

Source: The Kathmandu Post; 18 Sep 2016

## **Pancheshwar authority likely to miss DPR deadline**

The Pancheshwar Development Authority (PDA) is unlikely to meet the October deadline to finalise the detailed project report (DPR) of the much-talked-about bi-national Pancheshwar Multipurpose Project, as the Energy Ministry of Nepal is taking extra time to send feedback on the draft DPR presented by the PDA.

Both the governments (India and Nepal), issuing a joint statement on Friday, decided to expedite the finalisation of the DPR; however, the work is moving at very slow pace.

WAPCOS, an Indian state-owned company, hired by the PDA as a consultant to prepare the DPR for the 4,800MW multipurpose project had submitted the report in March. Subsequently, the PDA forwarded the draft DPR to the Energy Ministry, expecting a feedback well before September. Energy Ministry officials said it will take some time to send the feedback to the authority.

“If everything goes smoothly, we will be able to send the feedback within a month,” said Nabin Raj Singh, project chief of Pancheshwar Multipurpose Project. “Currently, the draft DPR is being reviewed by a team of experts. Once we get a written review from them, we will compile it and send it to the authority.”

Water and Energy Commission Secretariat (WECS)—authorised by the ministry to review the report—has formed a six-member committee of experts to provide written comment on the draft DPR.

The committee includes former bureaucrats such as Sri Ranjan Lacoul, Subarnalal Shrestha, Arjun Prasad Shrestha, Lekhnath Singh Bhandari, Siva Kumar Shrestha and Som Nath Poudel, among others.

According to PDA CEO Mahendra Gurung, it will take an additional one and half months to finalise the DPR after getting feedback from the ministry. So it is almost certain the October deadline set by the fourth joint meeting of the PDA’s governing body to finalise the DPR will be missed.

Despite an agreement to expedite the much-delayed project during Indian Prime Minister Narendra Modi’s visit to Nepal in August 2014, both the governments have shown little interest in operationalising the project in the ground. The Indian side has failed to send their secretary for water resource in the prescheduled joint meeting of the governing body consecutively for the second time.

Likewise, Nepal is yet to provide Rs200 million, its share for the annual budget of 2016, although equal share from India has already been received. In this bi-national project, both the governments are entitled to put their share of annual budget as agreed. “We are yet to receive Rs200 million from the Nepal government as its share of annual budget,” said Gurung.

Source: The Kathmandu Post; 19 Sep 2016

## **Upper Karnali: IBN board meet to decide on extension**

The next board meeting of Investment Board Nepal (IBN) will decide whether to extend deadline for financial closure of the GMR Upper Karnali Hydropower Project (900 MW).

According to the Project Development Agreement (PDA) signed between GMR and IBN on September 2014, the deadline expired on Sunday.

“There has been a major default of the deadline from the developer,” said IBN CEO Maha Prasad Adhikari. “However, we haven’t thought of terminating the PDA. The upcoming board meeting of the IBN chaired by the Prime Minister will decide on the issue.”

In April, GMR had written a letter to IBN seeking a one-year extension to the deadline to complete the financial closure, citing affected work schedule of the project due to disruption of supplies as a result of last year’s earthquakes and subsequent Tarai unrest.

“A decision on GMR’s application is still pending as we have asked it to come up with more detailed description of the condition that barred it from arranging funds for the project development,” said Adhikari.

Source: My Republica; 19 Sep 2016

## **Energy Minister orders fresh study as past reports gather dust**

*Rudra Pangei*

Though the country is reeling under acute energy crisis, the government does not have any official figure of energy demand at present and demand forecast for coming years.

The government had formed at least three committees to study demand forecast. Their reports are gathering dust awaiting their endorsement by the cabinet meeting.

Interestingly, new energy ministers shy away from taking ownership of the reports.

Minister for Energy Janardan Sharma has also refused to take ownership of past study reports. He, too, has formed a new team under Jeebachh Mandal, a joint secretary of Water and Energy Commission Secretariat (WECS), to prepare new energy demand forecast. The taskforce comprises of representatives from the Ministry of Irrigation, Ministry of Physical Infrastructure and Transport, and Ministry of Industry, among others.

Talking to Republica, Mandal said he does not know why the previous demand forecasts were not endorsed by the government. "We have launched a new study," he said, adding that the new demand forecast will include energy demand for special economic zones (SEZs), electric trains and irrigation facilities, among others.

Unveiling short-term and long-term energy development on Friday, Minister Sharma argued that WECS is the only authorized agency to forecast energy demand.

Minister Sharma also expressed dissatisfaction over the Investment Board Nepal which has prepared a projection report titled 'Energy Demand Projection by 2030', forecasting energy demand of 10,000 MW by 2030. The report is yet to be endorsed by the cabinet.

He said the energy demand at present could be above 10,000 MW provided that consumers get needful supply round the clock.

The government has been criticized for neglecting documents like National Energy Strategy 2010 and Energy Vision by 2050 prepared in 2014. Both the documents had projected energy demand and also suggested reform measures to expedite electricity generation by harnessing hydropower.

Amrit Man Nakarmi, professor at the Center for Energy Studies at the Institute of Engineering, Tribhuvan University, criticized the government for neglecting National Energy Strategy 2010 and Energy Vision by 2050. "Launching studies one after another will lead us nowhere if we do not really put the same into action," added Nakarmi.

Nakarmi also criticized the government for sidelining the Energy Crisis Reduction and Electricity Development Decade (2016-2026) Master Plan unveiled in February. Sharma did not mention anything about the master plan which was prepared to be self-reliant in energy on the back of energy crisis that emanated from the Indian blockade.

Experts often say that the demand forecast of Nepal Electricity Authority is suppressed and that it only takes into account its existing distribution network only.

Source: The Himalayan Times; 22 Sep 2016

## **Chameliya tunnel to be restored soon**

*Pushpa Raj Acharya*

Works to open up the tunnel of Chameliya Hydroelectricity Project, which had been slightly constricted due to mudslides, will resume by the end of this month. The process to open up the tunnel had been halted since July, 2014, due to the dispute in the variation order sought by the contractor, China Gezhouba Group Corporation (CGGC), causing delay in project completion. During a tripartite meeting between the contractor, employer and consultant of the project held at the Ministry of Energy (MoE) under the supervision of Energy Minister Janardan Sharma, the CGGC has made a commitment to resume work within this week. The latter has also agreed to finalise project completion schedule within a week.

Likewise, the government has made a commitment to make provisional payment for the disputed issues like the variation cost and unsettled payments till the time the issues have been finalised.

However, Minister Sharma instructed the concerned stakeholders of the project, who were present at the meeting, to conclude the project within this fiscal. "We cannot be flexible in project completion deadline," he said, adding, "Now the concerned parties should stick to the project completion deadline of mid-July next year."

A commitment paper among the contractor, employer and consultant was signed today after the minister's instruction to accelerate the project works.

Li Ping, project manager of CGGC; Ajay Kumar Dahal, chief of Chameliya Hydroelectricity Project and Sanjeev Shah on behalf of Shah Consult, Silt and Icon Co-signed the paper in the presence of Energy Secretary Anup Kumar Upadhyay, Managing Director of Nepal Electricity Authority (NEA) Kulman Ghising and General Manager of CGGC Zho Xianzhong.

The contractor, consultant and employer have agreed to meet every month to resolve the issues hindering the expedition of the construction works and also report to the NEA and MoE regarding the progress of work every week.

It is quite strange that Minister Sharma has dealt with the issue today as the energy minister because works of the project were stalled when Sharma, as chairman of the Public Accounts Committee of the Legislature-Parliament, had instructed the MoE and NEA to halt the payment processes after the variation order was approved by NEA board led by then energy minister Radha Gyawali in July 2014. The contractor had, thus, subsequently halted all works as the NEA failed to release the funds sought by the contracting party. The variation order sought by the contractor is almost double the amount estimated for the four-km tunnel construction worth Rs 920 million. The contractor sought additional Rs 1.9 billion (cost variation) after a length of 843 metres of the tunnel had constricted.

According to Sanjeev Shah, consultant of the project, treatment works on 232 metres of the tunnel had been carried out prior to the works being halted. It will take around four months to restore 611 metres of the tunnel. Another three months will be required to concretise the adit tunnels that are used to enter the main tunnel. Similarly, another month will be required to fill the tunnel with water and three months to test the turbine. This basically means that the project will require at least 11 months to start commissioning power commercially.

Around 97 per cent of the civil works of the 30 megawatt hydropower project located in far-western development region has already been completed. The project, which started in January 2007, was supposed to be completed in May 2011. However, it has already been five years since the deadline and the project is yet to start commissioning power causing a loss of around Rs two billion in revenue every year to NEA.

NEA has been bearing a huge loss not only in terms of revenue but also due to increase in foreign exchange rate. Nepali currency has depreciated heavily vis-à-vis the US dollar from Rs 72 in 2007 to Rs 107 at present.

Source: The Kathmandu Post; 22 Sep 2016

## **NEA chief appointment: SC issues show cause to govt**

*BIBEK SUBEDI*

The Supreme Court on Wednesday issued a show-cause notice to the government over the appointment of Kulman Ghising as Managing Director of Nepal Electricity Authority (NEA). The apex court has summoned the defendants to discuss whether an interim order should be issued.

The court's decision came in response to a writ filed by four deputy managing directors of NEA, including Kanaihya Kumar Manandhar.

A single bench of Justice Ananda Mohan Bhattarai issued the orders to six government agencies, including the Prime Minister's Office and the Energy Ministry, to justify the appointment process.

Manandhar, along with Sher Singh Bhat, Surendra Raj Bhandari and Sunil Kumar Dhungel, had filed the writ last Tuesday.

The writ stated the government had not followed the due procedure while appointing Ghising to the top NEA post. "The newly-appointed NEA chief doesn't even qualify for the post of deputy managing director," the writ stated.

A Cabinet meeting had last week appointed Ghising as the chief of NEA. The post was vacant since Sept 9 after Mukesh Raj Kafle resigned.

Ghising is considered close to the ruling CPN Maoist (Centre) party. Ministry source said he was appointed as NEA chief at the behest of Energy Minister Janardan Sharma. "Initially, Minister Sharma responded making the appointment process transparent by forming a selection committee, but his plot was different in reality," the source said. "He succeeded in bring his own man finally."

"The selection criteria was developed in such a way that Ghising fits in the post very well," said the source.

According to the terms of reference set by the selection committee, the potential candidates had to possess a master's degree in engineering with at least 15 years of experience in generation, transmission or distribution of electricity.

Likewise, the candidates demonstrating a leadership position in any projects would be considered added advantage. "This criterion worked in favour of Ghising," the source added.

Ghising is credited for expanding Chilime Hydropower Company Limited, the country's first indigenously-designed, locally-built and Nepali-financed power plant into the country's leading power developing company during his tenure in the company as managing director.

"His tenure at Chilime as its chief was instrumental in his appointment," said the source. "Senior staff at NEA are disappointed with the appointment."

Source: The Kathmandu Post; 23 Sep 2016

## **Gezhouba to resume work on Chamelia project by Sept-end**

China Gezhouba Group Corporation (CGGC), the civil contractor for the 30MW Chameliya Hydroelectric Project, has agreed to resume construction works by September-end.

After a meeting held at the Energy Ministry on Thursday, CGGC, Nepal Electricity Authority (NEA) and Shah Consult International, the consultant of the project, signed a “tripartite commitment agreement” to finalise the work schedule and resume the construction works within a week.

The project’s chief Ajay Kumar Dahal, CGGC Project Manager Li Ping and Shah Consult Managing Director Sanjiv Shah signed the agreement. The agreement was reached after Energy Minister Janardan Sharma directed all the parties to resume the works within a week and complete the project by the end of this fiscal year.

“When will you resume the construction work? When will you complete the construction work,” Sharma questioned CGGC representatives present in the meeting. “I want you to complete the construction works within eight to 10 months. I will not extend the project completion date anymore.”

CGGC officials said they will finalise the work schedule after holding talks with the consultant. “We will also deploy our team of experts to coordinate with the consultant to finalise the schedule within seven days,” said Zhou Xianzhong, general manager of CGGC.

Minister Sharma also directed the project chiefs representing both NEA and CGGC to be present at the project site until the project is completed. Both the officials agreed to abide by Sharma’s instruction.

CGGC also agreed to report about construction work progress to the Ministry on a weekly basis as asked by Minister Sharma.

The construction has been halted since May 2014 after the government denied to make an additional payment of Rs1.09 billion as demanded by the contractor for the variance occurred due to the squeezing of the tunnel. The contractor, however, has agreed to start the works after NEA agreed to release the provisional payment of the disputed bill before the issue is resolved. “In order to maintain a regular cash flow, we have decided to release the provisional payment,” said NEA Managing Director Kulman Ghising. “Once the dispute is settled, the provisional payment has to be refunded in case of excess payment and additional payment has to be made in case of deficit.”

The contractor also proposed to form a committee to resolve the disputed issue by the predetermined time agreed by the Ministry.

Source: My Republica; 23 Sep 2016

## **Complete Chameliya within 10 months, energy minister tells CGGC**

Minister for Energy Janardan Sharma on Thursday directed the contractor of the Chameliya Hydropower Project to complete the project in 10 months.

In a meeting with Nepal Electricity Authority (NEA) and contractor of the Chameliya Hydropower Project, China Gezhouba Group of Power Company (CGGC), the minister asked the contractor to expedite the project which is already 10 months behind the schedule.

The project started construction in 2007. But its work has been halted for the past two years due to dispute regarding shrinkage in tunnel.

The contractor, NEA and the consultant on Thursday signed an 8-point agreement to reschedule the project. According to the agreement, the contractor has agreed to start the construction from next week.

The delay had made the 30-megawatt project situated at Balach in Shikhar VDC-4 of Darchula district uncertain. Upon completion, the project will generate 180 million units of electricity annually. People of the far-western region are expected to be benefitted from the project.

The project, which is expected to give impetus to the economic activities in the far-western development region, is estimated to cost Rs 15.6 billion. Its estimated cost was Rs 8.5 billion in the initial phase.

The delay has not only escalated the project cost but also deprived the people of far-western region of the dividends of development.

The project was initially targeted to be completed by March 2016, according to the revised schedule.

The target was to complete the project by 2011 when the project went on floor in 2007.