

Source: The Rising Nepal

Hydropower Projects Timely Completion A Must

Uttam Maharjan

Nepal has been suffering from an energy crunch for years. This has made a mockery of the huge hydro potential the country has at its disposal. In fact, having resources is one thing while utilising them for development is quite the other thing. Successive governments have a penchant for merely assuring the people that sufficient energy, especially hydropower, will be developed in a certain period of time, say five or ten or twenty years. But such declarations tend to get erased even before some concrete plans are drawn up.

In the past, there was talk of generating up to 25,000 MW of electricity in 20 years, aiming at fulfilling not only domestic requirements but also exporting it to foreign countries, especially India. Former Premier KP Sharma Oli rumbled forth in January of this year that load shedding would be eliminated within one year. Now, his government is gone and it is futile to dig up what he had said in January to lay his hands on cheap popularity.

Dream Projects

To be upfront, the Oli-led government did not lift a finger to make plans for eradicating load shedding. While being lost in dream projects such as generating electricity from wind, supplying every household with piped gas and starting the metro transportation system, the government got toppled at the hands of the CPN-Maoist Centre and the Nepali Congress.

The present government under the leadership of Pushpa Kamal Dahal has been in power for a month. During the period, the government has floated several plans ranging from increasing grant amounts for the earthquake victims to developing the energy sector. The government has stressed the need for giving momentum to hydropower projects under construction so that load shedding can be extirpated at the earliest.

The government-run projects under construction have a capacity of generating over 1,000 MW of electricity. Likewise, private companies are also constructing hydropower projects with a capacity of over 1,000 MW. The government aims at completing all these projects within this fiscal year. But a dangerous trend has gripped the country: quick change of government. The Oli-led government remained only for nine months. The present government under the leadership of Pushpa Kamal Dahal also has a lifespan of nine months, after which the Deuba-led government will take over. Such a trend of changing the guard quickly may affect the performance of the aforesaid hydropower projects being run at the initiative of the government and the private sector.

It is a good decision of the government to complete all the hydropower projects under construction by the fixed deadline. But what should be kept in mind that it is also equally important to know why such hydropower projects failed to complete in time in the past. The country has a good experience with this. When a hydropower project is launched, hurdles of one kind or the other crop up. Such hurdles range from land acquisition, compensation to the affected households and topographical barriers to obstruction by the locals and the political leaders themselves. Such a trend (obstruction by the locals and the political leaders) is mostly responsible for bringing to naught hydropower projects in the country.

There is no alternative to developing hydropower projects to eliminate load shedding in the country. Solar power can be just supplementary in the present context. The government is mulling over installing solar power systems in all the seven provinces within six months. Such systems will generate 150 MW of electricity. On the other hand, developing nuclear power for

generating electricity is quite out of the question right now. The country has squandered many years by leaving its huge hydro potential untapped. Hydropower development has been given just lip service till now. Time has come to reverse this trend.

The plan of the present government is not misplaced. Instead of launching new hydropower projects, it is really prudent to complete the project in progress. Giving continuity to such projects is the need of the hour. For the materialisation of the government plan, cooperation from the locals, the political parties and other stakeholders is a must. The locals should not press for unreasonable demands in such a way as to hamper the projects. On the other hand, the political parties should not kick up an unnecessary hullabaloo about the projects. Nor should they instigate the locals to hamper the projects.

Resources do not seem to be a problem when it comes to launching hydropower projects. The Nepalese banks and financial institutions are capable of financing some hydropower projects. Foreign countries, donors and agencies are also willing to finance such projects. It is relevant to note that it has been four or five years since the government signed a project for constructing the 750 MW West Seti Hydropower Project with China. The project has not been able to proceed for one reason or the other. It seems the government is not interested in the project. Such is the fate of hydropower development in the country.

Political honesty matters much when it comes to hydropower development in the country. First, the government must have the will. The political parties should also show honesty and prudence and cooperate with the good deeds of the government. Most of the political leaders are Janus-faced. They say one thing while in the government and quite the other while out of the government. They must part with such hypocrisy.

Old Malpractice

The plan of the government to develop hydropower is quite praiseworthy. But the days of the government are numbered. Its term is restricted to just nine months. Thereupon, another government will come into existence. The new government may not give continuity to the plan of the present government. It is an old malpractice for a new government to discard the plans and programmes of its predecessor and to dislodge honchos from government entities appointed by the previous government. Prudence dictates that such a malpractice must be steered clear of forever.

An end to load shedding, which has become part and parcel of the people, will bring great relief to them as well as business houses. For this, concerted efforts from all quarters are a must. Whether the ongoing hydropower projects will get completed within this fiscal year is, however, in the womb of time. If the government shows the determination and will to complete the projects at any cost, there is no reason why the projects will not complete in time.

Source: The Kathmandu Post; 14 Sep 2016

Arun III land acquisition snags on compensation

Bibek Subedi

Landowners whose holdings will be acquired by the Arun III Hydropower Project have demanded a compensation amount

more than three times higher than that offered by the builder SJVN Arun III.

The joint venture company was formed by India's state-owned SJVN and the government of Nepal to develop the project.

The owners have classified their 49 hectares of land into five categories—sloping land, small farm land, large cardamom field, paddy field and residential land. They have demanded compensation accordingly. Private land owners have asked Rs1.2 million per ropani for sloping land and Rs1.4 million per ropani for small farm land. Likewise, they have demanded Rs1.6 million per ropani for large cardamom fields, Rs1.8 million per ropani for paddy fields and Rs300,000 per metre for residential land. However, at a tripartite meeting held with locals, the project developer and officials of Investment Board Nepal (IBN), which is overseeing the implementation of the 900 MW hydropower project, had proposed to classify the land into three categories—sloping land, large cardamom fields and paddy fields.

During the meeting, the project developer and IBN officials had offered Rs320,000, Rs550,000 and Rs650,000 respectively per ropani for sloping land, large cardamom fields and paddy fields, according to Biman Parajuli, vice-president of the Arun Stakeholders Forum who participated in the talks.

“We have rejected the offer as it is way lower than our expectation,” said Parajuli. “We have signed a resettlement agreement plan with the developer and IBN under which we were supposed to get compensation of international standard. So, we want compensation as per the agreement,” he added.

The compensation determination committee, however, is unaware of the bargaining that has taken place between the landowners, board and developer.

“I am not aware of the rate offered or demanded,” said Khum Kanta Acharya, chief district officer of Sankhuwasabha and coordinator of the committee. “That might be unofficial bargaining as this committee is the official body to determine the compensation amount. We will determine the rate as per the fair market price of the land.”

The latest development could be a headache for SJVN Arun III, the project's developer, as land acquisition is one of the important preconditions for financial closure. According to the Project Development Agreement (PDA) signed between the government and the developer, the company 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 on those land plots. The tripartite resettlement agreement was signed by IBN, SJVN and locals of Sankhuwasabha in February. The resettlement plan complies with the Asian Development Bank's 'safeguard standard' and the affected people will be compensated as per the international relocation and resettlement standard.

As per the agreement 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 Kathmandu Post; 14 Sep 2016

Distribute compensation within 3 months: Minister

Budhi Gandaki Hydroelectric Project

Energy Minister Janardan Sharma on Saturday summoned officials of the Budhi Gandaki Hydroelectric Project Development Committee (BGHPDC) and asked them to be prepared to distribute compensation to the households to be displaced by the project within three months. Sharma asked the project officials to complete verification and classification, and determine the compensation rate for around 58,000 ropanies of land to be acquired.

“In our meeting with the minister, he asked us to complete all the background work and be prepared to distribute the compensation,” said Gopal Basnet, executive director of the 1200MW project.

District Administration Offices (DAOs) of Dhading and Gorkha have already published land seizure notices, freezing transaction of about 58,000 ropanies of land to be acquired by the project. Also, the Survey Office and Land Revenue Offices of both the districts, under the leadership of the project development committee, have identified and marked the places that will be affected by the project.

Currently, the offices, in association with the project, are verifying the land parcels.

According to Basnet, some of the land parcels are not in the records of the Land Revenue Office, making the verification difficult. “People have land ownership certificates but the revenue office does not have records of such land plots,” said Basnet. “Lack of adequate human resources at the Survey Office and Land Revenue Office has added to the woes. However, we are trying our best to complete the verification process before monsoon.”

Once the verification is completed, the project has to complete Geographic Information System (GIS) mapping of entire land to be acquired. GIS mapping is a computerised system of capturing, storing, checking and displaying of land position on the Earth’s surface.

“After completing the verification and GIS mapping, we will make a field visit for the classification of the land,” said Basnet. “Based on the classification, the compensation rate of will be determined.”

More than 8,000 households will be affected by the project, according to the latest report by the project development committee. The report states the reservoir of the storage project will completely submerge 3,560 households and they need to be resettled to alternative locations with proper compensation. Likewise, 4,557 households will be partially affected, requiring proper compensation.

A 263-metre-high dam will be built for the Budhi Gandaki project which will create a lake that could become a tourist attraction. The project is expected to cost around Rs200 billion.

Source: The Himalayan Times; 15 Sep 2016

Kulman Ghising appointed NEA managing director

The Cabinet meeting today appointed Kulman Ghising as the managing director of Nepal Electricity Authority (NEA). Ghising will serve for four years as the management head of the country's sole power off-taker.

Ghising has been associated with NEA for over two decades. Prior to being appointed as the managing director, he was serving as the project chief of Rahughat Hydroelectricity Project. Ghising had also served as the managing director of Chilime Hydropower Company Ltd under NEA.

Ghising also has experience of power trade, distribution and other fields under his belt.

Talking to *The Himalayan Times* after being appointed as NEA managing director, Ghising said that his focus will be on three areas — ending load-shedding, improving the financial health of NEA and making the country self-reliant in energy.

Source: The Himalayan Times; 16 Sep 2016

Mewakhola hydropower project to start generating electricity in two weeks



An under-construction building of the Mewa Khola Hydro Electricity Power plant at Lafyang in Diktel Municipality of Khotang district, on Tuesday, September 13, 2016. Photo: RSS

Mewakhola Hydropower Project based in Lafyang, Diktel Municipality, will be launched in two weeks' time. According to project managing director Arjun Rai, works related to the testing and commissioning of the project are almost complete. "Once engineers from China carry out the testing and commissioning, the project will officially come into operation," he informed.

The 1MW project is said to cost approximately 215 million rupees. Of the total cost, the local community has borne 30 per cent, while the rest is funded by private banks.

Work on the hydropower project had started from the end of 2014.

"Though the project was slated to be completed last year, it couldn't happen due to various factors, such as flooding, earthquake and the border blockade," said project chief Lalit Kumar Rai.

The hydropower project is supposed to end the scourge of load shedding in 40 VDCs in the district that has a total of 72 VDCs and one municipality.

Source: The Himalayan Times; 16 Sep 2016

Upper Karnali hydel project: IBN yet to decide on extension of financial closure deadline

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The deadline to arrange funds for building the 900MW Upper Karnali Hydroelectric Project (PKHP) will expire on Sunday, but the concerned government body, which is overseeing the project's implementation, is still undecided as to whether the time limit should be extended as demanded by the project developer.

By Sunday (September 18), the India-based GMR, the project developer, must submit a detailed plan to the Investment Board Nepal (IBN), the government agency which is overseeing the implementation of the PKHP, on how it intends to finance the project.

In April, the GMR had written to the IBN seeking an extension of financial closure deadline by a year, citing supply disruption triggered by Tarai unrest and earthquakes last year.

IBN Spokesperson Ravi Bhattarai said an IBN board meeting, which is chaired by the prime minister, was supposed to take a decision on the matter.

“But there was a change in the government, and the new PM [Pushpa Kamal Dahal] was not available for the meeting due to his busy schedule,” said Bhattarai. “Currently, the prime minister and IBN chief executive are in India. A decision on the matter can be taken only after their return.”

PM Dahal left for New Delhi on Thursday. IBN CEO Maha Prasad Adhikari is part of the PM's delegation.

The Project Development Agreement (PDA) signed between the GMR and IBN on September 2014 says the financial closure must be completed within two years of signing the pact. And, in case of inability on the part of the developer to complete the financial closure within the deadline, the government, as per the PDA, can either terminate the PDA or extend the deadline by a maximum of one year “if the developer can substantiate things were beyond its control in completing the task”.

“We are not planning to terminate the agreement because Section 3.1.3 of the PDA allows the financial closure deadline to be extended automatically by a year if the developer furnishes valid reasons in writing,” said Bhattarai.

However, the project developer has not expressed interest to use this facility to extend its deadline, and has instead tried to invoke the clause on political force majeure to prolong the time limit for financial closure.

“If we accept the developer's proposal, the deadline for financial closure may be extended till September 2018 because the company can make use of the facility on automatic deadline extension next year,” an IBN source said on condition of anonymity.

Because of this, the IBN is reluctant to issue a letter on deadline extension to the developer, as it fears it can set a bad precedent, encouraging the developer to seek extensions again and again, multiple sources at the IBN said, adding, “But it is up to the PM to decide on the issue as he is the chairman of the IBN.”

In New Delhi, IBN CEO Adhikari is likely to meet GMR officials. “GMR officials will try to convince Adhikari to extend the deadline using the clause on political force majeure,” said the source.