

Source: The Rising Nepal; 18 July 2016

## **Journalism seminar on hydropower development**

A two-day journalism seminar on hydropower development kicked off in Khandbari, the district headquarters of Sankhuwasabha from Sunday.

The event organised by the Investment Board is aimed at helping media people to seek career in hydropower development journalism.

The seminar is focused on the discussions about the hydropower issues, major sectors of nation's economy and power trade, among others.

Media persons from Sankhuwasabha and its neighbouring district Bhojpur taking part in the seminar. According to Board's Ganesh Acharya, the seminar is also meant for facilitating journalists to report news relating to the Arun III Hydropower Project based in the district. RSS

Source: My Republica; 19 July 2016

## **MoF reimburses Rs 3.96b to NEA**

Ministry of Finance (MoF) has reimbursed Rs 3.96 billion to Nepal Electricity Authority (NEA) to compensate for the loss that the latter incurred while distributing energy imported from India. Nepal is importing around 7.7 million units of electricity from India on a daily basis. Per unit import cost is around Rs 3 per unit higher, including technical loss, than what NEA collects from consumers. The government had pledged to compensate NEA for the loss when it decided to import electricity from India to minimize chronic power shortage.

The ministry released the reimbursements of two fiscal years - 2014/15 and 2015/16 - to NEA on Friday - the last day of 2015/16.

NEA has been making payment to India every month by diverting funds from its other projects. Because of the delay in getting reimbursements from the government, many of its projects are facing fund crunch. It is one of the reasons why power utility reports loss in every fiscal year.

Officials of NEA said the reimbursements received on Friday will increase cash availability and enable the power utility to foot import bill of next few months. They, however, said NEA will face similar problem after few months.

NEA officials say that the finance ministry should reimburse an additional Rs 1.03 billion as of May.

However, an NEA official told Republica that the finance ministry has informed them that NEA will no longer be getting reimbursements.

On May 30, NEA's Managing Director Mukesh Raj Kafle had requested the parliamentary Agriculture and Water Resources Committee for addressing its cash flow problem. Kafle had told the committee that the failure to make payment to India in time might lead to increment in load-shedding hours.

NEA increased energy imports from India, even though the price is higher than what it offers to domestic hydropower developers, after Ministry of Finance agreed to compensate for the loss as per the load-shedding minimization plans announced some four years ago. But NEA had not received even a penny from the finance ministry for the past two years.

Source: Karobar; 20 July 2016

## **NEA allocates just Rs 1.75b for projects**

*BHIM GAUTAM*

The Nepal Electricity Authority (NEA) will spend just around three percent of its annual budget of Rs 60.23 billion in construction of projects. The state-owned body for generation, transmission and distribution of electricity has allocated just Rs 1.75 billion for construction of projects in the current fiscal year.

The budget plan already approved by the NEA board has allocated Rs 55.44 billion for operation maintenance expenses and Rs 3.50 billion for capital expenditure. The low allocation by NEA, that has constructed projects with combined installed capacity of 550 MW out of the total current installed capacity of 780 MW, means that new projects are unlikely to be constructed in the current fiscal year. “The amount to be invested by NEA has been falling in recent years. We have to spend more on procurement of electricity nowadays,” Managing Director (MD) of NEA Mukesh Raj Kafle said. The NEA spends around Rs 40 billion in procurement of electricity alone. It is set to import electricity worth Rs 21 billion from India in the current year apart from buying from private promoters in Nepal.

The NEA earlier used to develop big projects itself. But it is constructing Trishuli 3 A (60 MW), Rahughat (32 MW), Chameliaya (30 MW), and Kulekhani III (13 MW) now. It has also made equity investment in 456-MW Upper Tamakoshi, Rasuwagadi, Bhotekoshi and other projects being developed through a subsidiary company.

Future of the NEA, that has already invested over Rs 24 billion in hydropower projects, is set to be in crisis due to falling investment owing to increasing recurrent expenditure. The NEA, with accumulated loss of over R 27 billion, annually sells electricity worth Rs 51.23 billion.

Financial balance of the NEA is being affected as it has to spend 80 percent of its income in procurement of electricity. The government had written off NEA’s accumulated loss of Rs 27 billion in 2067/68 but loss has again reached that level in five years.

Source: Karobar; 20 July 2016

## **Govt aims to sell 5700MW to India**

*BHIM GAUTAM*

The government, that has been currently importing up to 300 MW from India, aims to export 5700 MW to the southern neighbor within five years. But the government plan looks likely to fail looking at its preparations and the state of the hydropower projects under construction in the country.

It aims to sell 5700 MW to India by 2021/22. Nepal, that has been dreaming about selling electricity to India signing power trade agreement (PTA) since 1997, aims to sell 24900 MW by developing 282 projects in the next 20 years. The target for selling electricity has been set as per the Cross-border Transmission Master Plan approved by the secretary level body formed to implement the PTA between the two countries.

Nepal will sell surplus 5700 MW during off-peak hours (after midnight) during the monsoon season after five years as per the target. Similarly, Nepal aims to export 4500 MW during the peak hours in the rainy season and 500 MW during the peak hours of dry season. The government plans to complete 168 hydropower projects during the period.

Current installed capacity of Nepal is just 780 MW, according to the Nepal Electricity Authority (NEA). But the peak demand has reached up to 1400 MW. The master plan mentions generating 13200 MW by completing another 61 projects by 2025 and selling 24900 MW to India by completing another 53 projects by 2035. The target, however, does not include the 10800 MW Karnali Chisapani Project, considered the biggest project in Nepal, and 3240 MW Pancheswor Multi-purpose Project.

Acting Secretary and Spokesperson at the Ministry of Energy Dinesh Ghimire claimed that the aim is not baseless. He insisted that the plan to sell electricity from 2021 has been formulated after analyzing the state of export-oriented and under-construction projects. "We have mentioned the plan to sell electricity to India in the master plan after analyzing the state of generation in Nepal. We can sell," he added. He pointed that the first cross-border transmission line, Dhalkebar-Muzaffarpur, has already been completed and the second one, New Gorakhpur-Butwal, will be completed by 2018, and the electricity will be sold using these transmission lines.

### **PPA for 2920 MW**

The NEA has signed power purchase agreement (PPA) for 2920 MW until now. It has yet to sign PPA for projects with combined installed capacity of 5600 MW out of the applications for generation license for 75 projects (6122 MW) made with the Department of Electricity Development. "Demand for electricity has been rising by almost 200 MW every year. But generation hardly increases by 30-40 MW," former water resource secretary Shital Babu Regmi said. "How can we sell electricity when we have daily load-shedding of up to eight hours even during the rainy season and 14 hours during the winter?" he asked. Experts argue that it will be hard to increase installed capacity to 6900 in five years when the country does not even generate 1000 MW now. "There are many difficulties to sell electricity. India may have given many assurances but practically there is no situation to sell electricity," former vice chairman of the National Planning Commission (NPC) Dipendra Bahadur Chhetri said.

Nepal has not formulated any commercial strategy to sell electricity, acting Energy Secretary Ghimire conceded. "We are now trying to resolve technical issues between the two countries. We have not prepared commercial strategy. The ministry will now also pay attention toward that," he assured.

### **No preparation for export**

Experts say there is almost no preparation to sell electricity to India. Power Trading Company has not been established to trade electricity with India. The ministry, however, said it has already prepared article of association and regulations for that. Similarly, there is also uncertainty about cross-border trading regulation mechanism, transmissions structures, cross-border investment modality, cross-border capacity booking, market of electricity, price and other issues related to sale of electricity to India.

Nepal and India had signed PTA in 1997 but that was not ratified by the parliament, and it was again signed in 2014 paving the way for bilateral trade of electricity.

**Obstructions/deficiencies in trading of electricity**

Power Trading Company

Cross-border trading regulation mechanism

Transmissions structures

Cross-border investment modality

Cross-border capacity booking

Market and price of electricity

Campaign against selling electricity

Source: Karobar; 21 July 2016

## **Two studies to find hydropower potential**

*BHIM GAUTAM*

The government will finally study hydropower potential 105 years after start of generation of electricity. The Water and Energy Commission with assistance of the World Bank, and Irrigation and Water Resource Management Project will find hydropower potential along with irrigation capacity.

Many are surprised by two studies by the government. "They could have done a single study but two studies of similar nature have been moved forward," acting secretary of the commission Keshav Dhvaj Adhikari said. "But there will not be a big loss due to double studies as there is lack of adequate information about hydropower sector in Nepal," he added.

The study about hydropower and overall water resources to be done with assistance of Rs 600 million from the World Bank will be completed within three years. The other study started by the government with investment of Rs 20 million has already completed the draft of the preliminary study. The study is scheduled to be completed by mid-July 2017. The preliminary report has put hydropower potential at 160,000 MW, according to Joint Secretary at the commission Jivaksha Mandal. Consultant Shield Concern has started study on the basis of Karnali, Gandaki and Koshi river basins. Potential of Mahakali river has not been mentioned as it is shared with India, but the terms of reference given by the commission also includes Mahakali river.

The study done with World Bank assistance, for preparing the master plan for hydropower projects, also aims to identify potential for multiple use of water including that for irrigation and drinking. The study done with government funding will identify capacity of hydropower projects. It would have been better to start a single study as objectives of both the programs are similar.

An official at the commission attributes the duplicity to frequent changes of secretary at the commission and negligence about chances of duplicity, and concedes that the state had to make unnecessary spending of Rs 20 million. The process of selecting consultant through bidding process has been started for the study to be done with World Bank assistance.

Acting secretary Adhikari said hydropower projects will be identified considering the market and Nepalese economy. He added that the studies for Koshi, Gandaki and Karnali prepared in 1984, 1990 and 1998 by the Japan International Cooperation Agency (JICA) will be updated. He stated that installed capacity of projects can rise as that of Budhi Gandaki, that was put at 600 MW by JICA, has been increased to 1200 MW and that of Upper Karnali to 900 MW from 300 MW.

Capacity of 83,000 MW determined by one Hari Man Shrestha for his doctorate thesis using limited resources and means 50 years ago has been taken as actual hydropower potential of Nepal.

Source: The Kathmandu Post; 21 July 2016

## **Butwal-Gorakhpur power line to be built as backup**

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Nepal and India have agreed to build the proposed Butwal-Gorakhpur cross-border transmission line. A meeting of the energy secretaries of the two countries held in New Delhi recently decided to implement the project.

A detailed project report (DPR) will be prepared before starting the construction of the 400 kVA power line. Nepal and India will separately build the portion of the power line that lies within their respective territories.

Nepal presently imports electricity from India through two transmission lines.

It receives 80 MW through the Muzaffarpur-Dhalkebar transmission line and 25 to 35 MW through the Tanakpur-Mahendranagar transmission line.

According to Energy Ministry officials, the Butwal-Gorakhpur is being installed as a backup to ensure uninterrupted power supply in case something happens to the Muzaffarpur-Dhalkebar transmission line. "If we have another cross-border transmission line, the supply will be more reliable. Also, the distribution of power throughout the country will be easier," said Dinesh Kumar Ghimire, joint secretary of the ministry.

The ministry is giving high priority to the new transmission line as it can distribute power efficiently to high energy consuming cities like Bhairahawa, Butwal, Pokhara and Narayanghat which are within easy reach.

Moreover, the transmission line will be useful to evacuate surplus energy produced in the Budhi Gandaki and Marshyangdi corridors when various hydro projects under construction here come online. The two countries have agreed to complete the DPR of the project by the end of November. "The DPR of the transmission line will be carried out by a joint technical team representing the Nepal Electricity Authority (NEA) and Power Grid Corporation of India," Ghimire said.

Once the DPR is completed, we will know how much the scheme will cost and how long its construction will take, he said.

The meeting also approved in principle the cross-border transmission line master plan. As per the scheme, cross-border transmission lines will be constructed at 11 points.

Nepal plans to import 1,000 MW of electricity from India by 2022 and export around 2,000 MW to India after 2022 through different cross-border transmission lines.

Officials also discussed providing open access to both countries regarding the import and export of electricity.