Source: My Republica; 17 Jan 2016

Ministry of Energy misses own deadline to declare 'energy crisis'

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The government in its white paper had floated a plan to declare a fresh 'energy crisis' but the deadline it set to do so has come on gone, indicating this too will not be translated into reality.

The Ministry of Energy came up with a to-do action plan along with 'energy crisis' declaration with January 14, 2016, as the deadline, in its Energy Development Work Plan-2072 in line with a white paper issued on November 24, 2015. MoE has not only missed its deadline to declare crisis but officials are also clueless about the new date for making formal declaration, along with issuing a bill on 'energy crisis', incorporating legal provisions of reducing procedural hassles for hydropower developers and reforms in sectors related to the energy sector.

The reforms were expected to accelerate work in hydropower projects underway and end acute power crisis at least in the next and coming years to make people more energy secure so that they no longer had to depend on cooking gas and go through acute power shortages.

"The six thematic groups have prepared reports and the same reports will be synthesized in a 'policy documents' for a broader consultation for drafting the 'energy crisis bill," Sanjay Sharma, spokesperson of Ministry of Energy, says. But he could not give another date for 'energy crisis' declaration.

However, this would not be the first energy crisis declaration. Two separate energy crises were declared when Pushpa Kamal Dahal and Madhav Kumar Nepal were prime ministers, in 2008 and 2009 respectively, but they remained only on paper and people had said this was because the declarations had come without any preparation.

It has been over a month and half since the white paper was issued. The Work Plan was devised immediately but officials of the Ministry of Energy remained idle until the end of December -- only two weeks before the set deadline, a source at the ministry asking not to be named told Republica.

"There is much process in the ministry but it never gives any output," Shailendra Guragain, the vice-president of the Independent Power Producers' Association, Nepal (IPPAN), says. He said the association members were waiting for the declaration in addition to a zero-cost management of single-door approval management for the hydropower developers from acquiring survey license to a forest clearance.

The main procedural hassle, developers say, is a developer having to go door-to-door through seven ministries and as many as 27 government agencies wasting a productive time. Guragain also said the government should monitor projects' financial viability as well as ensure good return for those viable by tying the power purchase rate for independent power producers with the electricity prices for consumers.

MoE's Sharma says ministry officials want to address the same issues as the private sector but they have to devise a law for the purpose, which will be only possible after the new 'energy crisis' bill, which itself needs parliament approval.

Following the fuel crisis Nepal has faced since an Indian blockade, generating hydropower in Nepal itself as an alternative has come back into public consciousness. IPPAN then put forward its demand for

declaring of an 'energy crisis'. The government then took up the issue and declared it would do so in its November-24 document.

Average load-shedding hours during dry months has been above 10 hours since 2007, but changing governments has done little or nothing as not a single state-run power plant has come into generation after Middle Marshyangdi in 2008 and none of them took prompt action to encourage the private sector to harness hydropower.

Source: My Republica; 17 Jan 2016

Design change makes Rahughat Project commercially viable, say officials

Change in the design of Rahughat Hydropower Project will bring additional 53 million units of energy annually which makes the project commercially viable, according to project officials.

They also said there will be no need to build transmission line as per the new project design.
“The new Q40 design enables to use more water collected during wet months to generate more energy compared to the previous Q50 design which leaves large volume of water in the river during wet months,” the officials added.

The project's installed capacity has been increased to 40 MW from 32 MW, according to Project Manager Kul Man Ghising. “The project, which was previously termed commercially unviable, has now become viable. We have proposed to the Nepal Electricity Authority (NEA) develop the project as per the company model,” added Ghising.

The 'company' model also allows NEA to launch Initial Public Offering (IPO) for general public as well as people in project affected area. This means NEA will have to invest less money compared to the previous design, say project officials.

The project redesign process was started three months ago following termination of the contract with civil contractor IVRCL Infrastructures Projects Ltd.
Construction of the project began in 2012 after a delay of nearly two years due to controversy in selection of consultant. But work progress has not remained satisfactory. NEA has paid variation order for the delay to IVRCL Infrastructures Projects Ltd - the Indian contractor for civil works. NEA terminated contract with the civil contractor after the latter started lingering works, putting demand for additional budget. The decision was upheld by NEA three months ago.

“Project cost won't go up much even after change in design. This makes the project commercially viable,” Ghising said.

The project cost will go down also as the project won't have to build a transmission line of 28 kilometer to evacuate energy to the nearest substation.

The under-construction Kaligandaki Corridor (Dana-Kushma) 220 kV transmission line goes along the project site. Construction of the transmission line is expected to be completed before the project's rescheduled commercial operation date of 2020.

Rahughat's estimated cost was US$ 72 million, according to Detailed Project Report of 2010. It has received soft loan of $31 from Exim Bank of India.

The government is investing the remaining $41 million.

The finance ministry is charging interest rate of 8 percent which is cheaper than the market rate, according to officials.

Interest rate for hydropower projects hover above 10 percent.

According to Ghising, about 60 meters of the 8-kilometer tunnel has been dug. Similarly, access roads and camp sites have already been made by the Indian contractor. The project has spent around Rs 700 million so far been.

Only Indian contractors will be eligible for the project's civil and electromechanical works as per the loan agreement signed in 2010.

Ghising also said were waiting for the consent of Exim Bank of India for design change. “We are also waiting for the generation license of 40 MW from Department of Electricity Development,” he added.

According the project's new timeline, it plans to complete re-tender and tender awarding process by the end of 2016.

The project was initially scheduled to be complete by 2014.

Source: The Kathmandu Post; 18 Jan 2016

Transmission line set to be completed by January-end

The construction of the Dhalkebar-Muzaffarpur cross-border transmission line is set to be completed this month, allowing Nepal to import another 90 MW of electricity from India, the Nepal Electricity Authority (NEA) said.

The state-owned power utility had planned to finish erecting the power line by mid-January but has been encountering delays.

"We have finally been able to resume the construction work. Going by the current pace of progress, we should complete the project by the end of January," said Kanhaiya Manandhar, head of the NEA's transmission directorate.

The NEA is currently engaged in erecting five towers in Dhanusha and Mahottari districts. The task was estimated to be completed within two-three weeks, but the protest launched by the Samyukta Loktantrik Madhesi Morcha slowed it down. "Despite the ongoing agitation, we have succeeded in expediting the construction work," Manandhar said.

Nepal has to construct 112 out of the total 354 electricity pylons in the transmission line which is 129.5 km long. Apart from small tasks on the Nepal side, the construction work has been completed, according to the NEA. The Indians have already finished their portion of the project.

According to the power utility, it can begin receiving power from India as soon as the remaining work in Nepal is completed.

The completion of the project is expected to reduce load-shedding hours some. NEA sources said the new 132 kV power line would provide some relief, but if a 440 kV transmission line had been built, Nepal would have been able to import up 1,000 MW.

According to the NEA, the generation of electricity by government-owned run-of-the-river projects has shrunk to around 340 MW due to a decrease in the flow of water in the rivers during the winter season.

Likewise, the amount of power being fed into the national grid by independent power producers (IPPs) has dropped to around 150 MW. Energy imports from India total 200-220 MW.

According to the Ministry of Energy, Nepal's electricity requirement amounts to around 1,300 MW. This means the NEA system has a deficit of around 590 MW.

The NEA is facing a severe challenge in managing the load this winter as energy demand has soared while 75-80 MW have gone off the national grid due to the damage caused by the April 25 earthquake.

A fuel crisis has delayed maintenance work at these projects and prevented them from resuming production at full capacity.

Likewise, the blockade imposed by the southern neighbour for the past four months has increased demand for electricity significantly. With LPG disappearing from the market, the most popular energy for cooking, people have had to turn to electric appliances like induction heaters, cookers and rice cookers leading to a sharp rise in electricity demand.

The increased load on power transformers has led to a large number of them exploding in the

Valley.