

Source: The Himalayan Times; July 30, 2015

## **PDF must come alive to boost hydropower**

**Kathmandu, July 29, 2005 (10 years ago)**

High-level government officials and experts concerned with the hydropower sector have underscored the need for effective utilisation of resources available with Power Development Fund (PDF) to promote the role of private sector in building small and medium-sized hydropower projects. Assistant minister for water resources, Binod K Shah speaking at a stakeholders' meet on 'Guidelines for Availing Financing from the Power Development Fund', admitted of not being able to fully capitalise the potential in hydropower sector. Shah said that the distribution network of electricity should be strengthened and the private sector investment in hydropower is crucial to upgrade our capacity. He added that financing for investors interested in hydropower projects is not available easily, an area in which PDF can play an instrumental role. Shovan Dev Pant, CEO of Nepal-Bangladesh Bank (NBB) which is the administrator of Power Development Fund (PDF), said that out of the total 42,000 MW of hydropower generation being 'technically and financially' feasible, we have been able to generate less than 600 MW due mainly to scarcity of funds. Given such a context, the role of PDF is very much crucial for co-financing projects with international and domestic lenders, including commercial banks, investment funds, export credit agencies and multilateral institutions, Pant informed. The initial corpus of the PDF is \$35 million, received under the IDA loan by the government from the World Bank.

### **Shutdown of colleges threatened**

The eight student unions today asked the Tribhuvan University (TU) to initiate matters for the release of the arrested students. The unions threatened that if the students were not freed within 36 hours, they would shut down all campuses throughout the country. According to Khimlal Bhattarai, chairman of the All Nepal National Free Students Union (ANNFSU), the students should be released without any conditions. The eight student unions submitted a memorandum to Tribhuvan University Vice-Chancellor Professor Dr Govind Prasad Sharma to pressure the government to release the student leaders. In the Valley campuses, agitating students today protested the arrests by burning tyres, pelting stones and shouting slogans for the restoration of democracy. A total of 13 student leaders are in detention— seven from the Valley, including Gagan Kumar Thapa, former general secretary of Nepal Students Union, general secretary of All Nepal National Free Students Union Thakur Gaire, NSU vice-president Pradip Poudel, Free Students' Union chairman of TC Campus Saroj Thapa, five students from Kailali and one from Doti.

Source: The Himalayan Times; July 30, 2015

## **Consultant for Tanahu hydro to begin work soon**

Initially, focus will be on preparation of the tender documents to select contractors

### **Kathmandu, July 29**

The consultant for Tanahu Hydropower Project will begin preparatory works in a few days to kick-start implementation of the much-delayed 140-megawatt reservoir-type project.

“The project manager and the team are arriving in Nepal soon. It will start conducting the preparatory works within this week or from first week of August,” said Sunil Kumar Dhungel, managing director of Tanahu Hydropower Ltd (THL), a state-owned special purpose vehicle formed to implement the project.

On June 29, THL had formally appointed joint venture (JV) between Lahmeyer International GmbH Germany and Manitoba Hydro International of Canada as the consultant for the \$505-million hydro project. The consultant for the project, funded by the government, the Asian Development Bank (ADB), the Japan International Cooperation Agency and the European Investment Bank, was selected after a delay of over two years.

The main tasks of the consultant would be to support THL in the areas of preparing tender documents, project administration and design, engineering services, management control and other technical aspects.

The consultant has agreed to provide these services at a cost of \$26.05 million for a total of 12 years, including one year of pre-construction phase, six years of construction stage and five years of operation stage.

“Initially, the consultant will focus on preparation of the tender documents based on which contractors will be selected to build the hydro project,” Dhungel said.

Although the consultant should have been selected in May 2013, the process was delayed after the Commission for the Investigation of Abuse of Authority (CIAA) launched investigation into the consultant selection process launched by ADB.

The hydro case was picked up by the CIAA upon receiving a complaint from one Tirtha Kumar Shrestha of Tanahu, who pointed out flaws in the consultant selection process.

Based on this complaint, the CIAA asked the Ministry of Energy (MoE) to review the selection process. The MoE then formed a five-member review committee under the coordination of its Joint Secretary Keshav Dhoj Adhikari.

But since the report prepared by the committee could not solve the problem, a joint review committee was formed comprising ADB officials and representatives of Ministry of Finance (MoF) — which had mobilised \$505 million to build the project — and MoE.

The joint review committee then came out with a report saying it ‘did not come across anything that gives a firm ground to question the credibility of the ADB Consultant Selection Committee’.

However, on December 17, Energy Minister Radha Kumari Gyawali surprised many by scrapping the consultant selection process. The minister’s move was severely criticised by MoF, as it ‘created uncertainty about implementation of the project’, which was crucial for the country facing long hours of power outage every day.

The Cabinet on January 1, however, overturned the energy minister’s decision, paving the way for the ADB to give continuity to the project supervision consultant selection process.

Source: The Himalayan Times; July 31, 2015

## **Power production halted in 2 hydel projects in Parbat**

**PARBAT:** Power production from two hydel projects in the district has been stopped following heavy floods in the Modi River and landslides.

Power production from the 14.8 MW capacity Modikhola hydropower centre and the 10 MW capacity Lower Modikhola hydel project has been stopped due to landslides.

Landslides in Betani in Tilahar VDC-9 of Parbat has caused damage to the transmission line thereby leading to closure of power production from the Modikhola project since last night, said Chief of the project Taradutta Bhatta.

Likewise, floods in the Modi River affected power production in the lower Modikhola project. The security wall of the power house has been damaged and hence inundated by flood water, according to electrical overseer of the project Bishnu Subedi.

It will take some time before both the projects are renovated and brought back to regular operation, sources at the projects said.

Source: Karobar; July 30, 2015

## **Demand to build Budhi Gandaki for multiple purposes**

Stakeholders have advised to develop Budhi Gandaki as a multi-purpose project to also use its water for other purposes. They have drawn the attention of government toward that stating that benefits from use of water can be lost while designing it only for use of electricity.

Former secretary Shital Babu Regmi, speaking at an interaction program organized by Karobar on Thursday, said the project should be made multi-purpose and its water be used for irrigation in Chitwan and Nawalparasi districts. He said a re-regulating dam should be constructed to control the water to flow out of the project. “Budhi Gandaki must be developed in a way that more electricity is generated at low cost and lesser area is inundated. Nepal must also be able to reap downstream benefits after seeing inundation of 65,000 hectares of land. We can irrigate an additional 100,000 hectares of land in Chitwan and Nawalparasi districts in the dry season from the water coming out of the project,” he added.

Chairman of the Hydropower Committee of the Federation of Nepalese Chambers of Commerce and Industry (FNCCI) Gyanendra Lal Pradhan also concurred. He claimed that another 225 MW project can be constructed at Devghat with water from Budhi Gandaki. “This project should also be included in the Budhi Gandaki. We should also take soft loan at one percent from India as return from the project will be low,” he reasoned.

President of the Independent Power Producers’ Association, Nepal (IPPAN) Khadga Bahadur Bista said the project must not be developed through the committee and pointed at the need to develop it in public-private partnership (PPP) model. He advised to form investment structure in a way that the government has 49 percent stake and public the rest 51 percent.

President of the committee Dr Laxmi Prasad Devkota said the project is being developed to fulfill demand of electricity during the dry season. He claimed that load-shedding can be ended by operating the project for six-eight hours during the dry season. Revealing that consultant Tractebel Engineering of France has advised to design the project for 1200 MW, he added that it will annually generate 3.40 billion units. It can generate 1.80 billion units of that during the dry season alone. He stated that the project has been designed in a way that electricity can be generated from December to April.

He claimed that project work will be affected as the government allocated just Rs 3.37 billion in the current fiscal year despite demanding Rs 29 billion to complete land acquisition and resettlement. He added that it will take Rs 58 billion to complete land acquisition and resettlement.

Source: Karobar; July 31, 2015

## **Rs 3.23b of HIDCL remains uninvested**

**BABURAM KHADKA**

KATHMANDU, July 29

There is currently lack of investment in the country's hydropower sector. Construction of dozens of attractive projects has not started in lack of financial closure. But promoters of eight different projects with combined installed capacity of 271 MW that have signed loan agreement with the Hydropower Investment and Development Company Limited (HIDCL) worth Rs 3.23 billion have not used the loan.

Different banks and financial institutions including the HIDCL have signed loan agreement worth Rs 25 billion for these projects. Total cost of these projects is Rs 42.39 billion. The HIDCL has failed to invest in even a single company over four years after it started business with the promoters not taking loans as per the loan agreement. Its plan of arranging additional investment by bringing different financial tools has also been affected due to lack of investment in hydropower. It is currently earning interest worth tens of millions by keeping its money in different fixed deposit accounts in lack of investment.

The government had formed the HIDCL with an aim of investing only in the hydropower sector. The HIDCL signed loan agreement in co-financing with different banks and financial institutions after starting operation in 2010. It has signed loan agreement ranging from a minimum of Rs 150 million to Rs 1 billion depending on the capacity of projects. Loans of other banks and financial institutions, that had co-financed with the HIDCL, have also not been used with the projects stalled due to different reasons. They have held that amount. There has not been any investment in recent times with the Nepal Electricity Authority (NEA) signing power purchase agreement (PPA) with promoters refusing to not procure electricity during the four months in rainy season when generation is high.

Chief Executive Officer (CEO) of the HIDCL Deepak Rauniyar says promoters have not used loans in lack of start of construction. He adds that the promoters who have not used loan will be fined to discourage the practice of not using loans as per the schedule. He states that there has been no investment also due to the earthquake on April 25 and subsequent aftershocks.

Construction of Mistrikhola, that had first signed the agreement, has yet to start as promoter Robust Energy has yet to use the Rs 1 billion it signed loan agreement with the HIDCL for. It has also not taken Rs 3.24 billion signed with other banks and financial institutions. Led by Nabil Bank seven different financial institutions including the HIDCL have signed investment agreement with Mistrikhola.

The HIDCL similarly has signed loan agreement for Rs 500 million for 27 MW Dordikhola, Rs 200 million for 23 MW Solu, Rs 400 million for 30 MW Khanikhola, Rs 200 million for 25 MW

Kaveli B, Rs 600 million for 82 MW Lower Solu, and Rs 200 million for 20 MW Bagmati Small Project. Preliminary agreement for Rs 150 million for 21.6 MW Hewakhola has been signed but loan agreement has yet to be signed. The HIDCL has also signed investment agreement for 40-kilometer 400 KV transmission line from Dhalkebar to Bhattamode under the Nepal-India Transnational Transmission Line, and agreement for 14 percent of equity investment in the Power Transmission Company Nepal (PTCN).

Projects have not moved forward in lack of transmission line in the Kaligandaki corridor. Promoter Robust Energy had aimed to complete Mistrikhola in 2016 but the project faces uncertainty with the Nepal Electricity Authority (NEA) yet to construct transmission line. The seven other projects have also not moved forward. Upper Solu Hydropower has started Solu project but there is uncertainty about transmission line. The HIDCL says Upper Solu will use loan soon.

The government through the budget for the current fiscal year has adopted a policy of moving projects forward as per the concept of remit hydro. The HIDCL has investable capital of Rs 9 billion and is issuing shares worth Rs 2 billion to the public. The government has already given Rs 5 billion to the HIDCL, and the Citizen Investment Trust (CIT), the Employees' Provident Fund (EPF) and the Rastriya Beema Sansthan Rs 1 billion each. Authorized capital of the company is Rs 50 billion, issued capital is Rs 10 billion and pledged capital, to immediately pay, is Rs 8 billion.

Source: The Rising Nepal, July 25, 2015

### **Electricity supply disrupts in Jajarkot**

Jajarkot, July 25: Electricity supply in the district headquarters of Jajarkot, Khalanga, has been disrupted from Thursday after the canal of local Sangta Risangkhola Hydropower Project suffered damages. Khalanga does not have access to the grid of the Central Transmission Line.

Office activities at Khalanga-based government offices have been affected due the disruption of power supply as well as students appearing the supplementary examination of the School Leaving Certificate (SLC) have been hit hard. The SLC supplementary exam is scheduled from August 5.

Local residents said that service seekers at government offices have been deprived of getting easy and smooth service for lack of power supply.

Project Chairman Leela Bahadur Shah said the power supply was disrupted after a landslide damaged the canal. The project was constructed at the cost of Rs 30 million and over 1,200 households have been benefitted from this.

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