

Source: My Republica ; 2 Jan 2016

NEA board hands over procurement authority to the management

RUDRA PANGENI

The board meeting of Nepal Electricity Authority (NEA) has decided to hand over the authority of taking procurement decisions to NEA management.

Procurement decisions include procurement of all construction works and supply of goods among others. "The decision, which was taken on last Friday, authorizes the NEA management to clear pending procurement and financial agendas," Energy Secretary Suman Prasad Sharma, who also chairs the NEA board, said. The board meeting was held after a hiatus of four months.

NEA officials say the decision was expected as the authority of making procurement decisions rests on the management as per the Public Procurement Act 2007. The Commission for the Investigation of Abuse of Authority (CIAA) had also directed the NEA board to do so. The previous board meeting chaired by then energy minister Radha Gyawali had decided that all procurement decisions shall be made by the board. Because of this, NEA has been failing to take important financial decisions on most of the undergoing projects, including Kulekhani III and Chamelia. Similarly, the process to procure essential equipment and sign power purchase agreement from projects built by private developers has also been affected.

The Gyawali-led board had also seized the authority of signing Power Purchase Agreement of up to 25 MW with independent power producers. But the board meeting held on last Friday did not take any decision on it. This means the board will have the final say on PPAs of any projects having capacity more than one megawatt.

The decision means NEA Managing Director Mukesh Raj Kafle will now have to take decisions on controversial issues like Solu Corridor and Chamelia's variation order of Rs 1.09 billion, among others.

NEA board used to convene at least twice a week in the past. Last Friday's board meeting was the first since then energy minister Radha Gyawali was sacked as per the direction of CIAA in October.

'Cross-border transmission line will be ready by January end'

Officials of Nepal Electricity Authority (NEA) say they will be able to import an additional 90 MW from India once 400 kV Dhalkebar-Mujaffarpur Cross Border Transmission Line comes into operation.

Work on the 140-kilometer cross-border transmission line project has resumed. Officials say all works will be completed by the end of this month. Workers are busy fixing the last few towers and installing wires, according to officials.

"Though work on a 220 kV substation in Dhalkebar has been delayed, we will charge it in existing 133 kV substations to import additional energy by the end of January," Kanhaiya Manandhar, chief of the Directorate of Transmission Line at NEA, said. "Unrest in Tarai districts has affected project works," he added.

Country's first cross border transmission line spans from Dhalkebar of Nepal to Mujaffarpur of India. It will enable Nepal to both import and export the energy. NEA's system generally sees peak load in December and January. Now the system is overloaded as many households have shifted to electricity to cook food due to shortage of LP gas and kerosene.

NEA had signed an agreement with Power Grid Corporation of India Limited in October 2014 to import additional energy from the southern neighbor. The addition of 90 MW from India will increase Nepal's energy imports to a little above 300 MW.

Domestic hydropower plants are currently generating around 400 MW against the installed capacity of 758 MW. The figure also includes capacity of around a dozen quake-hit plants which have yet to start generation. According to NEA, electricity demand during peak hours climb to 1,300 MW. Due to wide gap in demand and supply, NEA has been enforcing load-shedding of up to 11 hours per day. NEA is expected to reduce power cuts by an hour a day once it starts importing additional 90 MW from India.

Power Transmission Company of Nepal (PTCN) is implementing the Dhalkebar-Muzaffarpur Cross Border Transmission Line Project.

Source: My Republica ; 2 Jan 2016

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Power Transmission Company of Nepal (PTCN) is implementing the Dhalkebar-Muzaffarpur Cross Border Transmission Line Project.

Source: My Republica ; 2 Jan 2016
Govt to announce Energy Crisis Alleviation Era

Deputy Prime Minister and Minister for Energy Top Bahadur Rayamajhi said the government is announcing the Energy Crisis Alleviation Era by the second week of January so as to reduce the power crunch within one year.

Speaking at an interaction program organized by the Reporters Club Nepal in the capital on Monday, DPM Rayamajhi said the government has planned to complete those incomplete power projects, expedite renovation works of those that have been damaged, supply sufficient fuel required for the projects, build up transmission lines, and encourage solar power plants within the declared Energy Crisis Alleviation Era.

The hydropower project of 250 megawatts is at the final phase. It will yield around 100 megawatts during winter, said Rayamajhi. He added that if the renovation work of those damaged projects gets completed, over 100 more megawatts power can be generated. Similarly, over 1,200 megawatts energy will be produced by harnessing solar energy in the next year, said Rayamajhi.

Now-a-days, the transformer is breaking down due to excessive use of heater. The consumes have been hit hard since there is no technology to fix more than one damaged transformer, said Rayamajhi.

Source: My Republica ; 5 Jan 2016

GMR Office attacked

An unidentified group hurled a petrol bomb at the Kathmandu-based office of GMR -- an Indian company developing Upper Karnali (900 MW) and Upper Marshyangdi (600 MW) hydropower projects -- on Tuesday evening.

Additional Inspector General of Metropolitan Police Commissioners' Office Pratap Singh Thapa said glass panes of the Chakupat-based building were shattered but there was no casualty.

GMR has started preparatory works to develop Upper Karnali Hydropower Project after signing a Project Development Agreement with Investment Board Nepal.

Source: The Kathmandu Post; 5 Jan 2016

Planned meeting of Pancheshwar Dev Authority put off

SANJEEV GIRI

A meeting of the governing council of the Pancheshwar Development Authority, scheduled to be held in Kathmandu this week, has been put off at India's request, raising suspicions given the current downturn in relations between the two neighbours.

The Indian side had communicated to Nepal that it would not be able to participate in the conference planned to take place from January 7-9 due to "some other urgent proceedings in India". A 13-member delegation led by Ministry of Water Resource Secretary Shashi Shekhar was slated to arrive in Kathmandu on Wednesday to participate in the meeting.

"We were informed on Monday evening. As per the unofficial message, some urgent proceedings at the Water Resource Ministry have forced the Indian side to put off the meeting for the time being," said Mahendra Bahadur Gurung, chief executive officer of the Pancheshwar Development Authority.

"However, there is no need to worry much. We will be rescheduling the meeting soon." According to Gurung, they expect the conference to be held in the last week of January.

Gurung added that there was no reflection of the presently strained ties between Nepal and India on the project. "We are in constant touch with the Indian side, and there is no such indication," Gurung said.

The authority had been formed with the aim of expediting the construction of the Pancheshwar Multipurpose Project. Situated on the banks of the Mahakali River on the Nepal-India border, the project is expected to generate 6,720 MW of electricity. It will also irrigate 93,000 hectares of land in Nepal and 1.6 million hectares in India.

Energy Secretary Suman Prasad Sharma co-chairs the governing council of the Pancheshwar Development Authority with his Indian counterpart.

The governing council meeting scheduled to be held in Kathmandu this week was expected to discuss a number of issues including the authority's institutional arrangement, its budget for the upcoming fiscal year and the status of Wapcos Limited, an Indian company assigned to upgrade the data for the integration of the two detailed project reports (DPRs) of the Pancheshwar Multipurpose Project prepared separately by Nepal and India.

Even though the DPR integration was expected to be completed within six months, Wapcos has been already given two extensions. The upgradation and integration of the data is one of the most crucial components of the DPR as Nepal and India had prepared two different DPRs separately more than one and a half decades ago.

The need to verify the data has become crucial as several aspects, including the geology and construction techniques, have changed since then. Subjects like the project cost, geological aspect, techniques to be used and the project's commissioning date can also be analyzed after the data is upgraded and integrated.

Wapcos started work in April and was supposed to finish it by October 2014. When it missed the deadline, it was given an extra two months till December. The company has not been able to complete the designated task and wants another deadline extension.

The decision to give the contract to Wapcos was based on the first meeting held in Kathmandu in September 2013. The meeting had also endorsed the statute of the Pancheshwar Development

Authority opening the way for the project's commencement.

According to Gurung, Wapcos has been taking longer than expected to complete the task as there are several adjustments that need to be done. "The company has been working professionally and sincerely. Since the DPR will provide an outlook of the project, we are waiting for the final outcome," Gurung said. The Pancheshwar Multipurpose Project, which had been in limbo for the last two decades, regained momentum after Indian Prime Minister Narendra Modi's visit to Nepal in August 2014. Addressing the Nepali Parliament, Modi had declared that the project would begin within a year.

Source: My Republica ; 5 Jan 2016

Kulekhani III likely to miss deadline again

RUDRA PANGENI

Though more than 95 percent of work of Kulekhani III Hydroelectric Project has already been completed, it seems that the project won't be completed within the next 10 months as planned if needful intervention is not made in time.

Works like installations of penstock pipes, control panels, putting cables and other electromechanical works are still remaining. But the Chinese contractor of electromechanical works has gone out of contact for the past few months. And work progress of its unofficial representative, Golchha Organization, is not satisfactory. It has already been two months that Nepal Electricity Authority (NEA) appointed Subhash K Mishra as the project manager. But Mishra has not met even a single representative of Zhejiang Jinlun Electromechanic Co Ltd - the contractor for electromechanical works - in the project site. Staffers of Golchha Organization are at the project site. But their work progress is disappointingly slow.

Ministry of Energy has unveiled plan to add energy generated by the project by October as part of the Energy Development Work Plan 2015 that it devised to address energy crisis.

“Though the project is in its last leg, the contractor is making things difficult for us,” Laxman Agrawal, board director of NEA, said.

The deadline for completion of the project has been repeatedly extended. The next deadline has been set at April. The new deadline for civil and electromechanical works expires in three months. NEA officials say it has to be extended again given the slow work progress.

Talking to Republica, Sher Singh Bhat, chief of NEA's Directorate of Generation, said work performance of the contract has never been satisfactory since it began works in 2008. “We have faced a practical difficulty as the contractor has unofficially handed over works to Golchha Organization. But it has not reported us about any sub-contracts,” Bhat said. “The Chinese contractor is responsible for the project. But we are finding it very difficult to handle the project as the main contractor has gone out of contact.”

Last year, NEA fined contractor 10 percent of the contract amount, or around Rs 80 million, for missing deadline. The project has been deducting the fine amount from its running bill.

The contractor has so far completed works worth only Rs 300 million out of total Rs 800 million for electro-mechanical works.

“We need to continue piling pressure on contractor as it has already brought necessary equipment and materials,” added Bhat.

Talking to Republica, Mishra informed that he has sent emails to the contractor's project manager five times in the past two months. "The contractor keeps telling me that he will come to Nepal once the blockade is lifted as it will be difficult to supply control panels, relay panels and communication panels, which are ready in China, at present," added Mishra.

Knowledgeable sources say lackluster response by the contractor is due to the mandatory provision of selecting low bidders. Once winning the contract, such contractors tend to walk away from the project, handing works to local partner.

Mishra told Republica that a team led by CK Golchha, one of the promoters of Golchha Organization, is fitting penstock pipes at the project site.

When Republica reached Golchha for comment, he simply said he was too busy to talk.

According to project officials, cost of the project, which was initially estimated at Rs 2.5 billion, will have to be revised to Rs 4.22 billion because of time overruns and different variation order payments paid to Sino Hydro -- the civil contractor for the project.

Project in a nutshell

- Installed capacity: 14 MW
- Both civil and electromechanical contracts awarded in 2008
- Project initially targeted to be completed by 2012
- Cost overrun by about 68 percent to estimated Rs 4.22 billion
- Work worth Rs 3.65 billion completed so far
- Contracts have been repeatedly renewed

Source: The Kathmandu Post; 6 Jan 2016

Deal signed to build access road to Arun-III hydro project

The Department of Roads and Satluj Jal Vidyut Nigam (SJVN) Arun-III Power Development Company have agreed on constructing a 28.69 km access road between Chyankuti and Diding to 900MW power project in Arun river of Shankhuwasavha district.

Gopal Prasad Sigdel of the Department of Roads and Roshan Lal Negi, CEO of SJVN Arun-3 Power Development Company, signed the agreement in the presence of Sankhuwasabha lawmakers Tara Man Gurung and Deepak Khadka on Tuesday.

Speaking on the occasion, Negi said the company would do everything in its power to complete the project at the earliest and urged the government to help it in the land acquisition process for the mega project.

The Investment Board Nepal (IBN) and Indian power developer SJVNL had signed the Project Development Agreement (PDA) to build the 900MW project on the sidelines of the Saarc Summit. The Rs104-billion project is expected to start power generation by 2020. According to the IBN, Nepal is set to receive Rs348 billion from the project over 25 years. On top of Rs107 billion in royalty fees, Satluj will provide 21.9 percent of the power worth Rs 155 billion free to Nepal.

Source: The Himalayan Times; 6 Jan 2016

THT 10 YEARS AGO: Andhikhola power plant bags Blue Planet prize

Kathmandu, January 5, 2006

The 5.1 MW Andhikhola Power Plant, which is located in Syangja, has bagged the prestigious Blue Planet Prize of International Hydropower Association and UNESCO for the year 2005. The plant was built with technical and financial assistance from the Norwegian Development Agency. Chairman of the executive committee of the Butwal Power Company (BPC), Gyanendra Lal Pradhan, received the prize on behalf of the company today. The plant was given the award for achieving excellence in socio-economic benefits, environmental consideration and capacity building in hydropower development of Nepal. The International Hydropower Association (IHA) had announced the names of three winners of the 2005 Blue Planet Prize at an event held during the United Nations Conference of Parties on Climate Change in Montreal, Canada. BPC believes that the winning of the award independently recognises its capacity in developing sustainable hydropower project and recognises the fact that Butwal Power Company is a socially and environmentally-responsible utility. HE Anita Utseth, the Norwegian Deputy Minister for Petroleum and Energy, who presided over the awards ceremony, remarked that Andhikhola Power Plant (and other two projects) had demonstrated strong consideration of environmental, social and economic aspects and, as such were excellent examples of sustainable hydropower development.

Source: My Republica ; 6 Jan 2016

Surge in power demand taking toll on NEA's distribution system

Foreman Jib Narayan Shah tied safety belt and climbed up the electricity pole with an operating rod to check the condition of a 100kv transformer which caught fire on Saturday evening.

Power supply to Banglamukhi area of Balkot was cut off due to damage in one of the cables of the transformer. It took Shah and his two assistants, who are working with Thimi Distribution Center Nepal Electricity Authority (NEA), around two hours to restore power supply in the area. Of late, electricity transformers are receiving huge load pressure as households are waiting for load-shedding to end so that they can use electricity to cook, pump water and warm up their homes, among others.

“As people use electric appliances all at once, transformers and cables with definite capacity cannot resist load and get exploded,” Shah said, adding that the growing demand for electricity due to shortage of cooking fuel was causing transformers to catch fire.

Though Shah and his team are not allowed to repair transformers at the site, they have been repairing transformers on the pole itself to restore electricity supply at the earliest. “It can take even a week to restore power if we send the transformer to NEA's Lainchaur-based transformer workshop,” Shah, who joined NEA as an electrician 11 years ago, said.

NEA's Thimi Distribution Center has three mobile teams, including the one led by Shah, to sort out technical problems in electricity supply. These teams monitor supply areas between Manohara and Hanumante Khola as well as Gundu, Balkot, and Dadhikot. These teams are repairing about five transformers and changing fuse at more than a dozen locations on a daily basis.

Shah said the problem can be resolved by replacing the 100kv transformer with the 150kv capacity transformer. “But cables connected to the houses might catch fire due to flow of high voltage. To prevent this, customers should replace their 50mm cables by 95mm cables,” he added.

Pushkal Thapa, a resident of Banglamukhi area of Balkot, says his electricity bill has more than doubled from average monthly expense of Rs 650 since the blockade started. This shows that demand for electricity has increased significantly due to scarcity of petroleum products, among others.

According to NEA officials, an average of eight transformers catch fire in Kathmandu Valley every day. More than 550 transformers have been sent to Lainchaur-based workshop for repairs, they said.

Ram Chandra Pandey, chief of NEA's Distribution and Consumer Services Directorate, said complaints from consumers have increased by around tenfold in recent weeks. "Most of our technicians have fallen sick as they have to work for up to 18 hours a day throughout the week," he added. He also said distribution system in residential areas has seen recurring overload in the past few weeks.

Pandey also said NEA need to revamp its distribution system as existing system cannot resist demand load which has nearly doubled.

NEA is also running out of repair materials including copper wires. According to NEA, 108 transformers have caught fire and more than 300 incidents of cables catching fire have been reported in the last two weeks. Similarly, more than 3,000 fuses and 157 MCBs have been damaged during the period.

The state-owned power utility is also facing shortage of transformers as its consignment has been stuck at Nepal-India border as well as Kolkata port since the blockade started.

Source: My Republica ; 7 Jan 2016

PAC tells NEA not to waive premium tariff

The parliamentary Public Accounts Committee (PAC) has directed Nepal Electricity Authority (NEA) not to implement Electricity Tariff Fixation Commission's decision to waive premium tariff being levied on industries, hospitals and other firms that are enjoying uninterrupted power supply.

NEA had started slapping 100 percent premium on tariff rate for 135 firms and organizations, which are getting uninterrupted power supply through dedicated feeders, from mid-July last year. But stating that the premium has been levied without seeking its permission, Electricity Tariff Fixation Commission had, last week, directed NEA not to charge premium tariff. As per the commission's directions, the board meeting of NEA held on Monday had decided against levying premium tariff on consumers enjoying uninterrupted power supply.

Speaking at the meeting of PAC on Thursday, NEA's Managing Director Mukesh Raj Kafle claimed the premium was levied after taking permission from the commission and after publishing notice for Expression of Interest (EoI). Kafle claimed that the premium tariff levied on firms, who are enjoying uninterrupted power supply due to political influence, was necessary to improve financial health of state-owned power utility.

NEA posted net loss of Rs 6.4 billion in 2014/15. Its accumulated loss over the past five years is in tune of Rs 27.5 billion.

PAC has also directed NEA to make public the list of firms enjoying uninterrupted power supply within three days. The parliamentary committee has also told NEA to devise a clear policy before giving special privileges to its customers.

NEA has also said that it was making loss because of the reluctance of the commission to increase electricity tariff.

Electricity tariff has not been increased in the past three years.

Speaking at the meeting, Jagat Kumar Bhusal, chairman of the commission, said they have to consider different factors before taking decision on hiking electricity tariff. He also said the commission was doing needful study to review the electricity tariff.

PAC Chairman Janardan Sharma said the commission's directive to NEA to stop levying premium tariff was suspicious.

Bhusal, however, argued that NEA levied premium tariff without seeking its permission.

ELECTRICITY TARIFF LIKELY TO GO UP BY 18%

KATHMANDU (REPUBLICA): Chairman of Electricity Tariff Fixation Commission (ETFC) Jagat Kumar Bhusal has said preparation was underway to increase electricity tariff by 18

percent.

Speaking at the meeting of parliamentary Public Accounts Committee (PAC) on Thursday, Bhusal said the proposal, however, has to be approved by commission members by majority vote.

There are six members in ETFC.

Bhusal also said they had to defer the plan to hike electricity tariff some months ago due to the blockade.

NEA had last hiked electricity tariff by 20 percent in 2012 after taking permission from the commission. It was the first tariff hike in 11 years.

Source: The Kathmandu Post; 7 Jan 2016

Electricity tariff likely to be hiked by 18pc

SANJEEV GIRI

The Electricity Tariff Fixation Commission (ETFC) is likely to increase electricity tariff by 18 percent. With ballooning losses, the Nepal Electricity Authority (NEA) has been demanding a hike in the electricity tariff, which was adjusted three years ago.

“We have concluded the study and are likely to increase the tariff by 18 percent,” Jagat Kumar Bhusal, chairman of ETFC said at the meeting of Public Accounts Committee on Thursday.

“However, the decision needs to be approved by at least four of the six commission members.”

According to Bhusal, the decision regarding electricity tariff adjustment is likely to be announced within coming two months. “Since the current scenario, with blockade and sever power outage in place, is adverse, we are taking some time to make this decision,” Bhusal said. In June 2012, the ETFC had raised the tariff by 20 percent for the first time in 11 years. Stating that the increase was not sufficient to reduce its losses significantly, the state-owned electric utility had ramped up the tariff right after the previous hike in 2012.

Meanwhile, the ETFC is also working on a long-term mechanism under which the power tariff would go up by 5 percent annually. Under the mechanism, the ETFC is planning to charge different rates according to the season (dry and wet), from the next fiscal year.

The ETFC has been working on a formula which will forecast the price for the particular fiscal year depending on factors like consumer price index, inflation, industrial productivity, PPA with independent power producers, impact on power consumers and the exchange rate of the US dollar.

Source: The Kathmandu Post; 7 Jan 2016

NEA pushes back completion deadline

BIPLAV BHATTARAI

The Nepal Electricity Authority (NEA) has pushed back the deadline for the completion of the Kabeli Corridor Transmission Line Project till April 2017. According to the original plan, the power

lines would have been installed by now.

The project consists of building a 90-km-long transmission line extending from Damak, Jhapa to Amarpur, Panchthar in eastern Nepal. So far, only a 34-km section from Damak to Godak, Ilam has been completed.

A total of 92 towers and a substation have been established. The 22 MW Sanima Mai, 6.2 MW Puwa Khola and 4.5 MW Sana Mai Khola hydropower projects have been connected to the high-tension power line.

The 132 kV transmission line project was launched in the fiscal year 2007-08. It has a capacity to transmit 150 MW of electricity.

The project has been plagued by problems related to right of way, poor performance by contractors and lack of coordination among government agencies resulting in interminable delays.

The contractor for the construction project, a joint venture of Jaguar Overseas and Aster JV, has stopped work for the last four months complaining that the project cannot proceed unless the time limit is extended.

“As the deadline has now been extended, the construction work will resume at a fast pace,” said Dipendra Kumar Dwibedi, chief of the project. “Work stopped as the agreement with the contractor had expired and the project was low on fuel.”

The project said that work on the second section from Soyak to Phidim and the third section from Phidim to Amarpur would begin simultaneously. The first section, which is relatively shorter, took seven years to complete. Stakeholders are concerned that the remaining portion could take longer.

If the project suffers time overruns, hydro projects currently under construction like the 15 MW Hewa Khola in Panchthar and the 6 MW Phawa Khola in Taplejung, which expect to be connected to the power line, will be in a fix.

“We have targeted to complete our project by mid-April, but our efforts will go in vain if the transmission line is not completed before that time,” said Puspa Jyoti Dhungana, managing director of the Hewa Khola Project. “If we cannot evacuate the power generated through the transmission line, we will face losses of Rs150 million annually.”

The project needs to erect another 65 towers. Rarpati Kumar, an official of Aster, said they were determined to complete the project within the extended deadline. According to him, Aster will complete 70 percent of the work while Jaguar Overseas will do the rest. The project claimed that since substations had been established in Phidim and Amarpur, the construction work wouldn't take much time.

Source: The Himalayan Times; 8 Jan 2016

NEA told to give names of power beneficiaries

Three-day deadline given to provide details of clients getting uninterrupted power supply

The Parliamentary Committee on Public Accounts today extended a three-day deadline to Nepal Electricity Authority (NEA) to submit the list of clients that are getting uninterrupted supply of electricity via dedicated feeder lines and the tariff imposed on them.

The instruction was given amidst a controversy surrounding the Electricity Tariff Fixation Commission (ETFC)'s recommendation that premium added to tariff on electricity consumed by some of the clients of NEA be waived.

Currently, some of the clients of NEA are getting power supply for over 20 hours per day, while ordinary people are compelled to cope with daily power cuts of over 14 hours. These clients, according to NEA, are getting preferential treatment because they are categorised as essential service providers.

Some of these clients include Bir Hospital, Tribhuvan International Airport, Singha Durbar complex and Prime Minister's residence. But apart from these, some of the profit-making ventures, including private hospitals and manufacturing units, and even individuals are also taking advantage of this facility.

Although these clients, who are getting uninterrupted power supply through dedicated feeder lines, were previously charged normal tariff based on consumption, NEA, on July 17, decided to raise the price by 100 per cent.

"We had to do this because we were continuously coming under undue pressure to extend dedicated feeder lines to those who could wield influence," NEA Managing Director Mukesh Kafle said.

But on Sunday, the ETFC — an autonomous body that fixes electricity tariff — wrote a letter to NEA stating that premium added to tariff of electricity supplied through dedicated feeder lines be waived.

The ETFC said it had taken the decision based on a complaint filed by Bir Hospital, a state-owned hospital which provides healthcare services at a minimal cost.

It is not exactly known how much NEA has to reimburse if ETFC's decision were to be implemented, but NEA officials say it could amount to a few billion rupees.

At today's Parliamentary Committee meeting, lawmakers came down heavily on the ETFC 'for trying to increase the financial burden on NEA', whose cumulative loss stands at billions of rupees.

Lawmakers, including Bharat Sah, Usha Gurung, Mina Pun and Bharat Saud, also said the move provided grounds to suspect that ETFC had ‘colluded with profit-making private firms who would benefit from the waiver’.

“There is no doubt that Bir Hospital should receive preferential treatment because it is serving the low-income group. But the hospital is only being used as a pretext to serve the interest of profit-making firms that are getting electricity via dedicated feeder lines,” they said, calling NEA’s decision to raise tariff ‘rational’ because ‘NEA is a profit-oriented company’.

The ETFC, on the other hand, has brushed aside lawmakers’ claims.

“NEA has flouted the law by raising the tariff in an arbitrary manner because the ETFC is the sole body that can revise electricity tariff,” ETFC Chairman Jagat Kumar Bhusal said, adding, “We would have taken the same decision even if a private firm had lodged a complaint because no one can revise electricity tariff on its own.”

NEA acknowledged that it had failed to get ETFC’s consent but said it had submitted a proposal on it in January 2014, but the commission failed to take any decision, while the state-owned utility company’s losses were mounting.

Tariff to go up by 18pc

KATHMANDU: Electricity tariff may go up by 18 per cent soon, the Electricity Tariff Fixation Commission said today. “We won’t be raising the tariff in the next one to two months, as load-shedding hours have just gone up and the country is reeling under fuel crisis,” Jagat Kumar Bhusal, chairman of the autonomous body established to fix electricity tariff, told the meeting of the Parliamentary Committee on Public Accounts. “But we will have to make the revision after that because it’s been quite some time since we raised the price.” Electricity tariff was last raised by 10 per cent around three-and-a-half years ago.

Source: The Kathmandu Post; 8 Jan 2016

Panel plans 18pc hike in power tariff

SANJEEV GIRI

The Electricity Tariff Fixation Commission on Thursday informed the parliamentary Public Accounts Committee that it was mulling hiking the electricity tariff by 18 percent.

Chairman of the commission Jagat Kumar Bhusal told lawmakers that they had concluded a study to jack up the rates. He added that the new tariff would be implemented as soon as the current political situation improved.

“We have put the plan on hold because the people are going through rough times due to the Indian trade embargo and the country is facing a severe power outage.” He said that the decision had to be approved by a majority of the six-member commission.

The Nepal Electricity Authority (NEA) has been seeking to raise the energy tariff for the last one year stating that it was incurring heavy losses. It has asked that the tariff be raised by 10 percent annually.

The last time the commission had adjusted the electricity tariff was in 2012 when the charges were ramped up by 20 percent for the first time in 11 years. However, the NEA said that the hike was too small, and that it would hardly help to offset its ballooning losses.

The commission has also been working on a long-term mechanism under which the power tariff would go up by 5 percent annually. As part of the scheme, the commission is planning to charge different rates during the dry and wet seasons from the next fiscal year.

The commission said that it had been working on a formula which will forecast the price for the particular fiscal year, depending on factors like the consumer price index, inflation, industrial productivity, power purchase agreements signed with independent power producers, impact on power consumers and the exchange rate of the US dollar.

A number of parliamentarians on Thursday criticized the commission for failing to take a timely decision on the electricity tariff. The House panel had summoned officials from the commission and the NEA to discuss the stalemate over charging organizations connected to a dedicated feeder line a premium rate. The committee had criticized the commission for its lethargy.

The commission had asked the NEA to scrap its decision to charge a premium electricity rate for utilizing a dedicated feeder. The NEA had decided to charge a premium through its board meeting.

The commission had intervened stating that only it had jurisdiction over tariff, and that nobody could hike prices without its consent. It had even asked the NEA to return the extra money they had taken from dedicated feeder users from the beginning of the fiscal year.

“Both the authorities have made a mistake. While the NEA should have asked the commission before making such a decision, the commission’s instruction to the NEA to return the money seems to be illogical,” said lawmaker Prakash Sharan Mahat. “The commission should not try to discourage organizations that are willing to pay more.”

“The decision of the commission to tell the NEA to return the premium is dubious. If someone is ready to pay more for the service it is utilizing, it should not be an issue,” said another lawmaker Usha Gurung.

The issue of dedicated feeders came to light after the NEA made a government institution like Bir Hospital pay more for the facility. “The case of Bir Hospital and other organizations is

different. The commission's blanket decision asking the NEA to return the premium to all users seems to serve the interest of other industries," Gurung said.