Significant damage, but in operation
Chaku Khola	3 MW	Not in operation, details yet to come
Baramchi Khola	4.2 MW	Penstock pipe burst; no access to power plant but in operation
Middle Chaku	1.8 MW	Not in operation, details yet to come, no access to power plant
Sipring Khola	9.65 MW	Extension joints burst, landslide at penstock alignment, not in operation
Ankhu Khola-1	8.4 MW	Sub-station, power-house fully damage by landslide 11 poles are damages, plant is not in operation
Mailung Khola	5 MW	Significant damage in headworks, penstock pipe and power-house; not in operation, no access
Bhairab Kunda	3 MW	Tunnel leakage, penstock burst, switchyard damaged, transmission line damaged but power house is safe; not in operation

Projects of Nepal Electricity Authority affected by the earthquake		
PROJECT	CAPACITY	STATUS
Trishuli	24 MW	Cracks in the crest in the balancing pond, staff quarter damaged; not in operation, but can be restored within a few weeks
Devighat	14 MW	A cascade project of Trishuli; cannot operate until Trishuli resumes
Sunkoshi	10.05 MW	Severe leakage in a stretch of 200 meter canal, maintenance in the headworks damaged by Jure landslide remains incomplete; not in operation
Kulekhani	60 MW	Cracks in the crest of the dams, but in operation
Chilime	22 MW	Damage in transmission line
Upper Trishuli 3A (under construction)	60 MW	Severe damage in the construction works after landslide from both sides not only killed four employees but also buried heavy equipment; damage in the audit tunnels and a suspension bridge

of 150 MW affected

Generation

The devastating earthquake of April 25 and series of aftershocks that followed the main shake have damaged around 14 hydropower plants across the country, resulting to loss of 150 MW of electricity from country's power grid.

As a result, Nepal Electricity Authority (NEA), the state-owned power utility, is distributing only 564 MW including 210 MW imported from India.

Sher Singh Bhat, deputy managing director of NEA, said Sunkoshi Hydropower Project has suffered serious damages. Other projects can be brought into operation after some maintenance works, he added.

Bhat further said they can restore Trishuli and Devighat powerhouses within a week. But he said NEA has not been able to start maintenance works due to shortage of laborers and heavy equipment operators.

Staff members' quarters in Trishuli, Devighat and Sunkoshi projects have been completely damaged. According to NEA, and staff members there are residing in temporary tents.

Sunkoshi Hydropower Project, which was damaged by Jure landslide last year, has suffered physical damage yet again. Its 3-km canal has multiple leakages. The project can be brought into operation only after three or four months, according to Bhat.

"None of the undergoing projects, except Upper Trishuli 3A, has suffered physical damage. Upper Trishuli 3A has been damaged by landslide on both sides of the river triggered by the earthquake," Bhat said, adding, "About 3 kilometers access road of the project has been washed away by the landslide."

Cracks have appeared in the dam of Kulekhani Hydropower Project. Preliminary assessment of the cracks is being carried out by former officials and experts of NEA who were involved in development of the project, according to Bhat. "It won't make any impact right away as the cracks are above the current water level. But it might create problem when the water level goes up during monsoon," he added.

Upper Bhotekoshi Hydropower Project, which is built by independent power producers, has also suffered some damages. Narendra Prajapati, CEO of Bhotekoshi Power Company, said penstock pipe of the project has been damaged by boulders that fell from nearby cliff due to earthquake. "We had shut down intake soon after the first earthquake," Prajapati said. "We assume generators have been flooded by the leakage of water due to damage in penstock."

A total of 13 were evacuated from the project sites following the earthquake. The project had

remained shut for about five months after its pylons were washed away by Jure landslide on August 2 last year.