

Source: The Himalayan Times; 23 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 Rising Nepal; 24 Sep 2016

Swollen river sweeps away hydro power canal

The Badighat River Hydro Power Project located at Neta VDC – 2 in Gulmi is yet to resume operation after a flooding in the river swept away 100 meters of canal.

Two months ago, the teeming monsoon rain had caused the Badi river to swell. The electric power service was obstructed after the canal was swept away.

More than two thousand students enrolled at various schools have been affected in the absence of electric power, Project's Chairman, Ram Raj Ghimire said. More than thousand businesses have shutdown in Gulmi and Baglung.

Ghimire assured that the project would be resorted before the onset of the festive season which is just around the corner.

Source: The Rising Nepal; 24 Sep 2016

Programme promoting domestic investment in hydro introduced

The Ministry of Energy has introduced a programme that aims to address the existing energy crisis in the country.

The programme seeking domestic investment in the hydropower sector has been introduced with the slogan of "Nepal's water Nepali's investment".

Energy Minister Janardan Sharma shared information about this while inaugurating the first Siterio Sobukan Open National Karate Tournament-2016 in Bhaktapur today.

He was of the view of always keeping sports at bay from the influence of politics. On the occasion, he took the opportunity to call upon Nepali athletes to join their hands in the ongoing post-earthquake reconstruction drive.

Bhaktapur Police Range's Superintendent of Police Kiran Bajracharya who was awarded by the US government for his remarkable role in anti- women trafficking drive and veteran footballer Upendra Man Singh were honoured on the occasion.

Two-hundred athletes from Kathmandu, Bhaktapur, Lalitpur, Kavrepalanchowk, Chitwan, Morang, Sindhuli and Jhapa are taking part in the tournament.

Source: My Republica; 24 Sep 2016

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Source: My Republica; 24 Sep 2016

Upper Marshyangdi 'A' to be inaugurated on Monday

The 50-MW project will generate 25 MW initially

KATHMANDU, Sept 24: Sinohydro-Sagarmatha Power Company (SSPC) Pvt Ltd is inaugurating the Upper Marsyangdi A Hydropower Project amid a function in Kathmandu on Monday.

The first unit (25 MW) of the 50-megawatt project is ready to generate electricity as all technical tests have been completed, according to officials of SSPC.

Minister for Energy Janardan Sharma and Ambassador of People's Republic of China to Nepal, Wu Chuntai, are scheduled to inaugurate the plant jointly on Monday.

Upper Marsyangdi A will be the largest project to start generation after the Madhya Marsyangdi (70 MW) which started commercial power generation in 2008.

However, the energy Upper Marsyangdi A would not be of much help to the country which is facing power deficit of nearly 1,000 MW. Nepal has installed capacity of only around 800 MW.

Sishupal Chhetri, deputy manager of SSPC, told Republica that all the tests, including transmission line testing, have been completed and that the project was ready for power generation. "We are in the process of starting load supply in Nepal Electricity Authority's grid. After that we will begin commercial generation," he added.

A 20- km transmission line, built as per the contingency plan by the developer itself, connects the energy generated by the project to the substation of Madhya Marsyangdi near Beshisahar of Lamjung.

Sino Hydro Resources Ltd, a Chinese government undertaking, owns 90 percent stake in SSPC. Local firm Sagarmatha Power Company owns remaining 10 percent in the Rs 16-billion project. The plant generates 317 million units of electricity annually.

It is the first hydropower project built with foreign direct investment from China.

The second unit the project is expected to start generation by December-end, added Chhetri.

The project went on floor in January, 2013.

According to officials, it would be difficult to evacuate power generated by the project if construction of a 132 KVA transmission line that connects Upper Marsyangdi to Madhya Marsyangdi is not completed by June, 2017. Work to install towers and transmission cables in 15-kilometer stretch is yet to be completed due to obstruction by locals.

Source: My Republica; 26 Sep 2016

After Upper Marshyangdi 'A', SinoHydro eyes Upper Kaligandagi

After successfully completing Upper Marshyangdi 'A' Hydropower Project (50 MW), SinoHydro Resources Ltd has set its sights on Upper Kali Gandaki Hydropower Project (65 MW). Talks for power purchase agreement (PPA) of the Upper Kali Gandaki project, which will be based in Myagdi district, is underway. Environment Impact Assessment (EIA) study of the project has already been completed.

The generating license of the project is held by Global Trade Link. It is learnt that SinoHydro will form a joint venture with Global Trade Link to develop the project.

Power generated by Upper Marshyangdi 'A' is being connected to national grid on Monday.

SinoHydro Resources Ltd owns 90 percent stakes in SinoHydro-Sagarmatha Power Company Ltd - the developer of Upper Marshyangdi 'A'.

“We are planning to build more hydropower projects in Nepal as the country is rich in water resources,” Sheng Yuming, chairman of the Sino Hydro Resources Ltd - a Chinese government undertaking, told Republica.

Yuming also said that Nepal is comparatively a safer destination for investment.

Sharing his experience in hydropower development, Yuming said four factors -- time, safety, quality and cost -- are very important for hydropower projects.

The Upper Marshyangdi 'A', which was delayed by 10 months due to last years' earthquake and the economic blockade, -- has witnessed cost escalation of only 8 percent from the initial estimation of Rs 16 billion.

The project went on floor on 2012.

Minister for Energy Janardan Sharma and Ambassador of the People's Republic of China to Nepal, Wu Chuntai, are jointly inaugurating the power plant on Monday.

Upper Marshyangdi 'A' will be the largest project, in terms of installed capacity, to start generation after the Madhya Marsyangdi (70 MW) which started generation in 2008.

A 20- km transmission line built as per the contingency plan by the developer itself connects the power generated by Upper Marshyangdi 'A' to the substation of Madhya Marsyangdi in Beshisahar of Lamjung.

Upper Marshyangdi 'A' is the first hydropower project built with Chinese foreign direct investment (FDI).

Source: My Republica; 26 Sep 2016

Feasibility studies of power sector projects under MCC launched

Government's Millennium Challenge Corporation (MCC) has announced the launch of feasibility studies of various power sector projects proposed by the Office of the Millennium Challenge Nepal (OMCN). OMCN is a Government of Nepal office which coordinates development of the MCC program, a statement issued by the US Embassy in Kathmandu said. The endorsement of the feasibility studies of various power sector projects has paved the way to move ahead towards developing projects, the statement added.

“The launch of the power project feasibility studies is a key milestone reached by the Government of Nepal and MCC, enabling them to move toward developing a five-year compact,” the statement quoted Himesh Dhungel, MCC Country Director for Nepal, as saying. “With full support of the Government of Nepal and other interested parties, program development should be completed in time for presentation to the MCC Board of Directors for approval in 2017.”

Dhungel further added that MCC and the Government of Nepal worked together to prioritize critical infrastructure needs in the power and road transport sectors in Nepal which were identified as key constraints to economic growth in a joint analysis.

MCC and the Government of Nepal signed a \$10 million compact development funding grant agreement in July 2016 in order to facilitate program design and preparation, including project feasibility studies.

Sitaula appointed National Coordinator

KATHMANDU (REPUBLICA): The cabinet meeting held on Thursday appointed former government secretary Tulasi Prasad Sitaula to the post of National Coordinator of Nepal for Millennium Challenge Corporation.

Prior to the appointment, Sitaula had been working as a short-term consultant at Office of the Millennium Challenge Nepal (OMCN). He assumed office on Sunday.

The position was lying vacant since June after the erstwhile government decided against extending the term of previous National Coordinator Krishna Gyawali.

Source: The Himalayan Times; 26 Sep 2016

Upper Marsyangdi to generate power from today

The 50-megawatt Upper Marsyangdi Hydropower Project will start commissioning power from tomorrow. According to the developer, Power China Resources Ltd, 25 MW will be connected to the national grid on Monday and another 25 MW in the next two days. Located in Lamjung district of western Nepal, the run of the river (RoR) project was developed by Power China Resources Ltd and local partner Sino-Sagarmatha Power Company Nepal. The project, which also includes the 132 kv single circuit transmission line from Bhulbhule (powerhouse) to Middle Marsyangdi Hydropower Project — a distance of around 25 km — was completed at a total cost of Rs 16 billion.

The project construction was started in October 2012 and was expected to be completed in December 2015. “But it was delayed due to the earthquake last year and the border-blockade that affected the construction works for a few months,” said Sheng Yuming, chairman of Power China Resources Ltd. “Despite these unfavourable situations like the earthquake and supply route disruptions, I must say the project has been completed timely.”

Sino-Sagarmatha owns 10 per cent share in the Upper Marsyangdi hydel project. Power China Resources Ltd has mobilised 75 per cent loan and 25 per cent equity for the project. The project’s payback period is 10 years.

Nepal Electricity Authority will off-take electricity at 5.999 cents per unit from this project.

Source: The Himalayan Times; 26 Sep 2016

Upper Marsyangdi A starts generating electricity

The power produced has been connected to the 132 KVA national transmission line through Bhulbhule-Marsyangdi single circuit. Of the two 25 MW turbines, unit one of the project has started generating power, said the project's Public Relations Officer Karna Adhikari.

Nepal Electricity Authority has stated that with the supply of additional electricity from the hydel, load shedding hours during the festival season could be reduced.

According to Adhikari, unit two of the project will also start generating power after three months as per the agreement with the NEA. "Unit two will start generating power from the last week of December. We have successfully tested the project's turbine, tunnel, and dam," said Adhikari.

The project had transmitted power along the Bhulbhule-Mid Marsyangdi 20 KV transmission line as a test last week, informed chief engineer of the project Ganesh KC.

After the NEA didn't take any initiative to install the 20 KV transmission line, the project had finally decided to install the line at a cost of Rs 300 million. The project will start generating power for commercial purposes from September 26.

Minister for Energy Janardan Sharma is scheduled to inaugurate the project by turning on a switch at Kathmandu-based Hyatt Hotel tomorrow.

China's multi-national Syno Hydropower Company owns 90 per cent and Nepal's Sagarmatha Power Company owns 10 per cent of the project.

Though Rs 12 billion was the initial estimated budget, the total cost upon completion of the project stood at Rs 16 billion.

Source: The Kathmandu Post; 26 Sep 2016

Upper Trishuli-1 hydroelectric project: Ministry concludes 'initial PDA signing'

BIBEK SUBEDI

The Energy Ministry on Friday concluded "initial signing" of the Project Development Agreement (PDA) with Nepal Water and Energy Development Company (NWEDC) for the development of 216MW Upper Trishuli-1 Hydroelectric Project.

The Energy Ministry has sent the PDA to Finance and Law Ministries for approval. Once the PDA is approved, it will be forwarded to the Cabinet for endorsement, according to an official at the Energy Ministry.

"After the Cabinet's endorsement, there will be final signing of the PDA," said the official. "It will take a couple of weeks for the two ministries to give approval. So if everything goes well, the final deal will be sealed by mid-October."

The PDA has given NWEDC two years to complete the project's financial closure, and five years to complete the construction and start generation. Once the construction is complete, the developer will operate the project for 30 years and hand it over to the government in working condition.

The PDA also speaks about the Power Purchase Agreement (PPA) that Nepal Electricity Authority (NEA) has to sign after the PDA. "The PDA will allow NEA to sign the PPA in convertible currency for the amount that covers the foreign debt for 10 years," said the source. "Also, the government will guarantee payment to the developer if NEA defaults during the concessional period of 30 years."

In the case of the government's failure to provide any kind of payment to the developer, the International Development Association (IDA) of the World Bank (WB) Group will guarantee the payment, according to the PDA.

"In that case, IDA will later claim the amount from the government," said the source. "The government and the WB will later finalise the amount to be covered under such a guarantee." NWEDC is a joint-venture company with stake of three Korean companies—Korea South East Power Company, Daelim Industrial Corporation and Kyeryong Construction Industrial Corporation—the International Finance Corporation (IFC) and Bikesh Pradhanang, a Nepali investor.

The run-of-river project will generate 216MW of hydroelectricity through three turbines of 72MW capacity each. The project 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 headquarter of Rasuwa district.

Source: The Himalayan Times; 26 Sep 2016

‘Demand of electricity will definitely rise if we are able to supply more’

The government recently appointed **Kulman Ghising** as the Managing Director of Nepal Electricity Authority — the country’s sole power off-taker. Ghising has been associated with NEA for over two decades and has experience of power trade, distribution and other fields under his belt. After being appointed as NEA’s 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. **Pushpa Raj Acharya** of *The Himalayan Times* caught up with Ghising to learn on how he is planning to work on the issues that he has mentioned will be his focus. Excerpts: It will take two more years from now to end the load-shedding problem as some of the projects like Upper Tamakoshi, Chilime, Kulekhani III and an additional 300 megawatt from independent power producers (IPPs) are set to start power generation and we also have been also talking with neighbouring India to increase power import during dry season. Nepal Electricity Authority (NEA) has projected that the demand of power in the next two years will hover around 1600 megawatt but we will have installed capacity of 2,000 to 2,200 MW. The demand of 1600 MW is for the peak hours, which is for around four hours (in the morning and evening) in a day and the remaining 20 hours is off-peak hours when demand significantly drops compared to peak hours. We will also be importing energy and have solar power in our energy system. We will be able to import 500 to 600 MW from India and generate 150 MW through solar power. But the concern is not only about generation capacity to end the load-shedding problem. There are other constraints also that need to be addressed simultaneously.

What are the other constraints that need to be addressed?

We need to improve our transmission and distribution system as well. There is a huge problem regarding transmission and distribution. For example, if we generate an additional 500 MW of electricity immediately, we will not be able to supply it to the major load centres like Kathmandu. The peak demand of Kathmandu is 500 MW but the distribution system of Kathmandu cannot handle supply of more than 450 MW. To manage the smooth distribution capacity of the substation, transmission and distribution transformers and cables of double the supply capacity have to be installed. All the transformers and feeders are overloaded, so at present we will not be able to end the load-shedding problem. If we are able to supply 450 MW to Kathmandu we will be able to end the load-shedding problem immediately. But it will be temporary if we do not improve the capacity of substation, transmission line, transformers and feeders. Another critical area is that we have to install transmission lines at the earliest to connect the hydroelectricity projects that are going to be completed very shortly. If we cannot improve transmission and distribution system properly the problem of power outage will recur after a few years. We have assumed that we will require transmission and distribution planning for at least 2000 MW for Kathmandu Valley alone within the next decade. This is why to end the power outage situation in a sustainable way, we have to develop generation, transmission and distribution plans and act accordingly.

Till date, why has NEA not formulated any plan to improve transmission and distribution system in major load centres like Kathmandu?

Definitely we have. But we have to make it more pragmatic because demand of electricity that NEA has been projecting is based on suppressed demand. Now that the government has unveiled a plan to develop 10,000 MW of electricity within 10 years, we do not have to stick to the energy forecast that has been based on suppressed demand. Demand of electricity will definitely rise in coming days if we are able to supply more. We can take Kathmandu as an example for this. The government has planned to develop outer Ring Road and once this materialises, there will be expansion of settlements and they will demand power. It is the right time for NEA to develop transmission and distribution system for outer Ring Road. If we develop 220 kv transmission along the outer Ring Road and mono ring of 132 kv along the inner existing Ring Road and 33 kv lines along the river corridors we can improve the transmission and distribution system in Kathmandu. NEA may launch transmission and distribution improvement project very soon. We have had initial discussions with Asian Development Bank (ADB) for loan worth \$500 million to strengthen the distribution system of Kathmandu including underground cabling and installing GIS system. Simultaneously, we have to strengthen the distribution and transmission capacity across the country in a massive way because we cannot do anything without upgrading the transmission and distribution system. If we see the capacity of trunk line — East-West transmission line (132 kv double circuit) — it has the capacity to transmit 200 MW of electricity. We need to develop 765 kv trunk line and install north-south transmission line along the corridor of major rivers and along the mid-hill highway. Likewise, some of the cross border transmission lines namely, Duhabi-Anarmani, Butwal–Gorakhpur, Ataria-Baraily and Rasuwagadhi-Kyirong need to be developed to access the power market.

The energy demand projection of NEA and the government varies significantly. What do you have to say on this?

As I have mentioned earlier demand forecast of NEA is suppressed demand. NEA should be pragmatic regarding demand forecast. Demand of electricity will increase if we are able to supply more electricity and we have to manage the load portfolio accordingly. The vision paper of the government to generate 10,000 MW in 10 years is realistic. Another crucial aspect is that almost all the projects under construction currently will start power generation within three years from now and then after that there are no more projects to generate power for another five to seven years because none has been initiated in recent years. If we initiate projects immediately it will take at least another seven years for them to be completed. We have to initiate projects with capacity to generate 5,000 MW immediately, either through NEA, the government or the private sector. NEA should focus on reservoir and peaking run of the river projects. NEA has some reservoir projects like Dudhkoshi, Tamor and Uttarganga and some peaking run of the river projects like Upper Arun, which are in the phase of preparation of detailed project report. Similarly, if the government and private sector initiate Budhigandaki, Nalsing Gad and West Seti projects then we can have portfolio of 5,000 MW. Construction of these projects need to be expedited.

You have mentioned that there will be demand of 10,000 MW in next ten years but the NEA — single power off taker of the country — is reluctant to sign power purchase agreement with developers citing there will be surplus energy after 2018. What do you have to say about this?

NEA has developed a fund for power purchase agreement (PPA) on take or pay basis, which private investors have been seeking since long. We have to encourage private sector in hydropower development. I think the government and NEA should not be involved in projects below 100 MW. The private sector should be encouraged for this.

You have also said that NEA will execute PPA on the basis of take or pay provision. If NEA cannot sell power that it purchases from the developer then it will have to bear a huge loss. What is your view on this?

We do not have to hike electricity tariff to make NEA a profitable organisation. There is the issue of financial restructuring and sales maximisation. Profitability of NEA depends on sales maximisation and energy planning. Around 150 IPPs have signed PPA for over 2,000 MW. If we are able to implement the concept of energy banking with neighbouring India, we can reap huge benefit from it. Energy banking concept is exporting power to India in wet season when we have surplus energy and importing energy from India during the dry season when we have power deficit from our own generation. Similarly, we have to restructure NEA. NEA will soon enhance its power trading companies, generation companies and transmission companies. I am also thinking about opening an engineering company as a subsidiary of NEA.

What is your view on signing PPA with foreign developers in US dollars?

The government has been mulling over developing a hedge fund to manage the fluctuation in the value of the US dollar. The Ministry of Energy has been preparing a guideline for such a hedge fund. The initial concept is that the developer will have to pay a certain amount as premium to the hedge fund and NEA will also contribute to it and it will be utilised to compensate the developer if the US dollar exchange rate vis-a-vis Nepali currency goes down. The hedge fund is to cover the risk of foreign exchange, which will provide necessary security to foreign investors in hydropower sector.

Source: The Rising Nepal; 24 Sep 2016

Upper Marsyangdi 'A' starts power production

Upper Marsyangdi 'A' hydroelectricity project Monday started generating electricity.

Minister for Energy Janardan Sharma Pravakar announced the commencement of power generation by the project.

With it 25 megawatt electricity has been connected to the national grid.

The hydropower project with 50 MW capacity in Bhulbhule VDC of Lamjung district was constructed by a Chinese and Nepali joint venture company Sinohydro-Sagarmatha Power Company (SSPC).

Sinohydro is the sister company of China's state-owned PowerChina Resources Limited and Sagarmatha is the sister company of Chitwan Co-E. These companies have 90 per cent and 10 per cent share in the project respectively.

The company organized special events in Kathmandu and at the project site to mark the power generation of the project.

According to chairman of Sagarmatha Power Company Raju Babu Shrestha, the run-of-river based project was developed at the cost of Rs. 16 billion.

The cost includes the investment in constructing 132 KV single circuit transmission line, 20 km, from the powerhouse to Mid-Marsyangdi Hydropower Project.

The company has completed the construction of the transmission line in just six months, said managing director of SSPC Chen Wen.

He said that only two turbines were in operation currently and within a couple of months other two would start functioning.

Due to delay in construction of transmission lines and other technical difficulties, the company couldn't run all the turbines.

The project was started in October 2012 and expected to be completed in December last year.

The company signed power purchase agreement (PPA) with the Nepal Electricity Authority in January 2010 and obtained license for electricity production.

"But, the earthquakes and obstruction at the border affected the construction works at the project site which delayed the completion," said Sheng Yuming, chairman of PowerChina.

Minister Pravakar said that the power generation of the Upper Marsyangdi 'A' came as the relief to Nepali people in the time of festivals.

He appreciated the partnership between Sagarmatha and Sinohydro and said that it would remain as a model for future endeavours of joint-ventures.

"This will send message to other investor that Nepal is safe for investment. It has opened new avenues for the energy sector development," said the Minister.

He urged the Chinese investors to help Nepal in developing hydropower projects in Karnali.

Source: The Kathmandu Post; 27 Sep 2016

25MW electricity from Upper Marshyangdi A added to national grid

AASH GURUNG

Twenty-five megawatt of electricity has been added to the national grid from the Upper Marshyangdi A Hydropower Project from Monday, which could bring some respite to power-starved country suffering from 48 hours of weekly outage.

Energy Minister Janardan Sharma announced the commercial operation of the project at a special programme organised in Kathmandu on Monday while lawmaker Bhisma Nath Adhikari inaugurated the project pressing the switch at the plant site in Bhulbule, Lamgunj.

The 50MW project has two turbines—each generating 25MW of electricity. The Nepal Electricity Authority (NEA) is yet to construct the transmission line to evacuate the total electricity generated from the project.

Electricity generated from the second unit will be added to the national grid after three months, according to the project, which once in full operation will generate 317 million units of electricity annually.

“Due to some technical reasons, we could not add the total production to the national grid,” said Yan Hung Wale, executive managing director of the project, at Monday’s inauguration programme in Lamgunj.

A joint-venture of China’s Sino Hydro and Sagarmatha Power Company, the run-of-the—river project was started in 2012. Sino Hydro has 90 percent stake in the project while Sagarmatha Power Company holds the rest of the shares. It is the first hydropower project built with foreign direct investment. According to project officials, the total cost of the project stands at Rs16 billion. The construction of the project was largely affected by last year’s earthquakes and border blockade.

Source: My Republica; 26 Sep 2016

Feasibility studies of power sector projects under MCC launched

Government's Millennium Challenge Corporation (MCC) has announced the launch of feasibility studies of various power sector projects proposed by the Office of the Millennium Challenge Nepal (OMCN). OMCN is a Government of Nepal office which coordinates development of the MCC program, a statement issued by the US Embassy in Kathmandu said. The endorsement of the feasibility studies of various power sector projects has paved the way to move ahead towards developing projects, the statement added.

“The launch of the power project feasibility studies is a key milestone reached by the Government of Nepal and MCC, enabling them to move toward developing a five-year compact,” the statement quoted Himesh Dhungel, MCC Country Director for Nepal, as saying. “With full support of the Government of Nepal and other interested parties, program development should be completed in time for presentation to the MCC Board of Directors for approval in 2017.”

Dhungel further added that MCC and the Government of Nepal worked together to prioritize critical infrastructure needs in the power and road transport sectors in Nepal which were identified as key constraints to economic growth in a joint analysis.

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Prior to the appointment, Sitaula had been working as a short-term consultant at Office of the Millennium Challenge Nepal (OMCN). He assumed office on Sunday.

The position was lying vacant since June after the erstwhile government decided against extending the term of previous National Coordinator Krishna Gyawali.

Source: The Kathmandu Post; 29 Sep 2016

Upper Trishuli 3A Hydroelectric Project: Chinese bank agrees to extend grace period

BIBEK SUBEDI

The Export-Import (Exim) Bank of China has agreed to extend the grace period for the repayment of loans granted to Nepal to construct the Upper Trishuli 3A Hydroelectric Project.

The Nepal Electricity Authority (NEA), which is building the 60 MW project located in Rasuwa and Nuwakot districts through a subsidiary company, has asked for a five-year extension, but the Chinese bank is yet to decide the length. The grace period for repaying the loan expired in August.

The lender has agreed to stretch the timetable based on the project's work schedule and completion date presented by the state-owned power utility, said NEA Managing Director Kulman Ghising. Top officials of the Exim Bank of China were in Nepal last week to discuss the future of the project and the repayment of the loan.

The Chinese bank has extended a concessional loan worth \$114.7 million at an annual interest rate of 1.75 percent for 25 years, with a grace period of five years. During the grace period, the borrower need not start the loan repayment process.

As the grace period of the loan expired in August, the bank wrote to the Finance Ministry and the NEA asking for repayment. In response, the ministry asked for an extension of the grace period saying that the construction of the project had been stalled.

China Gezhouba Group Company (CGGC), the contractor for the hydroelectric project, had stopped work on the project after a crucial access road was damaged by last year's earthquake. The access road connects the project's headworks and powerhouse.

Although the project contractor was supposed to build the access road, differences emerged over who should repair it. An NEA board meeting held on Friday resolved the dispute by deciding to request the government to have the Nepal Army repair the damaged road.

"If we ask the contractor to rebuild the road, the issue of cost variance will arise," said Ghising.

"Therefore, we decided to take the help of the Nepal Army."

The consultant to the project and an independent team of experts have submitted a report saying that the damaged access road should be rebuilt by the NEA. Since the dispute has been settled, the contractor is likely to resume construction work at the project soon after the access road is rebuilt.

Meanwhile, the Finance and Energy ministries, NEA and Exim Bank of China have agreed to prepare a detailed work schedule of the project within the next 21 days.

Source: My Republica; 29 Sep 2016

SC paves the way for construction of Chilime transmission facilities

The Supreme Court has quashed a writ petition filed against Nepal Electricity Authority (NEA), paving the way for construction of a key transmission line project in the Trishuli River basin. Six locals of Chilime Village Development Committee (VDC) of Rasuwa had filed the writ against NEA, arguing that the power utility did not provide them sufficient compensation while acquiring land for the project.

Kedar Silwal, project manager of Chilime hub, said that they can now resume work of the transmission line project.

A division bench of Justices Mohan Bhattarai and Cholendra JBR recently quashed the writ petition which was filed last year.

The apex court decision means power developers can now breathe a sigh of relief as they no longer have to worry about power spillage due to delay in construction of transmission hub.

Silwal, however, said that the District Administration Office, Rasuwa, must revisit the price of land and pay due compensation to the locals.

Local administration had offered Rs 500,000 per ropani to the locals. NEA has to acquire 52 ropani of land from the locals to build the transmission hub.

According to NEA, the survey of the project and the process to appoint consultant is currently underway.