

Source: The Rising Nepal; 29 Aug 2016

SAARC Framework Agreement for Energy Cooperation to be discussed in Parliament

The Legislature-Parliament today approved with a majority the proposal that the parliament discuss the 'SAARC Framework Agreement (Power) for Energy Cooperation'.

Before this, Energy Minister Janardan Sharma had presented the proposal seeking the parliament ratify it.

Responding to queries raised in course of the discussions in the proposal in the parliament, Minister Sharma argued that the proposal has been brought to solve the energy crisis and it would contribute towards the export of the generated power during the rainy season. He urged the lawmakers to back the proposal.

Source: The Kathmandu Post; 30 Aug 2016

Energy minister to tap state-owned firms, employee-benefit funds

'CIT, RBS, NT, EPF, social security fund and police welfare funds have Rs 83 billion in cash reserves for hydropower projects'

KATHMANDU, Aug 26: When Employees Provident Fund (EPF) agreed to a loan-finance of Rs 800 million to build 22 MW Chilime Hydropower Project two decades ago, it took many by surprised and was seen as a high risk decision.

Following the success of that investment, the story of non-traditional, non-BFI funds putting the money in their trusts to build infrastructure for the country turned another chapter on Friday when their executives expressed confidence and said they have a capacity to inject Rs 83 billion into mega power projects.

EPF and six other institutions separately made commitments to the Minister for Energy Janardan Sharma on Friday to invest in any viable and profitable hydropower project. Their combined commitment is in tune of Rs 83 billion as loan financing.

However they have sought the government's guarantee for the loan mobilization. Hydropower is the government's priority sector.

The other institutions making commitments are the executives of Citizen Investment Trust (CIT), Rastriya Beema Sansthan (RBS), Nepal Telecom (NT), Social Security Fund and the welfare funds of Nepal Police and the armed police force.

Sharma had invited them to explore viability of dipping into state-controlled institutions' funds and using them as lenders. Some of the executives told Republica that said they were encouraged by the minister's move. They said they were not consulted for the purpose of financing hydropower projects after the financing of 456 MW Upper Tamakoshi Hydropower Project in 2011.

EPF, RBS and CIT had agreed to finance the project worth Rs 14 billion and the project's construction is about 75 percent complete. Nepal Electricity Authority had guaranteed EPF and the other institutions' loan finance of Rs 35 billion (initial cost estimates) while private sector banks had declined to begin investing in such projects citing high risk.

Talking to Republica after the meeting on Friday, Minister Sharma said he was encouraged by the commitments and that they had also pledged an additional Rs 50 billion in total every year.

"We will select important projects which are profitable and viable for injecting funds to start projects," Sharma said.

Nepal Army also has been lobbying to invest a significant amount from its welfare fund which has a cash reserve of Rs 33 billion however there is no legal ground for such investment.

Dambar Nepali, the founder of Chilime Hydropower Company Ltd, expressed happiness in achieving the scale of financing capacity by institutional lenders alone.

"Banks and Financial Institutions and any other institutions would fear their investment in hydropower would default while we got Chilime financed by EPF," Nepali said. However, there is a high confidence in the projects, he added.

Four projects with a combined capacity of over 200 MW are being developed by subsidiary companies of Chilime Hydropower Company Ltd and all are financed by 'domestic resources', and the general public bought equity shares through initial public offerings.

Nepali, who is also a board member of Budhigandaki Hydroelectric Project Development Committee, estimates that government-owned and private sector bank and financial institutions can altogether comfortably mobilize Rs 100 billion to build power plants while the general people would put up about an equal amount for the purpose.

“However, building a project requires strong leadership and a change in the bureaucratic mentality in project implementation,” Nepali added.

Source: The Kathmandu Post; 30 Aug 2016

Flood-damaged Sunkoshi Power Centre starts generating electricity

The 10.5 MW Sunkoshi Power (hydel) Centre in Sindhupalchowk district which was shut down following the damages by flood-fed Bhotekoshi River has recently started generating electricity.

The Hydel Project generates 3.5-3.7 Mega Watt (MW) of electricity by operating a single turbine, according to the Centre's Production Chief Suraj Dahal.

The Centre, until recently, had been generating 2.5 MW of power. Additional power generation is likely as the two other turbines were under maintenance, shared Production Chief Dahal.

A flood in Bhotekoshi River on July 5 had caused severe damages to the Centre. The power production of the Centre was adversely affected following the disaster. RSS

Source: The Kathmandu Post; 30 Aug 2016

Saarc energy cooperation pact gets Parliament nod

BIBEK SUBEDI

The Legislature Parliament on Monday approved the Saarc Framework Agreement for Energy Cooperation.

The proposal was presented by Energy Minister Janardan Sharma for ratification on the same day.

Responding to queries raised during the discussions, Sharma said the agreement would contribute towards plans to export surplus power generated during the wet season and import during the dry season.

Foreign ministers from eight Saarc countries—Afghanistan, Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka—had signed the agreement at the presence of their heads of state and government during the 18th SAARC Summit held in Kathmandu on November 2014.

“First we held discussions within our ministry and with other line ministries before presenting the proposal to the Parliament,” said Dinesh Kumar Ghimire, spokesperson for the Energy Ministry.

The Saarc member states have agreed to enable their agencies concerned to develop transmission interconnectivity within the region. The agreement would allow power supply from surplus countries to those with deficit.

“This agreement has opened a huge avenue for electricity trade provided we tap our immense hydropower potential,” said Ghimire. “Bangladesh has already expressed its interest to import energy from Nepal as well as invest in our hydropower projects.”

The Energy Ministry is preparing to sign a memorandum of understanding (MoU) with Bangladesh for energy-sector cooperation.

However, the Saarc framework agreement alone is not enough for effective power trading between the member states. “Every country must change its regulatory regime as per the agreement,” said Ghimire. “For example, if Nepal and Bangladesh are to conduct power trade, the transmission line has to go through India. So, India must provide some sort of support.” However, the member countries have also agreed to gradually lift barriers, including customs duty, for enhancing the regional connectivity.

More importantly, the Article-7 of the agreement has enabled the member states to plan cross-border grid interconnections through bilateral agreements based on the needs of the trade in the foreseeable future through studies and sharing technical information required for the same.

Source: My Republica; 30 Aug 2016

Govt endorses SAARC Power Trade Agreement

The government has endorsed the SAARC Power Trade Agreement (PTA) signed among the South Asian Countries. The agreement titled 'SAARC Framework Agreement for Energy Cooperation (Electricity)' was signed during the 18th SAARC summit held on November 26 and 27th in 2014. This agreement has already been endorsed by India and Bhutan, apart from Nepal. The remaining five countries are yet to endorse the agreement.

According to the agreement, the member countries can trade electricity within the region.

India and Bhutan do not need to get the agreement ratified by their parliaments but Nepal needs to get the agreement endorsed by its parliament as required by the Nepal Treaty Act 1990.

In a meeting held at the energy ministry, joint secretary, Koshal Chandra Subedi said, "Parliament will inform the energy ministry about the endorsement of the agreement. Then the energy ministry will inform the foreign ministry about the same in writing." He further added, "We have already signed PTA with India. Now, we have the opportunity to sell our electricity to other South Asian countries as well."

On October 21, 2014, PTA was signed between Nepal and India. Subedi says that the regional agreement has opened doors for Nepal to buy and sell electricity within the entire region.

The motive of this agreement is to allow cross-border trade of electricity among the South Asian countries based on their bilateral, trilateral or regional agreements.

The agreement also says that the member states can mull over exempting export and import duties and other fees for cross-border trade and exchange of electricity between buying and selling entities.

After the endorsement of the agreement by the parliament, Nepal won't need a separate law for the energy trade, according to the Ministry of Energy. The agreement will be implemented as per the Electricity Act 1992 and Electricity Regulations 1993.

The agreement also has a provision for the dispute settlement mechanism but it has identified the SAARC Arbitration Council as the final authority to settle the disputes related to energy exchange and trade among the member nations.

According to officials of the energy ministry, the agreement has opened the doors for Nepal to sell its surplus energy during the rainy season to any member state of SAARC at market price. Nepal Electricity Authority officials say that after 2017, Nepal will have surplus electricity of around 1000 to 1500 MW in the wet season. At present, India is short of about 25,000 MW of electricity. India has been maintaining that it is ready to buy any surplus energy from Nepal.

Source: The Himalayan Times; 30 Aug 2016

Sunkoshi hydel resumes power generation

The 10.05 Mega Watt (MW) Sunkoshi Hydropower Project, which remained shut after the flooded Bhotekoshi River caused damage to it, has recently started generating electricity.

It generates 3.5-3.7 MW of electricity by operating a single turbine, according to the Centre's Production Chief Suraj Dahal. Earlier, the project had been generating 2.5 MW of power.

Additional power generation is likely as the two other turbines were under maintenance, shared Production Chief Dahal.

The project, which remained closed after Jure landslides for months, had been generating 7 MW of electricity from two of the three turbines.

A flood in Bhotekoshi River on July 15 had caused severe damages to the Centre. The power production of the Centre was adversely affected following the disaster.

The disaster-hit Sindhupalchok district witnessed the damage of physical property of hydropower projects worth around Rs 500 million.

Source: The Himalayan Times; 30 Aug 2016

House endorses regional energy cooperation agreement

The Parliament has endorsed a regional energy cooperation agreement titled 'SAARC Framework Agreement for Energy Cooperation (Electricity)' today. SAARC foreign ministers had signed the agreement during the concluding ceremony of the 18th SAARC summit held here on November 26 and 27, 2014.

The agreement has laid the foundation for trade of electricity in South Asia. As per the pact, eight member states of SAARC would be able to conduct cross-border trade of electricity on voluntary basis subject to the laws, rules and regulations of the respective member states and based on the bilateral, trilateral and mutual agreements between the concerned states.

Bilateral power trade agreements among the SAARC member states like Nepal and India; India and Bhutan are already in place.

As per the agreement, the authorised entities of the concerned member states like private or public power producer, power utility, trading company, transmission utility, distribution company or any other institution established under the law would be permitted to buy and sell electricity within the region.

The buying and selling entities, as defined by the pact, can negotiate the terms and conditions, payment security mechanism and tenure of the electricity trade, and such entities will be regulated by the law of the concerned member states while purchasing and selling electricity, as per the agreement.

The agreement also says that the member states can mull over exempting export and import duties and other fees for cross-border trade and exchange of electricity between buying and selling entities.

To make the cross-border electricity trade happen, the member states can negotiate with each other to install cross-border transmission lines, cross-border interconnections and initiate the projects through bilateral, trilateral or regional agreements. The member states have agreed to provide non-discriminatory access to the regional transmission grids in their respective countries.

The agreement has also envisaged forming system operation and settlement mechanism, regulatory mechanism, and dispute settlement mechanism.

System operation and settlement mechanism will be developed in coordination with national grid operators for the secure and reliable operation of the inter-connected grids and to prepare scheduling, dispatching, energy accounting and settlement procedure of the cross-border trade.

Similarly, the regulatory mechanism would be developed to resolve the regulatory issues related to electricity exchange and trade.

The agreement also has a provision for the dispute settlement mechanism but it has identified the SAARC Arbitration Council as the final authority to settle the disputes related to energy exchange and trade among the member nations.

As per the provision of the agreement, member states can review the pact every five years from the date of its entry into force, unless the member states agree the review is not necessary and communicate the same to one another in writing.

Source: The Himalayan Times; 1 Sep 2016

Upper Marsyangdi-A carries out dam test

It is reported that the 50MW Upper Marsyangdi-A Hydroelectricity Project conducted a second series of successful testing of its embankment for the second time at Bhulbhule of Lamjung yesterday. According to sources, the construction has reached the final stage. Road construction around the project area too has intensified and is nearing completion.

However, it is likely to take almost four more months for the project to begin power generation, said Bishnu Sedhain of the project.

China's multinational Sino Company is all set to start generating 25MW power from a turbine from September 30 onwards.

With the project almost in the final stage, the number of workers has been slashed from 1,200 to 250 of late.

After the successful completion of four projects, including the 4.4MW Radhikhola and 5MW Siurikhola Hydro projects, investment-friendly atmosphere has been created in the district.

Source: The Kathmandu Post ; 1 Sep 2016

Project to start generating power by Sept

Upper Marshyangdi-A

AASH GURUNG

The Upper Marshyangdi-A hydropower project is all set to start electricity generation by September, project officials have said.

The 50MW project is currently conducting tests of turbine and other mechanical and electronic systems. A joint-venture of China's Sino Hydro and Sagarmatha Power Company, the project had earlier announced to go online by August.

"However, due to some technical issues, it has been delayed by a month," said Karna Adhikari, public relations officer of the

company. The project was started in 2012.

A month ago, the project had successfully conducted test of the dam site in Nadi, Bhulbhule-5.

Adhikari said the project started to conduct test run of the turbine on Tuesday. "Test of other electrical and mechanical systems will be conducted gradually." According to project sources, the Chinese investors are not in a hurry to start power generation and want to first complete the testing to ensure the project's reliability.

The construction of the project was also largely affected by last year's earthquakes and trade blockade. After the border closure was lifted in February, the project started making rapid progress.

The project will have two turbines each producing 25MW electricity. The powerhouse has been built at Bhulbhule-3 and a 6.5-km-long tunnel has been constructed to deliver water to the powerhouse from the dam site located at Bhulbhule-5.

Sino Hydro has a 90 percent stake, while Sagarmatha holds the rest of the shares in the project.

The estimated cost of the project is Rs12 billion, but the company said there would be cost overruns amounting to Rs1 billion due to the earthquakes and blockade.