

Source: Karobar; Aug 8 2016

## **Lack of clear policy, plan challenges before adequate electricity generation**

The participants at a programme in the Capital have pointed out the lack of clear policy and plans in relation to hydro power as challenges of producing enough electricity to meet the growing demands.

Speaking at the programme organised by the National Stakeholders Campaign on ‘Construction of Arun III for the development of hydropower in Nepal: How and Why’, they said that the lack of a clear policy and plan relating to hydropower has led people to live in dark.

Despite having adequate source of investment, required resources and technical workforce, they said the hydropower sector is shrunk. They also raised concern over the ‘dual extreme mentality’ that says adequate investment cannot be collected within the country while barring foreign investment.

They also criticised the tendency of awarding important hydropower projects to foreign companies despite having adequate resources and manpower in the country.

On the occasion, saying that the Arun III Hydropower Project came to a halt in the mid of the construction possibility 25 years ago, said legal expert Dr Gopal Siwakoti ‘Chintan’ said that the project was halted with ill intention.

Likewise, another expert Dr Bal Bahadur Adhikari said that companies wanting to construct big hydropower projects for themselves should focus on national interest and demands and maximum welfare of affected people. He accused the government of failing to pay heed to the capacity to collect investment within the country.

Also, the participants as CPN (Maoist Centre) Padam Rai, Chairman of the Upper Karnali Stakeholders’ Committee Bharat Shahi, Dr Surendra KC and advocate Ekraj Bhandari suggested using domestic investment and skills in bringing drastic change in the field of hydropower in the country.

Source: The Rising Nepal/ Karobar; Aug 8 2016

## **Sunkoshi power centre to generate electricity soon**

The 10.05 MW Sunkoshi Hydropower, which has remained shut after the flood-fed Bhotekoshi River caused damages to the project on July 15, is to resume its operation within some days.

The works are being carried out on war footing to change the course of river from the dam so it may take a week to complete maintenance and generate power, said Production In-charge of Nepal Electricity Authority, Sunkoshi Centre. Suraj Dahal.

The project that remained closed following Jure landslide has been generating only seven megawatt from two out of three turbines after month-long efforts.

The disaster-hit district had seen the damage of physical property of hydropower projects worth around Rs 500 million. The 45-MW Upper Bhotekoshi, 3.1 MW Bhairabkunda and 4.2-MW Baramchi hydropower project have been completely halted after the 2015 devastating earthquakes. RSS

Source: My Republica; 9 Aug 2016

## **Remittance to be mobilized to build two hydro projects**

### **Rs 1.5b to be used to build two Taplejung-based projects**

KATHMANDU, Aug 9: Remit Hydro Ltd (RHL) is mobilizing remittances sent by migrant Nepali workers to develop two hydropower projects -- Ghunsa Khola (71.5 MW) and Sinbuwa Khola (53.7 MW) projects.

This is possibly the first time that remittance is being used in infrastructure development.

Energy Secretary Suman Prasad Sharma issued survey license to RHL last week. The decision has paved the way for RHL to develop the projects in which Nepali migrant workers can buy equity shares worth about Rs 1.5 billion.

### **Both the projects are based in Taplejung. The company plans to develop the projects simultaneously**

RHL is a special purpose vehicle promoted by Hydropower Investment and Development Company Limited (HIDCL) to develop the two projects by mobilizing money sent home by migrant workers.

The amount that RHL aims to mobilize from Nepali migrant workers is less than one percent of around Rs 600 billion that the country receives as remittance annually.

HDCL owns 51 percent stake in RHL. Similarly, migrant workers have been allocated 24 percent of shares while remaining 10 and 15 percent, respectively, will be allocated for project-affected locals and commoners.

RHL needs around Rs 19 billion to develop the two projects.

Deepak Rauniyar, CEO of HIDCL, said that the project will be developed in a fast track mode and that they will launch an awareness campaign to attract investment from Nepali migrant workers.

Nepal Rastra Bank (NRB) has floated foreign employment bonds eight times in the past six years. Of the Rs 9 billion worth of bonds issued, bonds worth only Rs 300.7 million have been subscribed, indicating lackluster response of migrant workers. These bonds yield returns in range of 9 to 10.5 percent.

"We will reach to almost all Nepalis plying their trade in foreign land and encourage them to buy equity shares," added Rauniyar.

The new scheme is likely to attract migrant workers as it offers better returns than the NRB bonds.

Labor migration expert Ganesh Gurung said that the success of RHL depends on the rate of returns that the projects offer to the investors. "They will look for more attractive rate of returns than investments on current trend of purchasing land plots and houses in urban centers. Also, they will consider whether or not they can sell their shares when they want," added Gurung. "Migrant workers might invest what is remaining after spending on food, clothing and education of their family members back home."

HIDCL, which was established five years ago, works on investment and development of hydropower plants. It has, so far, co-financed nine projects worth Rs 5.2 billion having installed capacity of 437 MW.

Source: The Kathmandu Post; Aug 10 2016

## **Upper Karnali land acquisition hits price snag**

*BIBEK SUBEDI*

Land acquisition for the much-awaited Upper Karnali Hydropower Project has hit a snag after the developer and owners of 49 hectares of private land failed to agree on the compensation amount.

Residents who will be displaced by the 900 MW project in western Nepal got upset after the Price Determination Committee was told by the project developer GMR Upper Karnali Hydropower that it would not be able to meet their demand.

“The rate offered by our company is very reasonable considering the market rate prevailing in the area.

So we are unable to increase the rate offered by us,” Bam Bahadur BC, a local leader involved in the negotiations, quoted the letter from GMR as saying.

The project-affected people have demanded Rs1 million per ropani while GMR has offered Rs760,000.

“On Monday, we wrote back to GMR asking them to be more flexible on the rate and sit for another round of negotiations,” said BC who is also a member of the Price Determination Committee. “The project officials who received our letter said they would forward it to the higher authorities and arrange a meeting as soon as possible.”

BC said that they also held informal talks with project officials while handing over the letter.

“We have asked them to expedite the land acquisition process or leave the project site,” he said.

Sources at Investment Board Nepal (IBN) said a deal would be concluded very soon. “Locals will lower their demand and the developer will hike its offer slightly,” said the IBN source involved in informal talks with the two parties. “The most likely compensation amount would be Rs800,000 per ropani.”

Land acquisition has become one of the major headaches for hydropower project developers of late as they have to complete it before the financial closure.

The government and GMR India signed a project development agreement (PDA) for the construction of the Upper Karnali project in September 2014 under which the financial closure has to be completed by September 2016.

Last April, a project appraisal team of the Asian Development Bank (ADB), International Finance Corporation (IFC), International Bank for Reconstruction and Development (IBRD), Commonwealth Development Corporation (CDC), DEG, a subsidiary of German Development Bank, Japan International Cooperation Agency (JICA) and OPEC Fund for International Development (OFID) held a tripartite meeting with IBN and GMR in Kathmandu for possible financing of the project.

Highly-placed sources have confirmed that this group of lenders have pledged loans totalling more than \$1 billion.

The Upper Karnali project is spread over three districts—Surkhet, Dailekh and Achham. The developer will give 27 percent of the shares to the government and the country will also receive 12 percent (108 MW) of the total energy produced for free.

Similarly, the project is expected to create 2,000 jobs and the government is projected to earn Rs300 billion in financial benefits. The project will be acquiring 48.85 hectares of private land and 207.75 hectares of government-owned land. It will affect an estimated 239 households.

Source: The Kathmandu Post; Aug 12 2016

## 175MW power to be added to national grid this fiscal

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MAJOR PROJECTS COMING ONLINE	
PLANT	CAPACITY
Upper Marshyangdi A	50 MW
Upper Madi	25 MW
Hewa Khola	14.9 MW
Madkyu Khola	13 MW
Thapa Khola	11.2 MW
Jog Mai Khola	7.6 MW
Tungun Tosne Khola	4.36 MW
Khani Khola	2 MW

(Source: Nepal Electricity Authority)

Around 175MW electricity will be added to the national grid within this fiscal year.

According to Nepal Electricity Authority (NEA), around two dozen hydropower projects, all developed by independent power producers (IPPs), will be completed by the year-end.

Major addition to the national grid will be 50MW energy from the Upper Marshyangdi A project. “The project is expected to generate electricity by August,” said NEA Managing Director Mukesh Kafle. “A transmission line to evacuate the power will also be ready by that time.”

China’s Sino Hydro and Nepal’s Sagarmatha Power Company are jointly developing this run-of-the-river project at Bhulbhule in Lamjung.

Another major addition will be 25MW from the Upper Madi hydropower project. China International Water & Electric Co (CWE) has invested in the project under the build-operate-transfer model (BOT). CWE, the wholly-owned subsidiary of China Three Gorges Corporation (CTG), is also developing 750MW West Seti Hydropower Project. The company has 80 percent stake in the project.

Besides these two projects, an additional 100MW electricity from 21 hydropower projects, which are in final stages of construction, will be added to the national grid this fiscal, according to NEA. “If everything goes as planned, electricity generated by these projects will be connected to the national grid within this fiscal year,” said Prabal Adhikari, chief of power purchase at NEA.

NEA has signed Power Purchase Agreement (PPA) will these 21 projects in US dollar terms.

While the projects developed by IPPs are making good progress, the government-funded ones are struggling. The 30MW Chameliya Hydropower Project is still in limbo. Although NEA has said the project will start power generation within six months, some of its officials say such chances are slim. The project’s construction was halted after the Public Accounts Committee of the Parliament in 2014 July directed the Energy Ministry to hold NEA’s decision to pay variation charges worth Rs1.09 billion to the contractor. The committee then approved the payment in December 2015, but the contractor is now demanding additional money for the delay.

Similarly, the much-touted 456MW Upper Tamakoshi Hydropower Project, which was hit hard by last year’s earthquakes, is struggling to regain its momentum. Construction works are moving ahead very slowly as the access road to project site was severely damaged by the quake. “This project will not be completed within this fiscal year,” said the NEA official. The NEA officials said the addition of the 175MW electricity to the national grid will help reduce load shedding hours. With domestic production not enough to fulfil the demand, NEA is importing 345MW power from India through four major

transmission lines.

Of the total import, 80MW is being imported through Dhalkebar-Muzaffarpur, up to 120MW through Kataiya-Kushhawa, 30MW through Tanakpur-Mahendranagar and up to 25MW through Ramnagar-Gandak transmission lines.

**NEA slashes outage hours**

Nepal Electricity Authority (NEA) has slashed load shedding by 15 hours a week, effective from Thursday. With this revision, power cuts will decrease to 48 hours a week from existing 63. NEA MD Mukesh Kafle said flow of water in rivers has increased, increasing power output. NEA said the load shedding will keep on decreasing from now onwards. “By the end of August, we will again review the outage hours as Upper Marshyangdi-A will start generating electricity by then,” said Kafle.