

Source: My Republica; 3 Sep, 2016

## **Tenants not benefiting from new electricity tariff regime**

*Rudra Pangei*

### **Say house-owners charging them highest price of Rs 13 per unit**

KATHMANDU, Sept 3: Though the Electricity Tariff Fixation Commission (ETFC) has argued that the new electricity tariff benefits small consumers, tenants in Kathmandu Valley, as well as other parts of the country, continue to pay high price for electricity.

Tenants say house-owners are forcing them to pay Rs 13 per unit even though they consume low volume of energy.

Chandra Shivakoti, who lives in a rented apartment at Putalisadak, has been paying Rs 13 per unit for electricity.

As per the new tariff structure, NEA charges Rs 3 per unit for first 20 units, Rs 7 per unit for the next 10 units and Rs 8.5 for next 20 units for consumers having 5 ampere meter. The highest tariff for consumers in this category is Rs 13 per unit.

Similarly, service charge of Rs 120 is slapped on consumer using more than 400 units per month.

"Tenants feel cheated as they are being forced to pay Rs 13 per unit even though they consume low volume of electricity," Bishnu Prasad Timilsina, secretary of Consumers Rights Protection Forum, told Republica.

Shopkeepers, who take shutters for businesses, are also being forced to pay high prices for electricity. A house owner is charging Rs 12 per unit for a travel agency housed in his building. The promoter of the travel agency preferred anonymity.

As NEA distributes electricity lines only to house owners, tenants have to pay whatever charges fixed by the house-owner.

Timilsina accused Electricity Tariff Fixation Commission (ETFC), the regulating agency of electricity tariff, for not addressing the problems of tenants. "ETFC should devise a separate guideline to set electricity price for tenants," he added.

ETFC Chairman Jagat K Bhusal acknowledges that tenants were not benefiting from the new tariff regime.

Consumers using less than 50 units per month are categorized as basic users.

"We only set tariff for consumers of NEA. We are not authorized to set electricity tariff for tenants," Bhusal said, adding that NEA should recognize tenants as household users and provide them separate meters.

NEA officials they can provide separate meters to tenants. "But tenants should bring consent paper from house-owners and apply at NEA to get separate meter connection," Gopal Babu Bhattarai, deputy managing director of NEA, said.

Source: The Rising Nepal; 3 Sep, 2016

## **Sunkoshi station starts generating more power**

The Sunkoshi Hydro Power Project, which was partially damaged during a monsoon-triggered flooding in the Bhotekoshi river on July 5, has started generating additional power.

The project has started generation of 5.8 to 6.6 megawatts of electricity after the debris piled up on gate number one of the six gates were cleared, Project's Power Generation Chief, Suraj Dahal said. The power station had started to generate 2.5 megawatts of electricity from August 17 after a broken down dam was repaired.

The power generation will touch on its full capacity of 10.05 megawatts in about one and a half months after the water level recedes in the river, Dahal added. RSS

Source: My Republica; 5 Sep, 2016

## **IBN seeks time-bound plan from GMR**

The Investment Board Nepal (IBN) has asked the developer of Upper Karnali Hydropower Project to submit time-bound activities, including its plan to sign power purchase agreement and financing agreement with financial institutions, before taking any decision on its application to extend deadline to achieve financial closure.

The deadline given to GMR Upper Karnali Hydropower Ltd, the developer of the 900-megawatt project, is expiring on September 19. The company is promoted by Indian infrastructure developer GMR Group.

GMR had applied for deadline extension in mid-July, citing reasons like impacts of last year's earthquake, disruption in energy supply, and delay in acquiring land for project site.

"We will consider GMR's application after studying time-bound plans submitted by it," IBN CEO Maha Prasad Adhikari told media persons on Sunday.

However, it is not only the developer that is delaying the project. The government is yet to settle the issue of 124 unregistered land parcels (in Bhairavsthan VDC of Achham) in the project site, and endorse laws to address land compensation for acquired forest and allocate equity shares to project-affected locals.

The main purpose of establishing IBN, five years ago, was for providing one-stop solutions to investments. IBN officials say other ministries have not been helping it proactively. Almost all 15 projects initiated by IBN have stuck in one problem or the other.

Not only GMR, SJVN Arun-3 Power Development Company - the developer of Arun III project - has also sought extension in deadline to achieve financial closure. The deadline is expiring on November 25.

SJVN Arun-3 Power Development Company is promoted by SJVNL India Ltd.

But IBN officials say that the company was likely to achieve financial closure sooner. "This project has made good progress as its land acquisition work is about to be completed. It can decide on financial closure sooner as it is directly financed by the Government of India," added Adhikari.

However, the Chemical Fertilizer Project is likely to be shelved at least until the country has 300 MW of excess energy, IBN officials say "It is almost impossible to arrange energy for the project from other source", they say.

However, the Kathmandu Integrated Solid Waste Management Project is heading in the right direction "We are preparing to start negotiation with two firms for the development of the project," Adhikari said.

The project worth Rs 8.2 billion, which will manage solid waste in the capital and generate energy from it, is being developed in three packages.

Source: My Republica; 7 Sep, 2016

## **Separate consortiums to finance two hydropower projects**

Separate consortiums of commercial and development banks are financing the Upper Kalangagadh Hydropower Project (38.46 MW) and Kalanga Gadh Hydropower project (15.33 MW).

The consortium led by Machhapuchhre Bank Ltd will finance Rs 4.74 billion to develop Upper Kalangagadh project.

Rastriya Banijya Bank, Nepal Bank Limited, NCC Bank Limited, Sunrise Bank Limited, Janata Bank Limited, Kumari Bank Limited and Civil Bank Limited are the other lenders in the consortium.

Similarly, another consortium led by NIC Asia Bank is financing Rs 2.1 billion Kalanga Gadh project.

Other lenders in the consortium are Civil Bank, Janata Bank, Dev Bikash Bank and Jyoti Bikash Bank.

Source: The Himalayan Times; 7 Sep, 2016

## **'Need for FDI to develop hydropower sector'**

Energy experts lament only a few hydro projects funded through foreign direct investment Underlining the huge potential in the country's hydropower sector, energy experts have stressed on the need to draw foreign direct investment for the development of the sector. "We have both natural and human resources. What we don't have is enough investment. Therefore, the importance of FDI is very high for Nepal," said Minister for Energy Janardan Sharma during a programme titled 'Foreign Direct Investment in Hydropower' held here today.

Stating that Nepal has already signed a Power Trade Agreement (PTA) with India, a potential huge market for hydroelectricity generated in the country, Minister Sharma expressed hope that the agreement would attract FDI in Nepal's hydropower sector.

He further said foreign investors have been discouraged to put money into the country's hydropower projects as it takes years for hydropower promoters to get licence and sign Power Purchase Agreement (PPA) and Power Development Agreement (PDA).

Maheshwor Neupane, director general at the Department of Industry, on the other hand, said the government has a policy of prioritising hydro sector for FDI. He also said that FDI in hydropower sector has been increasing, though slowly.

Sharing Korea's experience, Korean Ambassador to Nepal Choe Yong Jin said that the Korean government has built crucial industries and developed its economy through foreign loans and foreign direct investment. "Nepal has one of the largest potentials in generating hydropower. But such great potential can only materialise through investment. And this investment can be made possible through discussions involving all the stakeholders and decisiveness and strong will of the leaders."

Envoy Jin expressed hope that Upper Trishuli I project, which is being developed by international consortium NWEDC comprising of Korea South-East Power (KOSEP) and IFC, will make significant contribution to increasing total hydropower generation of Nepal.

Meanwhile, Heo Yup, CEO of KOSEP, shared Korea's FDI-funded development story. "Realising that borrowing foreign funds and inviting FDI were essential for infrastructure development, Korean government took various measures to protect foreign capital and hence it attracted large amounts of foreign capital."

Consequently, Korea was able to build a base for an astounding economic growth, Yup said. "After 30 years of receiving FDI, Korea became one of the top 10 exporting countries in the world, with its export volume at \$2,000 billion. Now, it is Korea that makes FDI in other countries."

He opined that since both Nepal and Korea have similar geography, Nepal could take lessons from Korea's experience.

Khadga Bahadur Bisht, president of Independent Power Producers' Association Nepal (IPPAN), said policymakers should seriously pursue FDI for development of hydropower. "While we've been seeking FDI since 1981, only a few hydro projects have been funded through FDI."

A panel discussion, led by Swarnim Wagle, former National Planning Commission member, was held in the second session of the programme. The panellists included Suman Prasad Sharma, secretary at Ministry of Energy; Khadga Bahadur Bisht, president of IPPAN; Iqbal Munawar, project manager of Private Power and Infrastructure Board, Pakistan; Kamal Dorabawila, principal investment officer of International Finance Corporation (IFC) and Michael Boyd, energy policy and strategy advisor at USAID. The programme was jointly organised by IFC, IPPAN and Nepal Water and Energy Development Company (NWEDC).

Source: The Himalayan Times; 7 Sep, 2016

## Energy minister tells officials to conclude PDA

Upper trishuli-1 hydroelectric project

Energy Minister Janardan Sharma has asked ministry officials to conclude the Project Development Agreement (PDA) with Nepal Water and Energy Development Company (NWEDC) for the development of 216MW Upper Trishuli-1 Hydroelectric Project.

“I will try my best to conclude the PDA with NWEDC as soon as possible,” said Sharma at an event on “Foreign Direct Investment (FDI) in Hydropower” jointly organised by the International Finance Corporation (IFC), Independent Power Producers’ Association of Nepal (IPPAN) and NWEDC.

According to a ministry official, PDA negotiations between the ministry and NWEDC have reached final stages and that the agreement will be signed soon.

NWEDC is a joint venture company with stakes of three Korean companies—Korea South East Power Company (KOSEP), Daelim Industrial Corporation and Kyeryong Construction Industrial Corporation—the IFC and Bikesh Pradhanang, a Nepali investor.

The run-of-river type project will generate 216MW electricity through three turbines of 72MW capacity each.

It is expected to generate 1456.4 Gigawatt hours of net electricity per year, of which 1149.7 Gigawatt hours would be generated in the wet season and 306.7 Gigawatt hours would be generated in the dry season. The project site is near Dhunche, the headquarters of Rasuwa district.

Minister Sharma said it’s high time Nepal attracted FDI to exploit its rich water resources. “We have both natural and human resources. What we do not have is enough investment. Therefore, the importance for FDI is very high for Nepal,” he said.

Stating that Nepal has already signed the Power Trade Agreement (PTA) with India, the minister said the pact will encourage FDI in Nepal’s hydropower sector.

KOSEP’s chief executive Heo Yup shared Korea’s FDI-funded development story.

“Realising that borrowing foreign funds and inviting FDI were essential for infrastructure development, the Korean government took various measures to protect foreign capital, and as a result, it attracted large amounts of foreign capital,” he said.

“And, Korea was able to build a base for a sharp economic growth that surprised the whole world.”

### Project Features

- Plant capacity: 216MW
- Annual power generation: 1,456.4 GWh (Net)—306.7 GWh (Dry Season), 1,149.7 GWh (Wet Season)
- Concession period: 35 years, including approximately 5 years of construction period
- Shareholders: Korea South East Power Co Ltd (50pc); Daelim Industrial Co Ltd (15pc); Kyeryong Construction Co Ltd (10pc); International Finance Corporation (15pc); and Jade Power-Nepal (10pc)

Source: The Kathmandu Post; 7 Sep, 2016

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Source: The Kathmandu Post; 7 Sep, 2016

## **Minister likely to sack NEA chief**

Managing Director Mukesh Raj Kafle of the Nepal Electricity Authority (NEA) faces an uncertain future as newly appointed Energy Minister Janardan Sharma has been reportedly preparing to sack him on grounds of 'incompetence'.

Sources told the Post that Minister Sharma had directed ministry officials to prepare a proposal to terminate the NEA chief's job and send it to the Cabinet.

"The proposal is ready and Minister Sharma will present it during the next Cabinet meeting," said an official of the Energy Ministry. "Barring unforeseen circumstances, the next Cabinet meeting will fire Kafle."

Minister Sharma had initially summoned Kafle to the ministry and asked him to resign, but the NEA chief refused to step down arguing that he had been appointed through free competition and the minister had no right to demand his resignation. "Yes, the minister asked me to help him by quitting," Kafle told the Post. "I said I would not comply with this unlawful demand and challenged him to take the matter to the Cabinet."

The process of removing Kafle began two months ago when a panel formed to appraise his performance gave him failing grades.

According to the performance agreement signed between the Energy Ministry and Kafle, he has to score at least 50 percent or the panel can recommend to the ministry to take any action against him including dismissal.

"The NEA chief scored 45 percent in the evaluation," said a ministry official who sat on the panel.

"However, in the performance contract, there is space for another panel to review the evaluation done by the first panel. Kafle failed to secure pass marks in the second panel's evaluation too."

On July 3, the Energy Ministry had written to Kafle asking for a clarification and demanding a reason why he shouldn't be dismissed.

Kafle replied to the ministry's letter on July 8 saying that there was conflict of interest during the review process, and that the panel which had reviewed his performance was not independent, according to a ministry source.

Meanwhile, Kafle has filed an application with the Prime Minister's Office (PMO) requesting that his performance be reviewed by an independent panel. The panel's report has been kept confidential. According to a source at the Energy Ministry, the minister has been trying to push out Kafle citing incompetence so that he can appoint his own man to the post. "Minister Sharma wants to fill key positions in the ministry and the NEA with his yes-men," said the source.

Source: My Republica; 7 Sep, 2016

## **Experts highlight the need for more FDI in hydropower**

Hydropower experts have stressed the need to attract foreign direct investment (FDI) for the development of hydropower sector.

Speaking at a forum titled 'Foreign Direct Investment in Hydropower' organized jointly by International Finance Corporation (IFC), Independent Power Producers' Association of Nepal (IPPAN) and Nepal Water and Energy Development Company (NWEDC), in Kathmandu on Tuesday, they said Nepal was already late in terms of attracting FDI in hydropower.

Addressing the program, Minister for Energy Janardan Sharma said that it was high time Nepal attracted FDI to exploit its rich water resources. "We have both natural and human resources. What we do not have is enough investment.

Therefore, the importance for FDI is very high for Nepal," Sharma said, stating that Nepal has already signed Power Trade Agreement (PTA) with India -- a huge market for hydroelectricity.

He also said lengthy licensing process and procedural hassles in signing Power Purchase Agreement (PPA) and Power Development Agreement (PDA) was discouraging foreign investors.

Similarly, Maheshwor Neupane, director general of the Department of Industry, said that the government has adopted a policy of prioritizing hydropower sector for FDI. He also said that FDI in hydropower sector has been increasing in recent years, albeit at a slow rate.

Stating that the Korean government built fundamental industries and developed its economy through foreign loans and foreign direct investment, Choe Yong Jin, Korean Ambassador to Nepal, said: "Nepal has one of the largest potentials in generating hydropower. But such great potential can only be materialized into reality through investment. And this investment will be made possible through discussions involving all the stakeholders, and decisiveness and strong will of the leaders."

He expressed hope that the Upper Trishuli I Hydropower Project, which is being developed by the international consortium NWEDC composed of Korea South-East Power (KOSEP) and IFC, will make significant contribution to increasing total hydropower generation of Nepal.

Similarly, Heo Yup, CEO of KOSEP, shared Korea's FDI-funded development story. "Realizing that borrowing foreign funds and inviting FDI were essential for infrastructure development, Korean government took various measures to protect foreign capital. As a result, it attracted large amount of foreign capital." He also said Korea was able to build a base for a sharp economic growth that surprised the whole world. "At last, after 30 years of receiving FDI, Korea became one of the top 10 exporting countries in the world, with its export volume of US\$ 2,000 billion. Now, it is Koreans who makes FDI in other countries", he further explained.

Comparing Nepal and Korea, he said both the countries have similar geography, and that Nepal can learn from Korea's experience.

Similarly, speaking at the program, Khadga Bahadur Bisht, president of Independent Power Producers' Association Nepal (IPPAN), said that Nepali policymakers should seriously pursue FDI in hydropower

sector. "We have been seeking FDI since 1981. But only a few hydro projects have been funded through FDI so far," Bisht said. "Nepal hasn't done well in terms of attracting FDI."

A panel discussion was organized in the second session of the program. The panelists were Suman Prasad Sharma, secretary of Ministry of Energy; Khadga Bahadur Bisht, president of IPPAN; Iqbal Munawar, Project Manager PPIB, Pakistan; Kamal Dorabawila, principal investment officer of IFC; and Michael Boyd, Energy Policy & Strategy Advisor to the USAID.

The panel discussion was led by Session Chairperson Dr Swarnim Wagle, former National Planning Commission member.

Source: My Republica; 8 Sep, 2016

## **PDA of Upper Trishuli-1 soon: Minister Sharma**

Minister for Energy Janardan Sharma has said that the government is preparing to sign the Project Development Agreement (PDA) with the promoters of the 216 MW Upper Trishuli-1 hydroelectricity project.

Speaking at a forum titled “Foreign Direct Investment in Hydropower” jointly organized by International Finance Corporation (IFC), Independent Power Producers’ Association of Nepal (IPPAN) and Nepal Water and Energy Development Company (NWEDC), in the capital on Tuesday, Minister Sharma said, “the PDA for Upper Trishuli-1 will be signed soon.”

Sharma further said that it is high time for Nepal to attract FDI to exploit its rich water resources. “We have both natural and human resources. What we do not have is enough investment. Therefore, the importance for FDI is very high for Nepal,” said Minister Sharma.

Stating that Nepal has already signed a Power Trade Agreement (PTA) with India, a huge market for Nepal’s hydroelectricity, Minister Sharma said this agreement is going to encourage FDI in Nepal’s hydropower sector.

He went on to say that it takes years for hydropower promoters to get license and sign Power Purchase Agreement (PPA) and Power Development Agreement (PDA). “This does not encourage the foreign investors,” added Sharma.

Similarly, speaking at the program, Maheshwor Neupane, Director General of the Department of Industry, said the government has a policy of prioritizing the hydro sector for FDI. He also said that FDI in hydropower sector has been increasing, though slowly.

Stating that the Korean government has built fundamental industries and developed Korea’s economy through foreign loans and foreign direct investment, Choe Yong Jin, Korean Ambassador to Nepal said, “Nepal has one of the largest potentials in generating hydropower. But such a great potential can only be materialized into reality through investment. And this investment is possible through discussions with all the stakeholders and decisiveness and strong will of the leaders.”

Envoy Jin expressed hope that the Upper Trishuli-1 Project, which is being developed by the international consortium NWEDC in collaboration with Korea South-East Power (KOSEP) and IFC, will make significant contribution to increasing total hydropower generation of Nepal.

Likewise, Heo Yup, CEO of KOSEP, shared Korea’s FDI-funded development story. “Realizing that borrowing foreign funds and inviting FDI were essential for infrastructure development, Korean government took various measures to protect foreign capital and, as a result, it attracted large amounts of foreign capital.”

As a result, Yup said, Korea was able to build a base for a sharp economic growth that surprised the whole world.

“At last, after 30 years of receiving FDI, Korea became one of the top 10 exporting countries in the world, with its export volume of USD 2,000 billion. Now, it is Korea who makes FDI in other countries.”

Comparing Nepal and Korea, he said both the countries have a similar geography.

Similarly, speaking at the program, Khadga Bahadur Bisht, President of Independent Power Producers’ Association Nepal (IPPAN), said that the policy makers of our country should seriously dwell on the FDI.

“We have been seeking FDI since 1981. But there have been only a few hydro projects funded through FDI. Nepal hasn’t done well in terms of attracting FDI.” Nepal’s policy makers have to give priority to FDI, he added.

A panel discussion was held in the second session of the program. The panelists were Suman Prasad Sharma, Secretary of Ministry of Energy, Khadga Bahadur Bisht, President of IPPAN Iqbal Munawar, Project Manager PPIB, Pakistan, Kamal Dorabawila, Principal Investment

Officer of IFC, Michael Boyd, USAID, Energy Policy & Strategy Advisor. The panel discussion was chaired and moderated by former National Planning Commission member, Dr Swarnim Wagle.