

Source: The Kathmandu Post; 17 Feb 2016

Land required for Budhi Gandaki project marked

[Harihar Singh Rathore](#)

The Budhi Gandaki Hydroelectric Project Development Committee has identified the extent of the area that will be inundated by the reservoir of the planned 1,200 MW project and the place where the people living there will be relocated. The project is expected to displace 45,000 people.

The Survey Office and Land Revenue Offices in Dhading and Gorkha have been working to mark the places that will be affected by the power plant as per the directive of the Ministry of Land Reform and Management.

The committee has also made arrangements to provide extra benefits to the staff of the Land Revenue Offices for the increased work load.

Chairman of the committee Laxmi Prasad Devkota said that the Survey and Land Revenue Offices of both Gorkha and Dhading were close to completing the task.

Once the areas that will be submerged by the reservoir have been identified, compensation will be distributed to the landowners.

The government teams will mark a 45-km stretch along the Budhi Gandaki River and a 22-km stretch along the Ankhu Khola that will be submerged when water begins to fill the reservoir of the storage-type hydro project.

Likewise, officials will mark the area spread over 785 hectares where the displaced locals will be resettled besides the land to build a 235-km-long ring road around the project site.

The government team will also categorise the land that will be taken over by the project, and compensation will be distributed to the owners accordingly.

Devkota said that there were discrepancies between the land owned by the locals and what is shown on their land ownership certificates which need to be settled before starting land acquisition.

“We are dealing with such issues, and the work of acquiring land has begun,” he said. The project will affect Ghyalchok, Namjung, Bunkot, Ashrang, Borlang, Dhawa, Tandrang, Aarupokhari, Aaruchanaute and Aaruabang village development committees (VDCs) in Gorkha. Likewise, Salang, Maidi, Khari, Chainpur, Salyantar, Aaginchook, Tripura Sundari, Marpak, Mulpani, Baseri and Budathum VDCs in Dhading will be affected.

Currently, an environment impact assessment (EIA) of the project is being conducted by French consultant Tractwell Engineering. The company is expected to submit the EIA report by February 28.

The hydropower projects operating in the country have a total installed capacity of 785 MW, but power generation drops to 300 MW in the winter as the water level in the rivers falls during the dry season.

After the Budhi Gandaki project is completed, the country is expected to be able to leave the energy crisis behind.

A 263-metre-high dam will be built for the Budhi Gandaki project which will create a lake that could become a tourist attraction. The project is expected to cost Rs200 billion.

Source: The Kathmandu Post; 18 Feb 2016

Midim Khola project sits idle two years after completion

AASH GURUNG

Midim Khola Micro Hydropower Project based in Karaputar, Lamjung, has remained idle even two years after its construction completed.

Initially, the power generation was halted for a year due to the absence of Power Purchase Agreement (PPA) with Nepal Electricity Authority (NEA). But immediately after the signing of the PPA, the 100KW project's canal was swept away by landslide in July 2015.

The project was developed by Ishaneshwor-based Deurali Multipurpose Cooperative.

“Repair and maintenance works are under way,” said chairman of cooperative, who is also coordinator of Midim Khola Micro Hydropower Project, Irrigation and Electrification Sub-Committee.

“We had planned to start generation from August 5, 2015, but the landslide on July 18 swept away the canal,” he said.

According to Ghimire, works on grid connection was about to finish. “It will be connected with the distribution system handled by Western Lamjung Electricity Consumer Committee,” he said.

The cost of reconstructing the damaged canal has been estimated at Rs40 million. The government has however allocated just Rs500,000 this fiscal year for the works.

A team is working to solve the technical problems. Arjun Devkota, a technician at Motherland Energy Group Private Limited, said the space for water flow has narrowed down due to technical problem in the power house. When test-production was done one and half years ago, the project had produced just 69.2KW electricity.

Source: The Kathmandu Post; 18 Feb 2016

Power starts flowing

Dhalkebar-Muzaffarpur transmission line

Electricity has started flowing into Nepal from India through the newly-completed Dhalkebar-Muzaffarpur transmission line.

The 400 kV cross-border power line started operating from Wednesday, two days after the Nepal Electricity Authority (NEA) and India's NTPC Vidyut Vyapar Nigam signed a temporary power supply agreement on Monday. The import of additional power started with electricity being charged for the first time on this high-capacity transmission line.

"Electricity started charging on the power line at around 4 pm on Wednesday," said Bhuwan Chhetri, chief of the NEA's Load Dispatch Centre. "Initially, around 15 MW of power will be imported. The line will be tested for 20-22 hours before the load is gradually increased to the planned 80 MW." The NEA plans to conduct the test transmission for a week.

As per the deal reached between the NEA and the NTPC, Nepal will import 80 MW of energy through the Dhalkebar-Muzaffarpur power line for the next four and a half months with possibility of extension. Nepal's peak-hour power demand amounts to 1,325 MW while the supply totals 500 MW, including 300 MW generated domestically and 200 MW imported from India, according to the NEA. With the country reeling under load-shedding lasting 13 hours daily, the flow of additional power from India is expected to be a tremendous relief.

However, the NEA is not sure whether the rolling blackout hours can be reduced even with the extra power from India. It expects to be able to shave two hours off the load-shedding schedule. Addressing the signing ceremony of the pact between the NEA and NTPC on Monday, NEA Managing Director Mukesh Kafle said that power output had declined due to a drop in the water level in the rivers and the reservoir of the Kulekhani Hydropower Project, making it difficult to slash the load-shedding hours.

As a consolation, Kafle said that the existing load-shedding hours wouldn't be extended, thank to the extra power from India.

The NEA will pay Rs5.5 per unit to NTPC for the imported electricity. Earlier, it had demanded Rs8.8 per unit. The NEA has claimed that it is the cheapest rate Nepal will be paying after the 70 million units of free power the country has been receiving from India from Tanakpur as per the Mahakali Treaty.

According to the NEA, it will have to pay around Rs300 million to the Indian company for the 80 MW. In 2014-15, Nepal's power import bill came to Rs10 billion, according to NEA statistics.

Import prices are valid for the next four and a half months, and the rate may change after that period if the agreement is extended.

India waives off customs duty

The Indian government has granted customs duty exemption on electricity imported from Bhutan and Nepal, while power generated from a plant located in Special Economic Zone (SEZ) would attract a levy of up to 89 paisa per unit. "Electrical energy originating from Nepal and Bhutan" will attract standard customs rate of "nil", the Central Board of Excise and Customs said in a notification. India presently imports 1.5 Gigawatt (GW) of hydropower from Bhutan. This is projected to rise to 8GW by 2022 and imports from Nepal too may start. (PTI)

Source: The Rising Nepal; 18 Feb 2016

Cabinet endorses proposal on ending power crisis

The meeting of the Council of Ministers today has endorsed the action plan on ending the energy crisis period within two years.

The meeting held at the official residence of Prime Minister at Baluwatar has directed the Ministry of Energy to prepare concrete action plan for removing the general power shortage within a year and absolute power shortage within two years.

Similarly, the meeting has declared National Energy Crisis Reduction and Electricity Development Decade, said spokesperson of the government Sherdhan Rai.

Likewise, the meeting has promoted 21 under secretaries.

It is learnt that the next meeting of the cabinet would be held today itself for further discussion on the schedule of Prime Minister's India visit among others.

Source: Karobar; 18 Feb 2016

Hydropower companies start to issue shares for commoners

BABURAM KHADKA

The majority of hydropower companies with generation license have started to allocate 10-30 percent of shares for the affected locals and commoners by changing the investment structure.

Promoters are collecting capital with the affected locals and commoners showing interest for investment in hydropower projects. A total of 96.10 million units of shares of eight hydropower companies have been listed at the Nepal Stock Exchange (Nepse) until now. The companies were forced to allocate up to 10 percent of shares for the affected locals after they started to obstruct project work demanding shares but they have now also started to issue shares for commoners before start of project work with projects requiring huge investment.

No current act requires mandatory share allocation for the locals. The proposed Hydropower Act will have a provision requiring the projects to allocate up to 10 percent shares for the locals. The securities issue regulation has a provision requiring the companies issuing shares to commoners to allocate at least 10 percent of ownership to locals. The companies that do not want to issue shares to the public are not bound to issue shares to locals.

Chief Executive Officer (CEO) of Sanimamai Hydropower Limited Dr Suwarna Das Shrestha says projects have started to issue shares also to commoners after questions were raised as to why not also issue shares to the commoners when they are allocated for locals. The company has already completed two projects with combined installed capacity of 29 MW in Ilam and issued shares for both locals and commoners. The company has 10.50 million units of shares listed at Nepse.

“Why not allocate shares if that helps project work?” he asks. “It helps make investment arrangements for the project and also creates a sense of ownership in everybody. We must, therefore, offer ownership to everybody,” he reasons. He opines that there must not be a situation forcing the promoters to abandon the company after issuing shares.

Chairman of United Modi Hydropower Sukunta Lal Hirachan says shares must be issued to know the actual value of the project. “We cannot say the exact value of Lower Modi (10 MW). I would have known the value of the project if I had sold shares to the commoners. I am, therefore, issuing shares to know the exact value of the project,” he explains.

The Nepali share market is dominated by banks and financial institutions, and insurance companies with negligible presence of the manufacturing sector. Only eight hydropower companies including Api Hydropower, Barun, Chilime, Butwal Power, Arun Valley, National, Sanimamai and Ridi are currently listed at Nepse. Similarly, Siurikhola (5 MW) and government-owned Hydropower Investment and Development Company Limited (HIDCL) have also collected investment from commoners but their shares have yet to be listed at Nepse. HIDCL has already issued 20 million units of shares.

General Secretary of the Independent Power Producers’ Association-Nepal (IPPAN) and Chairman of National Hydropower Company Kumar Pandey also feels that hydropower companies must issue shares for locals and commoners. Share analyst Rabindra Bhattarai says all the companies will face compulsion to issue shares for commoners as the new constitution also has provision requiring shares for the locals. He claims that market capitalization of hydropower companies will reach 50 percent in the share market once the shares of Upper Tamakoshi and a few other big projects enter the market. He feels the actual value of the company is known after issuing shares and it can also be traded easily. “Share price of hydropower companies is at least over Rs 400 per unit now. The interest of commoners toward the sector has increased due to good returns,” he reasons.

Synergy, Divyeshwori, Arun Kaveli, and Khanikhola projects are currently preparing to issue shares for commoners and locals, according to the Securities Board of Nepal (SEBON). Upper Tamakoshi (456 MW), Rasuwagadi (111MW), Upper Sanjen and Sanjen (58 MW), Mid Bhotekoshi (102 MW) and the majority

of other small and big projects are issuing shares for affected locals and commoners. Upper Karnali and Arun III (900 MW each) being developed with foreign investment will also give 32 million units of shares to the affected locals.

Source: The Kathmandu Post; 19 Feb 2016

Power crisis, by govt lights, to end

Energy emergency

For the third time in eight years, the government has declared energy emergency with an ambitious target to end power crisis within two years.

The National Energy Crisis Reduction and Electricity Development Decade plan endorsed by the Cabinet on Thursday aims to add an additional 839 MW of electricity in the next one year during the dry season. The country's daily power output currently stands at 780MW which drops to 300 MW during the dry season. Likewise, the plan also envisages generating 1,339 MW during the wet season in the second year.

Interestingly, the plan says more than 50 percent of the country's electricity requirement would be fulfilled through imports from India in the first year. If the government's plan is anything to go by, the country, which is currently facing 13 hours of outage a day, will be free from load shedding in next two years as "it will have 1,850MW of electricity flowing through the national grid".

The assumption is based on generating additional 400 MW from run-of-the-river projects, importing 92MW from India and producing 200MW through solar and wind power plants and 930 MW from Kulekhani 1 and Kulekhani 2 reservoir projects.

As per the plan, 100 MW of electricity will be generated in the first year by harnessing solar and wind power and the capacity will be doubled in the next year. As of now, there has not been any proper feasibility study for big-scale wind energy projects, and the country lacks policy and regulatory frameworks.

The plan has laid emphasis on immediately constructing five reservoir projects--Budhi Gandaki, Nalsingadh, Sunkoshi, Uttar Ganga and Sarada-Babai--under the "electricity development decade plan" that aims to produce 10,000MW of energy.

With works on Budhi Gandaki and Nalsingadh moving slowly, the government has announced two separate companies to expedite these two projects.

The plans also talk about extending licences of quake-hit projects and facilitating loans to them. "The decision to announce energy emergency is aimed at reducing the woes of energy crisis," said Energy Minister Top Bahadur Rayamajhi at a press meet on Thursday.

Giving a major boost to foreign investors, the government has also announced to sign power purchase agreement (PPA) with hydropower developers in US dollar terms until the loan payback period.

Signing PPAs in US dollar terms has been a controversial issue in Nepal as the Nepal Electricity Authority has been incurring losses from the 60MW Khimti and 36MW Bhoite Koshi projects.

In a bid to mobilise more domestic resource for the hydropower projects, the plan has eased lending criteria for banks and financial institutions (BFIs) to provide loans to hydropower projects. Now, BFIs can inject 50 percent of their total lending into hydropower projects.

The other major highlight of the plan is mobilisation of security forces for the security of hydropower projects with developers bearing the cost. This provision has been brought as number of hydel projects have been facing obstruction from political parties and locals.

As land acquisition and compensation remains a major problem for hydropower developers, formation of a special tribunal has been announced.

Similarly, a high-level energy coordination panel will be formed under the chairmanship of the prime minister to ease the structural and procedural hassles.

Independent power producers have welcomed the government decision.

“We welcome the announcement. But there are doubts whether the announced programmes will be sincerely implemented,” said Khadga Bahadur Bista, president of Independent Power Producers Association Nepal (IPPAN). Bista described the announcement as the need of the hour.

According to Bista, there are number of positives in the plan. “The removal of conditional PPA, exemption of value added tax (VAT) till 2026, allowing quake-hit projects to exercise force majeure and allowing private sector to construct transmission line are welcome initiatives,” he added.

Source: Karobar; 19 Feb 2016

10000 MW in 10 years

The government has brought a 10-year Energy Crisis Management Action Plan to guide the country toward prosperity by generating 10000 MW within 10 years. The action plan brought in a way to address all the demands of the private sector for promoting investment in the hydropower sector has been approved by the cabinet on Thursday.

The 98-point action plan, which will be implemented as electricity development decade, aims to move generation, and transmission and distribution systems forward simultaneously. It will come into implementation in the current fiscal year and will remain in place till the fiscal year 2082/83. The government plans to pass the action plan from the parliament within three months as it contravenes with electricity, forest, environment and many other acts.

It has paved the way for power purchase agreement (PPA) with foreign promoters in US dollar for 10 years. Standards for basis and process of payment, hedging fund and others will be prepared for implementation of the provision for dollar PPA. The action plan includes provision of signing take or pay PPA by removing the provision of dispatchable PPA wherein the Nepal Electricity Authority (NEA) can procure the generated electricity on the basis of needs. The government will bear the potential annual liability of Rs 8 billion on behalf of the NEA for that. Similarly, annual price hike for hydropower projects with installed capacity of less than 25 MW has also been raised to eight times a year from five.

The deadline for the grant of Rs 5 million for every MW has also been extended till 2082/83. The provision of full tax waiver for 10 years and 50 percent waiver for the next five has also been continued. The payment for ecosystem fee being charged from the projects has also been removed. License period and deadline for generation of the projects destroyed by the earthquake and delayed by the Indian blockade has also been extended by one year.

Banks and financial institutions can invest up to 15 percent of the total capital collection in the projects to be developed with domestic capital. Hydropower project will be declared prohibited zone and the process of land acquisition, and forest and environmental clearance has been simplified to guarantee there is no obstruction in project work. The government has also set a base price of Rs 9.61 per unit for solar energy to boost investment in solar plants.

It aims to rid the country of load-shedding within three years. It plans to end load-shedding in Nepal by importing Indian electricity at first and then end dependence on India through expansion in generation and even export surplus energy. It aims to develop reservoir based projects with combined installed capacity of 5000 MW, peaking run of the river projects of 2000 MW, run of the river projects of 2500 MW and others of 500 MW based on other renewable sources.

This will be the third such action plan brought by the government. The then government had brought a plan of generating 10000 MW in 10 years seven years ago, and that of generating 4500 MW in five years three years later. But both the action plans could not be implemented.

Unveiling the action plan, Deputy Prime Minister and Energy Minister Top Bahadur Rayamajhi expressed commitment to rid the country of energy crisis in the coming two years by significantly cutting load-shedding within a year. He claimed that fuel has already been provided to all the under-construction projects.

All demands have been addressed: Private sector

General Secretary of the Independent Power Producers' Association-Nepal (IPPAN) Kumar Pandey said the action plan has addressed all the demands of private sector. "It should now be effectively implemented. We should also simultaneously stress on construction of projects and transmission lines," he added.

President of Energy Development Council Sujit Acharya also stated that the action plan has included all the demands of private sector. "A good action plan has been prepared. Implementation aspect must be strong now. We, however, disagree on the issues of dollar PPA and transmission lines," he added.