

Source: My Republica; 9 July 2016

BPC also revises electricity tariff

Electricity Tariff for household consumers

Units a month	5 Ampere*		15 Ampere*		30 Ampere*		60 Ampere*	
	Service charge**	Per unit rate						
0-20	Rs 30	Rs 3	Rs 50	Rs 4	Rs 75	Rs 5	Rs 125	Rs 6
21-30	Rs 50	Rs 7	Rs 75	Rs 7	Rs 100	Rs 7	Rs 150	Rs 7
31-50	Rs 75	Rs 8.50	Rs 100	Rs 8.50	Rs 125	Rs 8.50	Rs 175	Rs 8.50
51-150	Rs 100	Rs 10	Rs 125	Rs 10	Rs 150	Rs 10	Rs 200	Rs 10
151-250	Rs 125	Rs 11	Rs 150	Rs 11	Rs 175	Rs 11	Rs 225	Rs 11
251-400	Rs 150	Rs 12	Rs 175	Rs 12	Rs 200	Rs 12	Rs 250	Rs 12
Above 400	Rs 175	Rs 13	Rs 200	Rs 13	Rs 225	Rs 13	Rs 275	Rs 13

** meter capacity; ** service charge per month*

Butwal Power Company (BPC) Ltd has removed minimum fee of Rs 89 for households consuming power generated by Andhikhola Hydropower Project (9 MW).

This is the first revision in electricity tariff by the privately owned hydropower producer and distributor in 20 years.

Officials of BPC say that the new tariff structure will make electricity cheaper for households consuming low units. While minimum service charge has been set at Rs 20, the company will levy a fee of Rs 2 per unit. This means households using 20 units per month will have to pay only Rs 40. However, those consuming higher volume will have to pay higher charges, according to the officials.

Uttam Kumar Shrestha, CEO of BPC, small families will benefit from the new tariff structure.

Electricity Tariff Fixation Commission (ETFC) has also received minimum payment slab for household consumers.

Before the fresh revision in electricity tariff, Nepal Electricity Authority (NEA) was charging Rs 80 for first 20 units. Consumers are charged Rs 7 per unit if consumption exceeds 20 units.

From mid-July onwards, consumers will have to pay Rs 30 as a service charge and Rs 3 per unit on top of service charge, according to a notice published by ETFC.

Similarly, service charge for the consumers with 60 ampere meter has been fixed at Rs 275. Per unit tariff for such consumers has been fixed at Rs 13.

Likewise, monthly service charge for high voltage and three phase lines range from Rs 1,100 to Rs 10,000 while per unit rate ranges between Rs 12.5 and Rs 13.5. The demand fee for different industries and institutions of low voltage electricity starts from Rs 60, while the per unit rates range from Rs 7.80 to Rs 14.

Jagat Bhusal, chairman of ETFC, said NEA can seek the commission's permission to charge tariff above Rs 14 per unit to consumers using dedicated lines.

Source: The Kathmandu Post; 9 July 2016

Amended PPA gives PEs greater freedom

The newly amended Public Procurement Act (PPA) has untied the hands of public enterprises (PEs) and allowed them to buy specific goods and services without following lengthy procedures in a bid to enable them to compete with fast-moving private companies.

State-owned corporations have been complaining that they have not been able to compete with the private sector because they have to stick to lengthy public procurement procedures to buy even urgently required goods which leaves them far behind.

The new law has permitted them to create a working procedure to make purchases after getting the go-ahead from the Public Procurement Monitoring Office and developing a business plan, life cycle and net present value.

President Bidya Devi Bhandari signed the bill into law a few days ago after it was endorsed by Parliament.

Particular PEs which have to compete with the private sector will be allowed to purchase certain goods and services for business operations through the working procedure on procurement.

This is expected to benefit government corporations such as Nepal Telecom, Salt Trading, National Trading, Dairy Development Corporation, Rastriya Banijya Bank, Rastriya Beema Sansthan and Nepal Airline Corporation, among others.

The Act has allowed the government to specify the PEs and the goods and services they can buy by taking a short-cut. PEs can purchase goods for taking them to foreign exhibitions and trade fairs under the working procedure. This rule also applies to Nepali diplomatic missions abroad. Nepal Airlines Corporation has also been exempted from following the procurement procedure of the Act to buy equipment related to aviation and aircraft.

Many PEs have also complained that their procurement process has been halted midway due to the intervention of the Commission for the Investigation of Abuse of Authority and other government watchdogs, preventing them from buying even emergency equipment. The new Act says the authorities probing the actions of PEs should seek documents related to their purchase plans without obstructing the procurement process as far as possible.

Besides making it easier for government agencies to buy things they need, it has also strengthened them against those who have signed procurement agreements with the government. It says that any party which signs a procurement agreement with the government cannot terminate the contract without informing the government agencies.

However, government agencies can terminate the contract if the contractor or seller does not perform as per the contract, abandons work midway or does not exhibit satisfactory progress as per the agreement.

The contractor will also have to bear the additional cost of completing the task while going for a fresh procurement process.

Source: My Republica; 11 July 2016

BPC to issue further public offering

Butwal Power Company (BPC) Ltd has decided to launch Further Public Offering (FPO), floating around 3 millions units of shares at premium price.

The Special Annual General Meeting of BPC held on Monday decided to increase the company's paid-up capital to Rs 2.10 billion from existing Rs 1.70 billion.

With this FPO meant for collecting fund to finance and develop Nyadi Hydropower Project and Kabeli 'A' Hydroelectric Project, public shareholding in the company will increase to 30 percent from the existing 12 percent.

The company, however, has not fixed price of shares yet. It has also decided to allocate 5 percent shares to locals in its project areas -- Andhikhola Hydropower Project and Jhimruk Hydropower Project.

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Source: Karobar; 11 July 2016

Rate for Indian electricity hiked

The price of around 80 MW of electricity that Nepal Electricity Authority (NEA) has been importing from India since March has increased by 25 paisa per unit.

It has now increased to IRs 3.60 per unit even though agreement was signed to import at IRs 3.44, according to the NEA. Prime Minister (PM) KP Sharma Oli had started import of electricity in that quantity by clicking a switch through remote control along with Indian PM Narendra Modi during his India visit.

The NEA and NTPC Vidyut Vyapar Nigam (NVVN), the commercial arm of the National Thermal Power Company (NTPC), signed an agreement on the new rate on Sunday. Managing Director (MD) of NEA Mukesh Raj Kafle and MD of NVVN Arun Kumar Garg signed the agreement.

India, during the recent secretary level meeting, had proposed it can provide electricity under the bilateral Power Trade Agreement (PTA) only on the basis of price. The Nepali side had urged to provide electricity at the existing rate for a year but India had refused.

Representatives of both the countries had agreed to raise it by 16 Indian paisa calling the five months grace period. Electricity will be procured at the previous rate until the end of July and at the new rate from August to December, according to Chief of the Power Trade Department of NEA Prabal Adhikari. India will provide 50 MW in August and September, and 74 MW in November and December, according to the agreement. It will provide 74 MW in October only if needed. Adhikari revealed that the agreement has been signed in a way to procure required electricity as 45 MW Bhotekoshi looks unlikely to be constructed by October.

India had proposed to buy at the existing commercial rate stating that the subsidy provided to coal cannot be extended to exported electricity during the secretary level meeting. But Energy Secretary of Nepal Suman Sharma had urged to provide at the existing rate.

India agreed to raise it by just 16 Indian paisa after bilateral dialogue. The NEA plans to import additional 200 MW through Nepal-India transnational Transmission Line from January, 2017 but the rate for that has yet to be fixed.

India has agreed to provide a total of 300 MW including 200 MW through the Nepal-India transnational Transmission Line during the secretary level meeting held for implementation of PTA. India has already agreed to Nepal's proposal of importing 120 MW through Duhabi-Kataiya-Kushaha and 50 MW through Raxual-Parwanipur, apart from the currently imported 80 MW.

PM Oli during his India visit, had signed agreement to import up to 200 MW from India by October, 2016, and 600 MW by December, 2017.

Source: The Himalayan Times; 12 July 2016

Pancheshwar project implementation in limbo

Government likely to miss October deadline for approval of detailed project report

Rupak D Sharma

If current indications are anything to go by, the government will most likely miss the October deadline for endorsement of the detailed report of 4,800-megawatt Pancheshwar Multipurpose Project being developed jointly by Nepal and India. Pancheshwar Development Authority (PDA), the developer of Pancheshwar project, had hired WAPCOS Ltd, an Indian state-owned company, to prepare the detailed report of Pancheshwar project. The Indian company submitted the final draft of the detailed project report (DPR) in March.

Since then, the PDA has handed over copies of the draft DPR to governments of Nepal and India, seeking feedback.

Although the DPR can only be finalised if both the governments submit their views on findings of WAPCOS, the Ministry of Energy (MoE) of Nepal, which has taken the responsibility of conducting review of the final draft of the document, has not shown urgency to provide its feedback.

If MoE continues to drag its feet, it may not be able to meet deadline of October-end to endorse the DPR. This will hit implementation of the project being built at a cost of Rs 480 billion on Mahakali River in far-western Nepal.

“Since receiving the DPR, we have directed Water and Energy Commission Secretariat (WECS) to review the document,” a senior MoE official told *The Himalayan Times* on condition of anonymity.

The MoE had to reach out to the WECS for support because Pancheshwar Multipurpose Project not only deals with energy but irrigation as well. Also, issues related to river and flood control have to be taken into consideration while building this project.

To take stock of all these matters, the WECS has formed a committee of experts under its Secretary Dhana Bahadur Tamang. The committee mostly comprises former bureaucrats cum energy experts, such as Surya Nath Upadhyay, Sriranjana Lacoul, Subarnalal Shrestha, Arjun Prasad Shrestha, Lekhnath Singh Bhandari and Som Nath Poudel, among others.

“But some of the members like Arjun Prasad Shrestha and Lekhnath Singh Bhandari are not in the country at the moment,” the official said. “Also, other members of the committee have not met more than once.”

Due to inability to hold the second meeting, plans to form two crucial sub-committees, which have to look into technical details mentioned in the draft DPR, are hanging in the balance.

The DPR review committee and sub-committees have three major tasks to do.

First is related to hydrology, which includes study of the movement, distribution and presence of water in the river.

WAPCOS, in the final draft of the DPR, has revised the installed capacity of the project downward to 4,800 MW from 6,480 MW estimated in 1995 citing fall in level of precipitation, or rainfall, during five consecutive years from 1995 to 2000. “The DPR review committee and sub-committees have to cross-check the hydrology data presented by WAPCOS and comment on them,” the MoE official said.

Also, the DPR review committee and sub-committees will have to determine benefits that Nepal will reap from the project. This is essential because Mahakali Treaty says project cost will have to be borne by both countries in proportion to benefits they obtain.

So, unless the government figures out the benefits Nepal is likely to reap, it cannot ascertain the financial contribution it will have to make to build the project.

What is currently known is that both the countries will equally benefit from electricity generated by the project, because agreement has been reached to distribute power equally. The trickier issue is benefits both the countries will reap from irrigation and flood control components of the project.

In terms of irrigation, India is expected to benefit the most. This is because Pancheshwar project is expected to help India irrigate 1.6 million hectares of land, whereas Nepal cannot irrigate more than 100,000 hectares of land even if water is supplied to all agricultural land from Kanchanpur to Kailali.

“But these issues have to be verified and documented,” the MoE official said.

Another area where the committee and sub-committees must look into is engineering design proposed by WAPCOS. This is because Nepal falls in earthquake-prone zone and damage caused to dam or other infrastructure may cause havoc in both Nepal and India.

Pancheshwar, a reservoir-type project, is expected to release huge quantity of water during certain hours every day to generate electricity. For this a reservoir, stretching around 65 km upstream from the Pancheshwar dam site, is being built. This reservoir can store six billion cubic metres of water.

Also, the main dam as tall as 315 metres — which will be the world’s tallest — is being built, while a re-regulating dam, to regulate flow of water released by Pancheshwar project for irrigation purpose, is being built in Rupaligad.

“If these structures are not built properly, people living in settlements located on river banks will suffer,” the official said.

All this means a lot of work the review committee and sub-committees have to perform are technical in nature and will affect long-term national interest as well.

“So, to complete all these tasks in a proper way within October-end, the committee and sub-committees must start functioning as soon as possible,” the official added.

Source: The Kathmandu Post; 13 July 2016

Panel endorses PPA in dollar terms

BIBEK SUBEDI

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Source: The Kathmandu Post; 14 July 2016

Nepal formally proposes setting up energy bank

KAMAL DEV BHATTARAI/DEVENDRA BHATTARAI

Nepal has formally proposed the idea of setting up an energy bank to India to address the recurrent problem of power shortages during the winter season.

The proposal was presented at a meeting of the India-Nepal Joint Standing Committee, a bilateral technical mechanism on water resources, power and irrigation projects, which concluded on Friday. The two countries have conducted informal discussions regarding the energy bank before, but this is the first time that Nepal has made a formal proposal.

According to the energy bank concept, Nepal would export electricity to India during the summer season and import power from India in the winter when output drops sharply resulting in crippling power shortages. The Power Trade Agreement signed by Nepal and India in 2014 during Indian Prime Minister Narendra Modi's visit to Kathmandu has opened the way for the two countries to establish an energy bank.

"The concept of an energy bank is clear: We export to India when our production exceeds domestic consumption and we import from India during times of crisis," said Mukesh Raj Kafle, managing director of the Nepal Electricity Authority, who participated in the meeting.

India is agreeable to the concept, but there is no open access to India due to legal complications. "The proposal is good, but we have to clear a number of regulatory provisions. We will start to work on it," Khanal quoted Indian officials as saying. According to Nepali officials, it depends on India's willingness. Nepal has also requested India to resume production from the 15 MW Gandak Powerhouse. The plant was constructed as per the Gandak Agreement. Similarly, Nepal has requested the southern neighbour to build the Birpur Powerhouse as soon as possible.

Meanwhile, the two sides also discussed extensively the construction of roads by India on the common border. Nepali officials drew the attention of the Indian government to the road building projects saying that they had increased the possibility of floods and inundation on the Nepali side.

"The roads are like embankment dams which might cause floods during the summer season. The Indian side has taken the issue positively. They have asked for a specific report," said Kafle.

India raised the issue of security at these areas, and Nepal has pledged to address its concerns. The two sides also assessed the ongoing irrigation projects.

The two-day meeting is the first official engagement between the two countries after the cancellation of President Bidya Devi Bhandari's visit to India and recalling of Nepal's ambassador Deep Kumar Upadhyay.