

Source: The Rising Nepal; 20 August 2016

‘Only 10% hydropower potential of Gandaki Basin tapped’

Only 10 per cent of total hydropower production potential of the Gandaki Basin has been harnessed so far.

The basin has the potential of 5,270 megawatt of hydroelectricity of which only 523 MW has been produced.

According to the Nepal Electricity Authority (NEA), 13 districts in the Gandaki Basin have hydroelectricity projects where Syangja is the largest contributor to the national grid with 149 MW hydroelectricity while Palpa has a hydropower project with 0.8 MW capacity.

The 144-MW Kaligandaki A is in Syangja district.

Similarly, 92 MW hydroelectricity has been generated in Makwanpur, 83 MW in Lamjung, 69 MW in Tanahun, 43.1 MW in Nuwakot and 27 MW in Rasuwa districts.

Nawalparasi and Makwanpur districts have wind-solar mini grid pilot project and mini grid replication, respectively.

A 12-KW capacity solar-wind hybrid system was installed by the Practical Action Nepal in Dhaubadi of Nawalparasi.

Practical Action’s Director Achyut Luitel informed that after the pilot project was completed, such projects would be replicated in other potential areas.

Likewise, Mustang district of the Gandaki Basin have solar micro hydro mini-grid while micro hydro mini-grid synchronization project is under way in Baglung which has the largest number of micro-hydro projects in the country.

Data compiled by Himalayan Adaptation, Water and Resilience Research (HI-AWARE), an initiative of the International Centre for Integrated Mountain Development (ICIMOD), shows that 73 per cent of the households in the basin have access to the national grid for electricity, with 7 per cent electrified by micro hydropower projects.

Approximately 20 per cent people in the basin still live in the darkness without access to electricity, which is more common in the mountainous districts of the basin, said a report of HI-AWARE.

Kaski has the largest percentage of households with access to the national grid. About 93 per cent households of the district have access to the national grid while Manang does not have access to it.

HI-AWARE informed that although the electricity was massively used for lighting, dependency on it for cooking is poor.

More than two thirds, approximately 71 per cent, households depend on firewood for cooking while 21 per cent use LP gas and 6 per cent use biogas. Only 1 per cent households depend on electricity and kerosene for cooking purposes.

The Gandaki Basin includes 19 districts or Central and Western Nepal – four districts in the mountains, 12 in the hills and three in the plains.

Source: The Rising Nepal; 23 August 2016

Government to make public appeal for funds into hydel projects

The government is to make a public appeal to citizens as well as public bodies for investment in hydropower projects in the country.

Speaking at a press conference held at the Energy Ministry today, Minister for Energy Janardan Sharma said there was significant amount of capital inside the country to build hydropower projects. "The people are ready for investment and large amount of cash remains idle in public bodies", he said. Nepali migrant workers as well as Non-resident Nepalis shall also be encouraged to invest in hydropower development in Nepal. And for this an integrated strategy would be adopted to move ahead, Sharma said. He also said the Ministry was thinking of involving the Nepali Army too in the development of a major project.

Referring to the recent drive of severing the power supply lines of defaulters, Minister Sharma said the act was not a publicity stunt but to come up with concrete results in bringing down the arrears of the NEA, which runs as high as 10 billion rupees.

Source: The Kathmandu Post; 23 August 2016

Tanahu hydro: Prequalification of bidders to be done within a month

Tanahu Hydropower Limited, a subsidiary of the Nepal Electricity Authority (NEA), is at the final stage of prequalifying bidders for the construction of the Tanahu Hydropower Project.

A company official said the prequalification would be completed within a month. The 140 MW storage-type project is located on the Seti River in Tanahu district in western Nepal.

On April 17, six companies had applied for the prequalification bidding for conducting a detailed design and constructing the headworks under the first package—Sinohydro Corporation of China, Hindustan Construction Company (HCC) of India, CMC of Italy, HCC Dogus of India, China Geghouba Group Company of China and a joint venture of Kalika Construction of Nepal and Songda of Vietnam.

Three of the bidders—Sinohydro, HCC and CMC Italy—had applied for the prequalification bidding for the detailed design and construction of the waterway and powerhouse, and the supply of related equipment under the second package. According to Sunil Kumar Dhungel, managing director of Tanahu Hydropower, the company is evaluating the documents of the applicants on a war footing under the leadership of Lahmeyer International, consultants to the project.

“We have been receiving plenty of technical queries about the proposals submitted by the bidders from the consultant,” said Dhungel. “Evaluating a project of this magnitude takes a lot of time. But we are very hopeful that we will finish the prequalification within a month.”

The Tanahu Hydropower Project will be one of Nepal’s biggest storage-type projects with an estimated average annual energy generation of 587.7 GWh in the first 10 years and 489.9 GWh after that. The project is designed for peaking up to six hours in the dry season. The hydropower scheme is being co-funded by the Asian Development Bank (ADB), Japan International Cooperation Agency (JICA) and European Investment Bank (EIB). Loan agreements for \$150 million were signed with the ADB in February 2013.

Similarly, credit deals totalling \$183 million were signed with JICA in March 2013. A loan agreement for \$70 million was signed with the European Investment Bank (EIB) in May 2013, which was further increased to \$85 million.

The government and the NEA will finance the preparation of the preconstruction infrastructure. The government will invest \$71 million in the project which is estimated to cost \$505 million. The NEA has begun developing reservoir-type projects after forming a subsidiary. According to NEA officials, the preparation of the design and the construction of a bridge has begun at the project site. An environmental impact assessment was done in 2009.'

Source: The Kathmandu Post; 24 August 2016

Govt to allow DoED to issue licences to mid-sized hydros

BIBEK SUBEDI

The government is all set to authorise the Department of Electricity Development (DoED) to award licences to mid-sized hydropower projects in a bid to cut down procedural hassles. The Energy Ministry on Tuesday amended the Electricity Rules 1993 to allow the DoED to award survey, generation, transmission and distribution licences to projects up to 100MW capacities. “I have already signed the amendment,” said Energy Minister Janardan Sharma. “I will take the amended rules to the Cabinet for final approval soon.” Earlier, the department had to take the ministry’s approval to award such licences, which was quite a lengthy process. Under the new rule, the director general of the DoED will have to authority to award the licences. This new provision will significantly reduces procedural hassles, according to ministry officials. “Once the DoED sends a document to the ministry recommending for the license, it travels through several desks for months,” said a ministry official. “The file has to go through at least six units before the final approval is given by the ministry. The new rule will reduce the time by at least two-three months.”

The new rule will also authorise the DoED to change project capacities and scrap the licences. However, in the case of storage-type and multipurpose projects, the older provision will prevail. “The paper work involved in the licensing process was also time-consuming for senior ministry officials,” said the ministry source. “So we floated the idea to former Energy Minister Top Bahadur Rayamajhi. He immediately agreed and, we initiated the amendment process.”

Source: My Republica; 24 August 2016

Dept set to issue license for power projects up to 100 MW

A 'meaningful reform' in hydropower licensing

KATHMANDU, Aug 24: Hydropower producers of up to 100 MW will soon not have to wait for the decisions of the Ministry of Energy (MoE) for permission carrying out survey studies, building the power plants and generating electricity.

The time-consuming six stages that have to be gone through at MoE for procuring the licenses for hydropower projects will be omitted, and this is being taken as a meaningful reform after the government opened the doors in the 1990s for private sector involvement in hydropower development.

This reform has been effected under the fourth amendment in the Electricity Regulations 1993, but the amendment is still subject to cabinet endorsement. The authority of the energy secretary to issue licenses has been transferred to the director general of the Department of Electricity Development (DoED) at Anamnagar Thapagaun. The energy secretary currently issues licenses for all power projects starting from 1 MW.

Minister for Energy Janardan Sharma gave his approval for the new regulations on Tuesday and he will register them at the cabinet for final endorsement. Talking to Republica, Sharma said the amendment is meant to make hydropower licensing faster and more investment friendly.

DoED at present receives the applications for hydropower licensing and prepares the documentation but it won't need to forward these to the energy secretary for the licenses once the amendment is endorsed by the cabinet.

The process of amending the rules started three months ago as per a concept paper, 'National Energy Crisis Prevention and Electricity Development Decade 2016-2026'. The concept paper, however, had dealt with power projects of up to only 25 MW. The amendment excludes hydropower projects that are of a multipurpose nature and of the reservoir type.

Energy Secretary Suman Prasad Sharma said that he was for focusing on policy decisions rather than handling minor licensing processes.

"Removal of the cycle that a file goes through at my ministry can make things easier for power developers who have often complained about the time-consuming process," added Sharma.

Meanwhile, the private sector has welcomed the decision. Kumar Pandey, general-secretary of Independent Power Producers' Association Nepal, said, "It would be a really meaningful reform in licensing since the 1990s as we will have to deal with fewer people and the whole process will become faster."

Pandey surmised that this would be helpful particularly for domestic power producers as they are generally engaged in power plants of only up to 100 MW. There have been some reforms but not on this scale, he said. One hydropower developer, who declined to be named, said it will also help in curbing corruption in licensing.

This devolution of authority also applies to solar power, wind power, bio-mass and energy generation from waste, as well as transmission and distribution of electricity.

Source: The Rising Nepal; 25 August 2016

Chinese proposal to invest in Tamakoshi III and Tamor projects

The China Machinery Engineering Corporation (CMEC), a government-owned company of China has expressed interest in making investment in two important hydropower projects of Nepal.

The Company has proposed to the Government of Nepal expressing its readiness to invest in the Tamakoshi III and Tamor hydropower projects. The Tamakoshi hydropower project of 650 MW was abandoned by Norwegian company, SN Power saying that there was no market for power produced from the project.

Likewise, the 762 MW Tamor project, including a reservoir, is currently under study by the Nepal Electricity Authority (NEA).

The company has proposed to build the project on the engineering, purchase, construction and funding (EPCF) mechanism, according to the CMEC's Nepal representative Biswas Khatiwada. As per the provision to deal projects with 500 MW and above through the Investment Board of Nepal, the company has made the proposal to the Board.

The Company has also included a letter of intent for loan investment from the ICBC Bank of China, according to Khatiwada. The CMEC is a subsidiary company of the SINOMACH Company of China. Chief Executive Officer of IBN Maha Prasad Adhikari confirmed receiving of the proposal from the Chinese company and added that further process in response to it was yet to begin.

The state-owned Chinese company is the latest among the increasing number of companies from China investing in the hydropower sector of Nepal. "As we have fulfilled all required procedures, we are hopeful that our efforts to help Nepal resolve its power crisis would bear fruit", said Khatiwada representing the CMEC company.

Source: The Kathmandu Post; 26 August 2016

Arun III, locals haggle over land compensation

BIBEK SUBEDI

The land acquisition process for the Arun III Hydropower Project has hit a fresh snag after landowners and the project's compensation determination committee failed to agree on the compensation amount during the first round of negotiations held last week.

The project developer needs to make compensation payments to the owners of 49 hectares of land required for the 900 MW project located in eastern Nepal.

Locals who will have to relocate for the hydroelectric scheme have demanded Rs2 to Rs2.5 million per ropani (around 508 square metres), a source at Investment Board Nepal (IBN) said. "It was an unreasonably high price."

The negotiation committee was led by the chief district officer of Sankhuwasabha district.

"But locals have agreed to start the second round of negotiations showing some flexibility over the rate," the source said. The committee, however, has not revealed how much it is prepared to pay. "It has only listened to the demands of the locals."

Although residents have agreed to be more accommodating, it is quite unlikely that a deal will be concluded soon. SJVN Arun III, the project developer, is in no mood to pay anywhere near what they are demanding, said the source.

"The developer is not likely to offer more than Rs700,000 per ropani," said the IBN source. Due to the differences over compensation, it seems that negotiations will stretch a few weeks longer.

The latest issue could prove a headache for SJVN Arun III as land acquisition is one of the

key preconditions for financial closure. According to the Project Development Agreement (PDA) signed with the government, it has to complete financial closure by November 2016.

There are 391 private land parcels, including 112 in Diding, 82 in Yaphu, 147 in Num and 50 in Pathivara VDCs. The project will also be acquiring the houses, cowsheds, huts and plants standing on those land plots. IBN, SJVN and locals of Sankhuwasabha signed a tripartite agreement on the resettlement plan in February.

The resettlement plan complies with the Asian Development Bank's 'safeguard standard' policy, and the affected people will be compensated as per the international relocation and resettlement standard.

As per the accord signed between IBN and SJVN in November 2014, the developer will complete the construction of the plant and start energy generation by 2020.

According to IBN, Nepal will receive Rs348 billion over 25 years from the project. SJVN will provide 21.9 percent of the energy generated free of cost, which is worth Rs155 billion, plus another Rs107 billion in royalties.

Source: The Himalayan Times; 26 August 2016

CMEC keen to invest in two hydropower projects

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Source: My Republica; 26 August 2016

Energy Minister to meet NT, CIT, EPF execs

Officials of security agencies' welfare funds also invited

KATHMANDU, Aug 26: Hoping to explore financing of hydropower projects using 'domestic resources', Minister for Energy Janardan Sharma has started deliberations with the lending institutions.

Sharma told Republica that he has invited executives of Nepal Telecom (NT), Citizens Investment Trust (CIT), Employees' Provident Fund (EPF) and security agencies to his ministry on Friday to discuss tapping their vast cash reserves to finance hydropower projects.

Talking to Republica, Sharma said he will first discuss with lenders to learn about their interests and priorities before asking them to inject funds into hydropower projects. However, people from bank and financial institutions were not among those invited.

NT, CIT and EPF have already invested in different projects including the Upper Tamakoshi Hydropower Project.

Officials of the Social Security Fund and welfare funds of Nepal Army, Nepal Police and the armed police force have also been invited for the discussions. Security agencies are not allowed to invest in profit-making projects. But the agencies, particularly Nepal Army, have been lobbying the government about investing in such projects. These institutions have over Rs 150 billion in combined cash reserves that can be invested in hydropower projects, both as equity investment and loan investment, experts say.

The minister said he will prepare priority projects to inject domestic funds into after holding discussions with key lenders of these institutions. He, however, declined to make names of particular projects public before more homework is done. Sharma assumed office last week. "I will select the projects based on their priorities first," he said.

In a press meet on Tuesday, Sharma had said that projects like Buddhigandaki, Nalsinggadhi, West Seti, Sunkoshi III and Tamor are the priority ones. The 1,200 MW Buddhigandaki project is ready for starting construction but the financing modality, as well as the implementing agency, are still undecided.

Be prepared to invest in a hydro project, army chief told

Energy Minister Janardan Sharma on Tuesday said that he had asked Nepal Army to be prepared to invest in a major hydropower project.

"I have already telephoned the Chief of Army Staff of Nepal Army Rajendra Chhetri about making needful preparations to invest in a major hydropower project by using their funds."

Nepal Army says its welfare fund has about Rs 33 billion in cash reserves, including fixed deposits in different bank and financial institutions.

Nepal Army has already filed an application for the license of 12.25 MW Madikhola Hydropower Project of in Rolpa to develop a project, but whether this will be considered is still undecided.

Talking to Republica, Sharma said the government wanted not only to use the money from Nepal Army's welfare fund but also wanted to take advantage of its technical manpower and discipline culture to build the plants on time.

However, it is a fact that Nepal Army has not yet developed any hydropower projects nor does it have any technical expertise and a move to allow security agencies has sparked fear that it could deviate the army from its core purpose into doing business.